

### Accord on new cut in US Federal spending

WASHINGTON, May 27: House leaders reached agreement with conservative Democrats early today on a plan that would force deep new cuts in federal spending and that vastly improved the odds for passage of President Bill Clinton's economic package, reports Reuters.

The beleaguered President has staked his political credibility on the plan, which the House will vote on later on Thursday, pulling out all the stops in a massive lobbying campaign.

"We've got an agreement. It's a very positive development, very positive," a tired House Speaker Tom Foley told reporters shortly before 1am. He was flanked by a cross-section of conservatives and liberals who have spent the past week negotiating the proposal.

Foley said the agreement increased the odds that the President's plan would be passed but other lawmakers said they were still short of votes.

"We have a deal — we'll do what we can to get the votes," said representative Time Penny, a conservative Minnesota Democrat who agreed to support the bill when the deal was struck.

### Top economists predict only small cut in US budget gap

WASHINGTON, May 27: Some of the nation's top economists predict President Clinton will achieve only a small portion of his proposed federal deficit cuts over the next five years, a survey showed Wednesday, reports AP.

The poll by the National Association of Business Economists produced forecasts that a 300 billion dollar deficit reduction plan ultimately would produce cuts ranging from 300 billion dollar to an increase in the deficit of 100 billion dollar or more. The weighted average was a cut of about 60 billion dollar.

However, Congress has revised the plan and now is considering proposals to reduce the deficit by 500 billion dollar by 1998. The House plans to vote Thursday on the main part of the programme, including tax increases of more than 250 billion dollar and reduction in benefit programmes.

But whichever figure is used, the survey showed that most of the economists are skeptical of Clinton's ability to persuade Congress to go along with his programme.

The Business Economists panel of 37 top forecasters also said congressional failure to pass Clinton's 16.3 billion dollar economic stimulus has prompted a slightly lower estimate of economic growth this year.

The new forecast was just 3.0 per cent expansion in the gross domestic product in 1993, down from 3.1 per cent in a similar survey last February. The latest survey was conducted in late April and early May.

The GDP is the nation's total output of goods and services and the broadest measure of its economic health. It grew at a 1.8 per cent annual rate from January through March, down from a 4.7 per cent rate in the fourth quarter. For all of 1992, GDP grew 2.1 per cent.

"Such lethargic growth ... produces only a modest decline in unemployment," according to a survey summary.

"The civilian unemployment rate, which currently stands at 7 per cent, is projected to average 6.9 per cent for the year and then 6.5 per cent in 1994.

### Tata to set up commercial bank, mutual fund

BOMBAY, May 27: The Tata Group, India's leading business house, is planning to set up a commercial bank and a mutual fund under proposals to liberalise the country's financial sector, Chairman Ratan Tata said, reports Reuters.

"We have applied for a bank," Tata told reporters at a reception on Wednesday night.

"We don't want to take over an existing bank. It will be a new venture," said Tata, who gave no further details, saying that the application was being considered by the Reserve Bank of India (RBI).

Permission for the mutual fund has already been given by the Securities and Exchange Board of India (SEBI).

RBI Governor Chakravarty Rangarajan has said that India will in the current financial year allow the setting up of several new private banks for the first time in almost a quarter of a century.

## Pak business leaders welcome Sharif's restoration

KARACHI, May 27: Pakistani business leaders and corporate experts welcomed a Supreme Court judgement restoring the government of Nawaz Sharif and the National Assembly Wednesday, reports AFP.

"It is very good and bold decision by our judiciary which will restore the confidence of domestic and foreign investors in Pakistan," said Mian Habibullah, president of the Pakistan Federation of Chambers of Commerce and Industry (PFCCI) here.

President Ghulam Ishaq Khan dismissed the government of Sharif and dissolved the assembly on April 18.

"We were always against the presidential decision because we thought it was against the wishes of 120 million Pakistanis," Habibullah said.

He said the decision would give a boost to the privatisation process started by Sharif's government before the presidential order.

Arif Habib, the president of the Karachi Stock Exchange (KSE) said, "It is an historic decision and has already infused the market with a bullish tendency, with traders engag-

ing in unofficial trading, pushing the prices of almost all scrips up."

Unofficial trading in scrips of companies linked to Sharif's privatisation and deregulation policies was reported at the KSE even after the official closing hours.

"It will strengthen our faith in the rule of law," Habib added.

Corporate expert Nasir Bokhar said "It will push up the market index tremendously because it is a very good decision."

Today (Thursday) I expect

the index to take a quantum jump infusing confidence which was needed by the market," he said.

Jehangir Siddiqui of Bear Stearns said the decision would have a long-term impact if Sharif continued with his privatisation policy.



Jubilant traders in Karachi distributing sweets after the Supreme Court verdict. — Star TV photo

## US ready to extend China's MFN status for one more year

WASHINGTON, May 27: President Bill Clinton said today that he has decided to extend China's favourable trading status with the United States for the next year but wants to signal the Chinese that they must make improvements in human rights, reports Reuters.

"I think it is a done deal for the next year ... I basically have decided to extend Most Favoured Nation (MFN) status for a year because I want to support modernisation in China and it's a great opportunity for American there," Clinton's aides had recommended MFN be renewed this

year, giving billions of dollar of Chinese exports the lowest possible tariffs, but that human rights conditions be imposed in 1994.

The President's comment today, however, marked the first time he has publicly discussed his decision, which faced a June 3 deadline.

China strongly objects to having any conditions put on its booming trade, which has helped boost the economy to annual growth of 12.8 per cent.

But this week China released prominent dissident Xu Wenli and the United States said it would press for other political prisoners to be freed.

Xu spent 12 years in jail after he was imprisoned as a key figure in the 1978-81 "democracy wall" movement. China released Xu on parole three years before his 15-year sentence was due to end.

Diplomats and analysts said Beijing's action came in direct response to US pressure on human rights.

### Strike paralyses transport in Ecuadorian cities

QUITO (Ecuador), May 27: Soldiers and police patrolled this Andean capital and other cities Wednesday on the first day of a general strike marked by protests, blocked roads and scarce transport, reports AP.

The strike was called last week by the leftist United Workers Front, Ecuador's largest labour federation, to protest increase in utility rates and government plans to privatize money-losing state companies.

The federation claims to have one million members of a total workforce of 3.5 million, but independent labour analysts say the figure is closer to 400,000.

"It's a strike against democracy, which has been such an effort for Ecuadorians to maintain," Interior Minister Roberto Dunn told reporters.

Police broke up demonstrations with tear gas when workers used burning tires to block streets in Quito and Guayaquil, Ecuador's largest city with two million inhabitants, 170 miles (270 km) to the southwest.

Two policemen were wounded when their patrol car was set on fire by workers, who then stoned the car's occupants, police said.

Hundreds of people could be seen walking to work in the capital, home to 1.2 million, as transport workers kept their buses off the streets, some to support the strike and others for fear their buses would be damaged by strikers.

Government spokesman Jose Vicente Maldonado told reporters the strike was "an absolute failure" as only 10 percent of private companies were unable to open Wednesday.

Union Leader Jose Chavez claimed the strike was a success and that it would continue until the government gave in to their demands.

### Greenpeace women protest Norway's plan to resume whaling

OSLO, May 27: Six women activists from the environmental group Greenpeace chained themselves to harpoon cannons on two Norwegian whaling boats on Wednesday to protest against Norway's plan to resume commercial whaling in 1993, reports Reuters.

"This is the last chance for the Government to change its mind and stop whaling," Greenpeace spokeswoman Ingrid Berthinsen said. "The whaling quotas have been set, the boats are ready, the harpoons are ready."

The women, from six different nations, clambered aboard the boats in the fishing village of Skrova in north Norway early on Wednesday to urge Norway to cancel plans to allow catches of 296 minke whales in 1993.

Norway's plans defy an international moratorium on all commercial whaling imposed by the International Whaling Commission (IWC) in 1985. The IWC extended the ban for a year earlier this month despite opposition from Japan and Norway.

Norway's Labour Government says stocks of minke whale, a relatively small species growing up to about 10 metres (33 ft) long, have recovered to around 86,700 in the North-East Atlantic — enough, it says, for limited commercial catches.

Berthinsen said that the protesters, from the United States, Germany, Britain, the Netherlands, Australia and Norway, aimed to stay chained to the harpoon cannons at least until Thursday morning.

Greenpeace says whaling has never been done responsibly and has driven many species close to extinction.

### Dollar tumbles to post-War low against yen

TOKYO, May 27: The U.S. dollar closed at 108.05 yen on the Tokyo foreign exchange market Thursday, down 0.60 yen from Wednesday's close, reports AP.

Reuters reports uncertainty about the Clinton administration's stand on exchange rates drove the dollar to a post-World War Two low against the yen, despite attempts by the Japanese government to support the U.S. currency.

The dollar's troubles began during U.S. trading hours when the U.S. Treasury Department released a report on exchange rates that rekindled speculation that the United States favours a stronger yen.

It has been falling virtually ever since.

After opening at 109.17, the dollar tumbled all the way to 108.63 before closing at 108.05, its lowest closing level since World War Two.

The Japanese government tried to support the dollar by selling its own currency for dollar on the open market and by trying to "talk up" the dollar.

Finance Minister Yoshiro Hayashi said both the United States and Japan wanted stable foreign exchange rates reflecting economic fundamentals.

AP from New York adds: The dollar settles mostly lower Wednesday, ending a day of surprisingly quiet trading with continued losses against the Japanese yen.

Gold prices fell after rising in Asia. On the New York Commodity Exchange, gold bullion for current delivery settled at 375.20 dollar a toy ounce, down 3.30 dollar Tuesday. Republic National Bank said gold fell 4.25 dollar an ounce to a late bid price of 374.75 dollar.

### Kuwait asks for equal sacrifice from other OPEC members

CARACAS (Venezuela), May 27: Kuwait sacrificed by cutting its oil production this quarter and it wants other OPEC members to do the same next quarter so the emirate can rebuild its war-torn economy, the Kuwaiti ambassador said Wednesday, reports AP.

Kuwait predicts the 12-member Organization of Petroleum Exporting Countries will raise its production ceiling by 918,000 barrels, to 24.5 million barrels daily, for the July-September quarter, Ambassador Abdullah al-Murad told reporters.

Prices will remain stable because demand for oil will increase next quarter, he said.

Within this overall ceiling, Kuwait wants its production quota to rise from its current 1.6 million barrels daily to two million barrels daily, he said.

Kuwaiti Oil Minister Ali al-Baghlil made similar statements published Sunday. He warned Monday that the oil-rich emirate would withdraw from OPEC if other cartel members don't agree to the requested quota increase.

Al-Murad said he had no information from his government about al-Baghlil's warning. Kuwait is complying with its production quota this quarter but some other OPEC members aren't, he said. He declined to name the alleged cheaters.

Reuters from Kuwait adds: Iran's oil minister said on Wednesday OPEC should boost the oil output quota for his country and Kuwait to help them finance post-war reconstruction, the Kuwait News Agency (KUNA) reported.

## Regional blocs should aid free trade Pacific rim states call for early opening of major economies

SEOUL, May 27: Businessmen representing 15 Pacific rim countries called on Wednesday for an early opening of major world economies, saying the emergence of regional blocs should aid rather than hinder free trade, reports Reuters.

"It is vital... the world's major economies strive to open their markets and pursue appropriate macro-economic policies to reach balance in the world economy," said Robert Lees, Director General of the Pacific Basin Economic Council (PBEC).

In a statement winding up a three-day PBEC conference, he said members had agreed "growing regionalism in the world economy should contribute to rather than undermine an open multilateral trading system."

The Seoul forum was attended by about 700 businessmen and politicians from more than 20 countries and political leaders including Malaysian Prime Minister Mahathir Mohamad and Philippine President Fidel Ramos.

The next general session will be in Kuala Lumpur.

Lees said participants agreed PBEC would work towards improving market access for food products throughout the Asia-Pacific region "by harmonising, wherever possible, regulatory

issues".

He told a news conference after the closing session PBEC, which represents non-government enterprise, supports holding a summit of the Asia-Pacific Economic Cooperation (APEC), a government grouping of Pacific rim states.

"In particular, PBEC calls on APEC to strengthen its efforts to reduce informal as well as formal barriers to trade and investment in the region," he said.

SR Cho, chairman of the Seoul meeting organising committee, said participants showed a consensus of support for the formation of an Asian trade group.

The Malaysian offer would group the six Association of

South East Asian Nations (ASEAN) — Malaysia, Thailand, the Philippines, Singapore, Brunei and Indonesia — along with Taiwan, Myanmar, South Korea, Japan and China.

PBEC members accounted for 52 per cent of global production in 1991 and intraregional investment soared to nearly 40 billion dollar in 1990.



ZAGREB: A woman offers her second-hand clothing, shoes and other similar goods for sale at black market fair ground 'Jakusevac' at the outskirts of the Croatian capital, May 26. Many people in Croatia try to cope with every day price rises, selling various necessities on the streets. — AFP/UNB photo

## US accuses China of currency manipulation to boost exports

WASHINGTON, May 27: China has gained an unfair trading advantage against the United States through arbitrary manipulation of its foreign exchange system, the US Treasury Department said in its semi-annual report on international economic and foreign exchange policy, reports USIS.

US Treasury Under Secretary Lawrence Summers said Tuesday the Clinton administration sees the currency manipulation, which has exacerbated the growing US trade deficit with China — it reached 18,000 million dollar in 1992 — as "a very serious matter that must be addressed by Chinese action now."

Summers testified May 25 before a Senate Banking Subcommittee on the report, released the same day.

Senator Donald Riegle, chairman of the Banking Committee, said he will propose legislation over the next few days that would deny most-favoured-nation trade benefits to China until the country eliminates its exchange rate controls. Riegle called the currency manipulation "totally unacceptable behavior on the part of China."

Much of the hearing focused on the Clinton administration's concerns about the weak global economic recovery and the need for Japan and Germany to take further actions to stimulate their economies.

"Japan's latest stimulus package is a useful

first step but needs to be sustained," Summers said. "I would have liked to see larger Japanese actions to promote fiscal stimulus to their economy."

He warned that without additional action by Japan to stimulate domestic demand, that country's huge trade surplus will continue to expand.

The International Monetary Fund (IMF) in April projected a slight fall in the Japanese trade surplus from 137,000 million dollar this year to 128,000 million dollar in 1994.

"The IMF's forecast of a modest decline in the Japanese surplus next year is open to doubt," the Treasury report said. "With projected stronger growth in Europe and Canada, and continued solid growth in the United States and in Asian developing countries, Japanese exports should continue to grow. Imports are likely to remain weak as the Japanese economy grows below trend performance."

Treasury projected the US merchandise trade deficit to rise to "well over 100,000 million dollar in 1993, compared to 96,000 million dollar last year and 73,000 million dollar in 1991. It forecast the current account deficit, which includes merchandise trade, services, investment income and financial transfers, to reach or exceed 100,000 million dollar in 1994.

Summers said that this current widening of external deficits should slow and eventually reverse course if the major industrial countries follow through on their cooperative growth strategies.

He said that Europe, particularly Germany, needs to take further policy measures to reduce interest rates.

The report said that of the four largest European economies — German, French, UK and Italian — only the United Kingdom is expected to show measurable positive growth in 1993.

"The pace of decline (of European rates) needs to quicken if the current recession is to be brought to an early end," Summers said.

He said that recent development in Germany suggested a basis for accelerating interest rate reductions. He pointed to the recognition within the Bundesbank — the German central bank — that economic slowdown may be a greater risk to the German economy right now than inflation and to the recent pact among business, labor and government to contain wage increases.

The under secretary also stressed that congressional passage of President Clinton's deficit reduction package is "absolutely critical to US capacity to provide leadership in the Group of Seven."

Asked by several continuing and are part of broader discussions over China's trade regime.

He said that the Clinton administration has linked progress in relaxing China's exchange controls with China's stated desire to enter into the General Agreement on Tariffs and Trade (GATT), the Geneva-based world trade body.

Summers pointed out that US and other foreign joint ventures in China report that they are unable to obtain even the small amount of foreign exchange they are allocated under government regulations.

"This shortage of foreign exchange is so severe that Chinese enterprises are beginning to turn once again to the black market," he said.

Summers said China's 14 per cent growth in economic output, after adjustment for inflation, during the first quarter of 1993 is "probably not sustainable."

The Treasury report said that "China faces a real threat of sharply rising inflation unless the authorities there take steps to prevent excessive growth of the money supply and investment. So far the Chinese authorities have not taken such steps," it said.

The Treasury report also said that Taiwan, cited as recently as last December for manipulating its currency, is no longer doing so. Nor is Korea, another country often cited in the semi-annual report as a currency manipulator.

Unemployment currently stands at 10.3 per cent, with over 17 million people, out of work. The rate is expected to reach 11 per cent by the end of the year.

"Massive unemployment is at the root of all our problems," Delors said, adding that 45 per cent of unemployment was long term.

He said that the forthcoming six-monthly summit of EC leaders to be held at Copenhagen next month would focus on efforts to stop the decline of European competitiveness and the increase in unemployment.

### EC facing worst time since WW II: Delors

STRASBOURG, May 27: The European Community faces its worst economic slow-down since the Second World War, Jacques Delors, president of the EC executive European Commission, said here Wednesday, reports AFP.

In an address to the European Parliament, he said: "We have before us the gloomiest (economic) forecasts since the end of the war."

The EC has persistently downgraded its economic growth forecasts this year. Officials now say the growth rate for 1993 is likely to be zero or even negative.



M Hayatur Rahman New MD of Uttara Bank

M Hayatur Rahman has been appointed Managing Director of Uttara Bank Limited, says a press release.

Prior to joining this position he was the Managing Director of the Bangladesh House Building Finance Corporation since 1991.

Rahman started his banking career with the then United Bank Limited in 1961.