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Dollar finishes lower, stocks rise in Tokyo

TOKYO, Dec 17: The US dollar edged lower against the Japanese yen Friday, while prices on the Tokyo Stock Exchange finished higher in light trading, reports AP.

The dollar closed at 109.84 yen, down 0.03 yen from Thursday's close but above its overnight New York finish at 109.55 yen.

After opening at 109.35 yen, the dollar ranged between 109.28 yen and 109.90 yen.

Trading was mixed in Tokyo as players took in both positive and negative factors of the dollar.

While Japan's political uncertainties helped keep the dollar at a five-month high, a widening trade deficit with Japan and a US official's comment helped some dollar-selling traders said.

The US Commerce Department reported Thursday the trade deficit with Japan jumped 14 percent in October to 6.1 billion dollar, the largest since November 1986.

Court finds ex-BCCI official guilty

LONDON, Dec 17: A former executive of the collapsed Bank of Credit and Commerce International has lost a court attempt to get charges against him dropped, Britain's serious fraud office (SFO) said yesterday.

Imran Imam, a BCCI Account Officer, faces six charges of false accounting. He will now stand trial on April 11 after a preparatory hearing set for March 14, the SFO told Reuters.

Imam claimed the SFO committed on abuse of process in obtaining evidence against him and the charges should, therefore, be dropped.

The judgement against him was sensitive because the British authorities angered US officials by charging him after he came forward voluntarily to help US inquiries into BCCI.

Last month, a New York Assistant District Attorney gave evidence in the London High Court on Imam's behalf.

BCCI, once been a thriving bank with over 20 billion dollar in assets and branches in 69 countries, was shut down in July 1991 amid allegations of extensive fraud.

Red Cross seeks \$422m emergency aid for 49 states

GENEVA, Dec 17: The International Committee of the Red Cross on Thursday appealed for 618 million Swiss franc (\$422 million dollar) in donations so it can provide emergency aid in 49 countries next year, reports AP.

Nearly one-third of the Swiss-run agency's appeal was earmarked for "a continuing massive humanitarian effort" in former Yugoslavia.

Major operations also are planned in Angola, Afghanistan, the Caucasus region of the former Soviet Union, Israel and the occupied territories, Liberia, Rwanda and Sudan, the committee said.

The organization said its workers will be spread over 49 countries.

The Geneva-based agency is funded by governments, national Red Cross and Red Crescent societies, and private donors.

Agency workers deliver emergency aid in wartime, visit prisoners of war and organize POW swaps.

Poor states unhappy over GATT deal

GENEVA, Dec 17: While governments from Beijing to Washington yesterday celebrated the historic conclusion of the world's most ambitious trade pact many developing countries, environmentalists and labour groups were dissatisfied, reports Reuters.

Although 117 states suspended disagreements built up over seven years of bargaining, the cracks had clearly only been papered over to approve the Uruguay Round treaty unanimously.

"It is disappointing to developing countries that much has not happened as we would have liked," India's Ambassador to GATT, Balkrishnan Zutshi, told Reuters in an interview.

"I think the developing countries have made much larger contributions to this round (than the United States and the European Community)," said Zutshi, who often spoke on behalf of developing countries during the negotiations.

Argentina's Ambassador to

GATT, Juan Archibaldo Lanus, argued Third World interests must be the focus of the future.

"The next round must be for the developing countries," he said. "We need to ensure improvement on the rules of competition. This round was kidnapped by the bilateral problems and conflicts of interest between the United States and the European Community."

But not all developing countries feel they have done badly. A Pakistani trade official said the pact would make Pakistan's farm products more competitive as it would stop prices for agricultural products being kept artificially low.

And in the Philippines, farmers and traders in the coconut and sugar business, the country's major commodity exports, said they expected the pact to boost exports over the medium term.

But in India approval of the deal has caused a political crisis, with opposition members of parliament demanding Prime

Minister P. Narasimha Rao resign. They say it will ruin the livelihood of Indian farmers and other industries.

Many Third World trade officials argue the tariff structure under the Uruguay Round could also reinforce the North-South divide, under which developing countries sell little more than raw materials and semi-finished goods to the developed world.

Labour lobbyists complained the interests of Third World workers had been sacrificed on the altar of free trade.

AP report adds: Japanese Prime Minister Morihiro Hosokawa described the GATT accord as a "comprehensive and historic undertaking without precedent."

"It's a damned good thing we got there now, so that the recession in western Europe can be turned around, growth in the Americas can continue and the booming economic development of Asia can continue," said Australian Trade Minister Peter Cook.

German Chancellor Helmut Kohl described it as a "fabulous success".

Meanwhile, France gloated at its success in watering down American demands for big cuts in farm subsidies and keeping the Hollywood film giants at bay by pulling the audio-visual sector out of the trade liberalisation accord.

"We defended our country's long-term interests," said French Prime Minister Edouard Balladur. "It wasn't easy," he told the Senate.

After seven years of negotiations and a string of missed deadlines because of US-EC differences, the 117-nation Uruguay Round talks were finally completed on Wednesday in time for a midnight deadline.

It is estimated that the agreement to sweep away barriers to exports will pump more than 200 billion dollar each year into the global economy by the year 2005.

However, there are likely to

be big job losses in previously protected areas like the textiles and clothing industry in the United States and Portugal, in the agricultural sector in Europe, Japan and South Korea.

South Korean President Kim Young-sam on Thursday dismissed his Prime Minister, Hwang In-sung, for mishandling US-led pressure to open its rice markets.

Under the GATT agreement, South Korea will have to open one per cent of its rice market, worth 25 million dollar in 1995, and increase imports to four per cent by 2004. Rice is the main source of income for six million farmers. There have been violent anti-government protests ever since Kim announced the end of the ban last week.

However, Japan — which also had to overcome huge public opposition and a threatened government revolt to end its rice import ban — was more upbeat about the GATT accord.

Prime Minister Hosokawa pledged even greater efforts to open his country's markets to imports. Japan has the world's biggest trade surplus.

Japan stands to be one of the biggest winners of the GATT deal because of its highly competitive manufacturing industries.

Elsewhere in Asia, China welcomed the deal but said GATT would remain "seriously defective" without the world's most populous nation. The Chinese economy is growing at 13 per cent annually.

China wants to rejoin GATT but its membership application has been held up by Western doubts over its economic and political reform programme.

New Zealand Prime Minister Jim Bolger described the deal as "extremely good for New Zealand."

"We will have a fair go at trading in a way we haven't had before," Bolger said.

Debate on GATT to continue in US

GENEVA, Dec 17: The end of seven years of negotiations won't stop the debate in the United States about a new world free trade agreement. Opponents are already gearing up to kill the deal, reports AP.

The same coalition that came very close to defeating the North American Free Trade Agreement in Congress last month has already vowed to take on the free trade deal as well.

And the US Congress is not the only legislative body where a spirited debate is expected.

The target for many US GATT opponents will be the new World Trade Organisation that negotiators agreed to create in the final hours of debate Wednesday after the United States withdrew its objections.

Opponents believe the WTO will mean that even more control over US environmental, health and labour laws will be turned over to international tribunals.

Their fear stems from the fact that WTO will have more power than GATT to enforce free trade rules. Under GATT, dispute panels heard disputes between countries but their rulings could not go into effect if even one country objected to the decision. The losing country could always be counted on to object.

However, under the WTO, the one-country veto was eliminated.

"This agreement will shift even more decision-making away from democratically accountable bodies such as Congress to secretive international bureaucracies," said Lori Wallach of the Citizens Trade Campaign, the largest US group fighting the GATT agreement.

Ross Perot, who repeatedly warned that NAFTA would send US jobs to Mexico, and other NAFTA opponents are considered very likely to re-unite in the battle against the GATT agreement.

The Citizens Trade Campaign, which includes environmental, consumer, labour and farm groups, was originally created to oppose the GATT agreement.

EC agrees to reform common agri policy

BRUSSELS, Dec 17: the European Community early today reached an agreement on changes in community plans to reform its Common Agriculture Policy (CAP), diplomatic sources reported, says AFP.

Agriculture ministers, after four days and two nights of talks here, agreed that Germany should be able to cultivate 329,000 additional hectares (812,630 acres) — although 15 per cent would have to remain fallow — and to maintain its farm prices.

Ramos for better quality of exportable goods

MANILA, Dec 17: President Fidel Ramos today said Philippine exporters would have to improve the quality of their products and do without government support if the country's economy is to catch up with the rest of the region, reports AFP.

"Attaining world competitiveness calls for an attitudinal change on the part of producers who continue to be dependent of incentives and other forms of protectionist support from the government," Ramos said in a speech to exporters.

World oil prices move off five-year lows

LONDON, Dec 17: World oil prices moved off five-year lows on Thursday as some traders and analysts began to wonder if the market had finally arrested its year-long decline, reports Reuters.

Forecasts of a cold snap across the US Midwest brought out buyers for winter heating oil, sparking a rally that took January futures for the world benchmark Brent blend of crude oil up by some 20 cent a barrel.

But dealers said that just one "bearish" headline or continued inaction by OPEC (Organisation of the Petroleum Exporting Countries) beyond the year's end could kick prices further down.

Flat petroleum demand and OPEC's recent refusals to cut output quotas have been blamed for a collapse that has taken Brent blend crude from almost 20 dollar a barrel at the beginning of the year to below

14 dollar.

Weighing on prices on Thursday was news that Egypt was not prepared to cut its oil production unless other producers did so.

Egyptian Oil Minister Hamdi el-Banbi, responding to an initiative by Oman, said: "We are ready to cut but only if others did so because any action by us would be meaningless if it was not coupled with measures by other producers."

Oman announced on Tuesday that it would cut its output by five to 10 per cent from January.

Company officials said on Thursday that several of Oman's term customers had already received notice that their entitlements will be reduced.

Meanwhile, OPEC's secretariat saw the call on oil from OPEC and stocks in the first quarter of 1994 rising to 25.47 million barrels per day (BPD).

Factory fires underline abysmal safety conditions in Chinese industry

BEIJING, Dec 17: For the second time in two months, dozens of peasant women drawn to booming coastal China to make their fortunes instead met their deaths when their factory erupted into an inferno, reports AP.

The two factory fires are a grim testament that worker safety is being sacrificed while the Chinese economy races to catch up with the developed world.

In the latest disaster, 64 people reportedly died in a textile factory fire early Monday that began in a fourth-floor warehouse and spread to a neighbouring dormitory, where about 100 female workers slept on iron-framed bunkbeds with wooden boards.

Reports in China-backed Hong Kong newspapers Tuesday said some died in their sleep from inhaling poisonous smoke while others burned to death. As co-workers frantically screamed for help, four women jumped to their deaths trying to escape. Although four firetrucks rushed to the scene, only one had enough water pressure to reach the fourth-floor blaze.

This week's fire in Fuzhou, the capital of Fujian province,

was reminiscent of a blaze at a toy factory in the southern boomtown of Shenzhen on November 19 that left 84 dead.

Each time, electrical faults were suspected. Each time, fleeing workers reportedly were trapped behind locked doors or barred windows. The factories, each owned by overseas investors drawn by China's relatively cheap cost of doing business, apparently had ignored official warnings about fire hazards and traps.

Factory death traps are not unique to communist China, having been a familiar part of the landscape in many developing economies. But the situation appears to be worsening here now that economic growth has become a national obsession under senior leader Deng Xiaoping's market-style reforms.

Yip Yuk-lun, Executive Director of Hong Kong's Occupational Safety and Health Council, believes local Chinese governments are concerned that stringent enforcement of safety regulations can frighten away foreign investment that helps fill their coffers.

The towns are competing against each other for investment. I think that may be the

root to this problem," he said in a telephone interview.

Yip is planning seminars for Hong Kong businessmen to encourage them not to exploit Chinese workers across the border.

But the problem goes beyond joint-venture factories, with safety conditions abysmal at many Chinese enterprises, too.

Explosions at firecracker factories in one Chinese province alone killed 63 people in recent weeks. And a warehouse that exploded in Shenzhen in August, killing at least 15 people, was said to lack firefighting equipment and to be staffed by temporary workers not trained to handle the inflammable chemicals stored there.

China's Labour Ministry said 15,146 workers were killed in industrial accidents last year, up three per cent from 1991. A majority of the casualties were miners.

Visits to small rural factories suggest that many remain noisy and ill-lit, with dangerous gaps in floors and little or no protection against noxious fumes. Hard hats, goggles and other safety gear are rare.

The Guangming Daily, the

Arms dealer cheats ROK of \$ 6.67m

SEOUL, Dec 17: A French arms dealer has cheated 6.67 million dollar out of South Korean military authorities by forging bank-endorsed documents for ammunition shipments, officials said Wednesday, reports AP.

It was the first known arms-acquisition fraud by foreigners against South Korea. Defence Ministry officials said French authorities have been asked to recover the money.

The French swindler was missing after drawing 6.67 million dollar in cash last December from the Paris branch of the Korea Exchange Bank.

The fraudulent deal dates back to November 1988, when South Korea's defence logistics agency placed an order through Kwangin Trading Co, a local arms broker, with a French trading firm named "Eficco" for howitzer shells and other ammunition.

Hosokawa pledges to revamp economy

TOKYO, Dec 17: Prime Minister Morihiro Hosokawa said Friday that his government would do its best to help out the floundering economy. But Cabinet ministers remained embroiled in haggling over what to do when, reports AP.

Responding to an appeal for urgent action from a blue-ribbon advisory committee on the economy, Hosokawa told the powerful Federation of Economic Organizations that he would try to get a draft budget for the next fiscal year compiled by the end of December.

On Thursday, the head of the federation, Gaishi Hiraiwa, urged the government to cut income taxes soon and take longer-term steps to deregulate business, encourage more real estate transactions and develop a consumer-oriented society.

"Japan should escape from its current dead-end state and carve a path to a new future," the report said.

"We want to try to answer such expectations," Hosokawa replied in his remarks to the economic federation.

But Hosokawa's coalition government is divided over whether to quickly draft a budget before the end of the year, or to first handle other urgent legislation, including landmark political reforms.

The budget for the fiscal year, which begins April 1, is customarily drafted before the end of the calendar year.

Bogged down in squabbling over Japan's recent decision to allow rice imports, and other issues, Parliament extended its current session beyond its Wednesday deadline until January 29, giving legislators an extra 45 days to handle leftover business.

Hosokawa had said he wanted to make a decision on pushing through the draft budget by Friday. Officials at the Prime Minister's Office declined comment on reports that Hosokawa planned to announce a package of economic measures later in the day.

Regardless of its timing, the budget is a delicate issue for the ruling coalition. Finance Ministry officials are lobbying for an increase in sales taxes to offset revenue losses that would result from an income tax cut. But the largest party within the coalition, the Socialists, have vehemently opposed a sales tax hike.

The government's indecision over economic policy has shaken confidence in financial markets in recent weeks and has begun to hurt Hosokawa's record high popularity with the Japanese public.

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Asian growth to pay dividends for US economy: Clinton

WASHINGTON, Dec 17: President Bill Clinton has focused on economics in US relations with Asia in his first year in office in the hope that Asian growth will pay dividends for the domestic economy, reports AP.

"President Clinton has placed a very high priority on questions of international economics," said a senior administration official.

Clinton maintains that trade means exports, and exports mean more US jobs and domestic economic growth.

On that basis Asia is vital because Asia is "where the growth is, that's where the expansion is," said William Clark, Under Secretary of State for East Asian and Pacific Affairs under Clinton's predecessor George Bush.

Clinton's high-profile Asia policy formalised a shift in emphasis since the end of the Cold

War from security to the economy, and took account of the fact that US trade with Asia has grown sharply in recent years.

But the Clinton approach has often taken the Asian side by surprise, as they do not know what to make of a Washington that comes to the table saying "what's in it for us, we need jobs," Clark said.

The deliberately relaxed style chosen by Clinton for the first summit of the Asia-Pacific Economic Cooperation Forum (APEC) in Seattle was also something of a culture shock for the guests, one senior Asian official said.

"Such an informal session is not what they are used to," the official said of the meeting when the APEC leaders were whisked away to a tiny island abroad a customs boat then sat around in a tourist "Indian village" without so much as a conference table.

Asia also came to the fore in security concerns as North Korea's refusal to allow international inspections of its nuclear installations raised fears that if Pyongyang had a nuclear bomb, countries such as Japan would want to go nuclear too.

Clinton took a tough line in early November, declaring that North Korea would not be allowed to develop the bomb and warning of UN sanctions.

But he was then forced to back off by Japan, South Korea and China, who feared that if North Korea were forced into a corner it might lash out.

By mid-December, Clinton and his cabinet were stressing the diplomatic solution and seemed resigned to a longer-term effort.

Clinton may also have been wary of issuing an ultimatum after his experience with China,

where he was honour bound to take a tough line after accusing bush of "coddling" the Beijing administration.

The result was a decision in May to link future renewal of China's most favoured nation trading status to progress on human rights.

But as the months passed with little sign of change in Beijing, Clinton shifted from isolation to "constructive engagement," culminating in November in the first US-Chinese summit since the Tiananmen Square massacre.

Clinton took a tough line on human rights at that meeting but Chinese President Jiang Zemin responded that it was none of Washington's business, and the Beijing press hailed the visit as a great success for Jiang.

The US President now faces the problem of what to do if

there is no progress on human rights in the next six months.

Withdrawing MFN would earn him the wrath of the powerful US... business lobby and cost Washington far more than Beijing in purely money terms, but human rights activists will be on the alert for a renewal without the required progress.

Human rights watch said in its annual report in December that Clinton had given a higher profile to human rights, but his words had often not been followed up with action.

With Japan, the agenda has been essentially economic, but the relationship has been complicated by a change of government in Tokyo, and signs that the new administration, faced with economic problems of its own, will not give in easily to US... market-opening requests.

Washington sees the frame-

work trade talks with Japan as part of its overall effort towards global open markets, the senior-administration official said.

But US negotiators have increasingly found that when they hold talks, the Japanese side has a list of areas where it complains of closed US access.

Vietnam was a particularly difficult subject for Clinton, partly because of bad campaign publicity over his failure to serve in the Vietnam war.

He has eased the embargo against Hanoi, but stressed that all US soldiers still reported missing from the Vietnam war must be accounted for before the sanctions can be lifted and diplomatic relations resumed.

The administration has also paid tribute to increased cooperation from Hanoi and several times during the year rumors circulated that the sanctions were about to be lifted.