The Daily Star BUSINESS

DHAKA FRIDAY, DECEMBER 31, 1993

BKB opens new branch

FARIDPUR, Dec 30: A new branch of Bangladesh Krishi Bank was inaugurated on last Thursday at Bagat under Madhukhali thana of this district, reports BSS.

Dr A T M Shamsul Huda, Managing Director of B K B inaugurated the 23rd branch of Faridpur region. The inaugural function was addressed among others by General Manager of BKB, Barisal Zone Aminul Islam, Regional Manager of Faridpur region Ashraf Hossain Mandal, Journalist Munshi Haroonar Rashid and Md M A Rouf, MP.

According to a bank source, Faridpur region of BKB recovered an amount of Taka 4 crore 13 lakh 49 thousand as loan during current financial year while it disbursed new loan of Taka three crore 30 lakh 52 thousand during the same period. The source further said that in the region Taka 76 lakh 73 thousand were recovered more than the same period of the previous year.

Call money rates range from 2.50 to 8 pc

Interest rates in the call money market during the last week ending on Wednesday ranged from 2.50 per cent to 8.00 per cent, reports UNB.

During the period, interest rates, offered by the bank on Certificate of Deposits varied from 5.00 per cent to 10.25 per cent, said a Bangladesh Bank press release yesterday.

Bank rate, however, remained fixed at 6.00 per cent, it added.

Sirajganj markets in shambles

SIRAJGANJ, Dec 30: Both the sellers and buyers of the hats and bazars of the district have been facing manifold problems for a long time due to lack of basic amenities, reports UNB.

Most of the bazars in Sadar, Kajipur, Rayganj, Tarash, Kamarkhand, Ullapara, Shahjadpur, Belkuchi and Chowhali are in bad shape due to lack of maintenance and care.

The shops are built in haphazard manner narrowing the lanes and by-lanes causing suffering to the customers. Moreover, most of the roads in hats and bazars are cutcha and potholes and cracks have developed at many points. After a slight rainfall the roads become muddy and slippery.

In the absence of adequate sheds the sellers are facing problems particularly in rainy season. Besides, filth and garbages are dumped in roadsides causing environmental pollution.

Scarcity of pure water and absence of sanitary latrines are posing health hazards for the buyers and sellers in most of the markets. People are often seen defecating in the drains and roadsides polluting the environment.

Local people urged the authorities to take immediate steps to remove the problems.

New ICAB president

Howlader Mahfel Huq FCA is the new president of the Institute of Chartered Accountants of Bangladesh (ICAB) for next year, says a press release.

He was unanimously elected at the council meeting of the Institute held in the city on Wednesday.

Three others were elected vice-president for the next term.

Paramount in merger pact with QVC

NEW YORK, Dec 30: US entertainment giant Paramount reversed itself and agreed to a 10 billion dollar merger with QVC, a potentially fatal blow to efforts by friendly suitor Viacom and Paramount chairman Martin Davis, reports AP.

The formal recommendation Wednesday by Paramount Communications Inc's board at last puts the three and a half months takeover battle for the entertainment and sports conglomerate into the hands of shareholders.

But the recommendation is not binding on them, and Viacom Inc could increase its 9.6 billion dollar offer.

Davis, who has sought to repel QVC Network Inc since the takeover battle began, emphasized the possibility of a Viacom merger in a statement.

Handling of export cargo at Chittagong Port rises

From Staff Correspondent

CHITTAGONG, Dec 30: Handling of export cargo and vessels at Chittagong Port marks an increase during the first half of current fiscal year compared with corresponding period of previous fiscal.

According to port sources, Chittagong Port during the period from July to December 27 of current fiscal year, handled 6,44,000 MT of export cargo, up from 5,80,000 MT in the corresponding period of previous financial year, showing an increase of 64,000MT.

Similarly, the number of vessels handled by the port rose to 529 from 501.

However, the import cargo handled recorded a fall during the first six months of the current fiscal year.

The volume of import goods handled in July to December 27 of current fiscal year recorded at 29,69,000 MT down from 31,91,000 MT in the corresponding period of previous fiscal, showing a decline by over two lakh metric tons of cargo, according to port reports received here.

Port officials attributed such a fall to low importation of food grains in the current fiscal year.

They commented that decline in import goods was a good indication in positive sense as the country was trying to boost its export by reducing its dependence on import.

Chittagong Port annually handles over seven million metric tons of traffic against about 1200 vessels.

ROK to open state firms to foreign investors

SEOUL, Dec 30: South Korea will allow foreigners up to 10 per cent ownership of most state firms when they are privatised starting next year, the Economic Planning Board (EPB) announced today, reports AFP.

"Under its policy of encouraging foreign investment, the government has decided to allow foreigners to buy shares of government-invested firms, which are to be privatised," the EPB said.

The announcement came a week after the EPB unveiled long-awaited details of the privatisation programme, under which 70 of the country's 133 state-invested firms, including four major banks, would go private starting in 1994.

"Because of the privatisation programme, somewhere between five and seven trillion won worth of shares are expected to be sold to the public," Choi Kyung-Hwan, an EPB Assistant Director told AFP.

"When the shares are sold to the private sector, there will be no particular restrictions on foreign investment," he said.

Foreign investors, however, will be subject to the current 10 per cent share ceiling for foreign holdings in each company.

The Finance Minister also has the authority to bar foreign investors from buying into certain firms, including the defence industry, by citing possible damage to public interest.

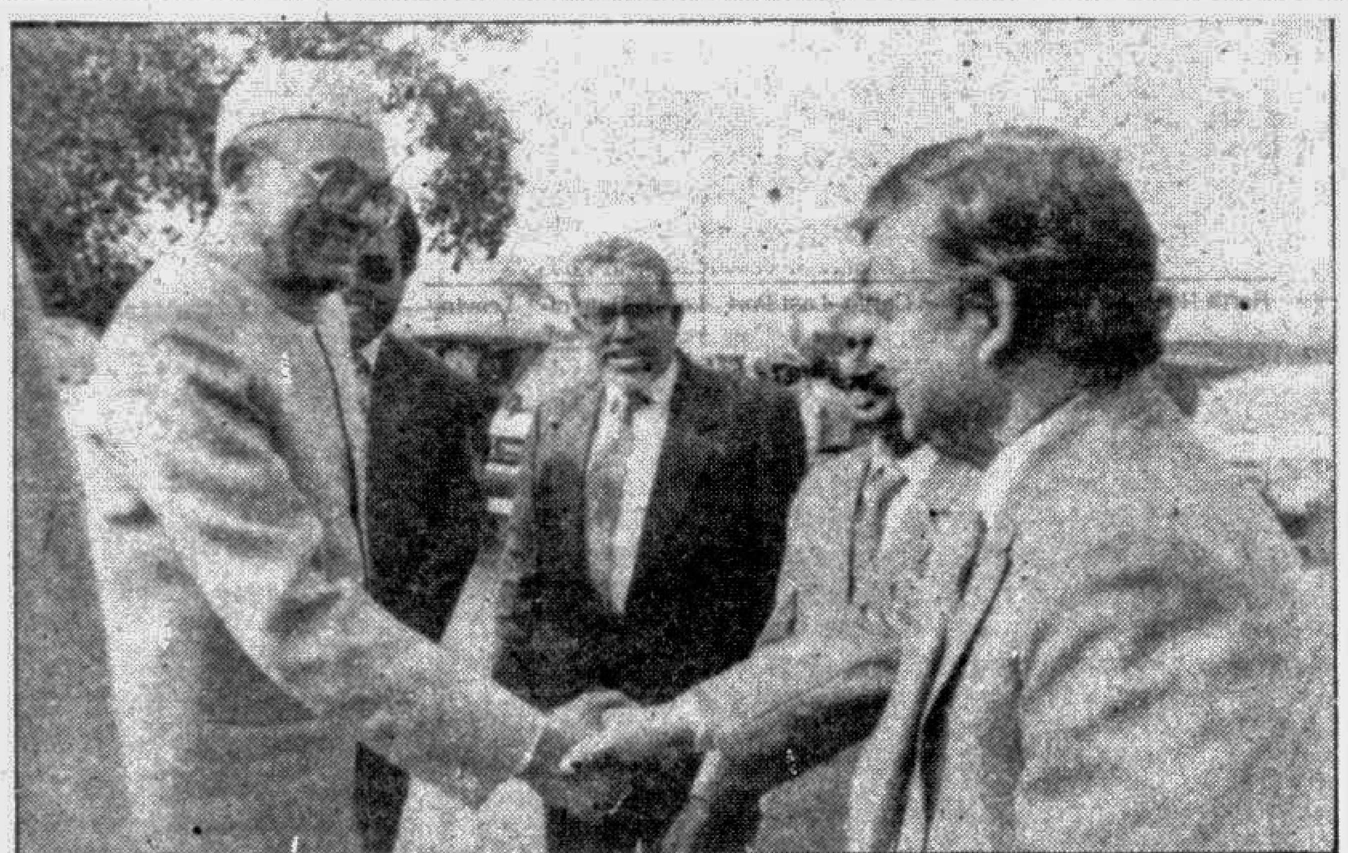
The government also plans to ease restrictions on public relations and sales activities by foreign firms, an irritant in trade relations with the United States.

Tk 31.63 lakh uplift schemes in Feni

FENI, Dec 30: Feni Zila Parishad has taken up nine uplift schemes in four thanas at a cost of Taka 31.63 lakh during the current fiscal year, reports UNB.

The scheme are: Bricklaying on Kalidash school road in Sadar thana; construction of culverts on Vorbazar road and boxkhal, bricklaying on link road near the Farhadnagar girls school, 20 feet span culvert on Zia road of Parsuram thana, construction of two culverts on Dhaniajora DC road, one culvert each in Jinarhabi road and Jangalmia bazar road in Chhagalnaiya thana and another culvert on Alipur road in Daganbhuiyan thana.

The work on the schemes is expected to be completed within March, 1994.



Ayub Quadri (R), Director-General of BRDB, receiving Indian State Minister for Rural Development, Rameshawar Thakur along with ministers of Shri Lanka and Vietnam and high officials of Pakistan, Indonesia, Philippines, Thailand, Nepal, Malaysia, and Laos at Nao-Joor Etahata Mahila Samabaya Samity at Gazipur recently.

Saddam calls on people

Boost economy, strive for lifting of UN sanctions

BAGHDAD, Dec 30: Iraqi President Saddam Hussein called yesterday on his people to further develop the national economy to win a bright future and strive for the lifting of the UN sanctions, the official Iraqi news agency reported, says Xinhua.

Addressing a cabinet meeting which discussed the 1994 budget, Saddam demanded that the ministers put more emphasis on agriculture, 'because a decreasing food import can consequently save hard currency for importing means of production.'

He said that Iraqis have learnt experiences from the Qadessiya Battle (Iraq's term for the 1980-1988 war with Iran) and the Mother of All Battles (Iraq's term for the 1991 Gulf War) and are qualified to develop the national economy.

On Friday, Saddam told his people in a new year address that Iraq has gone through the most difficult period under the UN sanctions imposed on Iraq in August 1990 for its invasion of Kuwait.

"There remains only one round,' he said. "We are confident that the decisive and clear victory over the final chapters in this act of jihad (the holy war), patience and progress will be realized with the help of God.'

The news agency said that the council of ministers agreed at today's meeting to adopt the budget and investment plan for 1994 which is 25 per cent less than the 1993 budget.

Meanwhile, four European countries have recently released Iraqi assets frozen in their banks, the local daily 'Al-Jamhuriya' said.

The daily quoted an official at Iraq's central bank as saying that Switzerland, Spain, Greece and Austria have released the frozen Iraqi assets after obtaining agreement from monetary authorities.

The official said that Iraq has frozen assets in a number of banks in Western countries like the United States, Britain and Germany, some developing countries as well as in Arab states.

Ramos signs into law $12.9 b budget for '94

MANILA, Dec 30: President Fidel Ramos today signed into law a 312 billion peso (12.9 billion dollar) budget for the Philippine government in 1994, vetoing several cuts and realignments put in by Congress, reports AFP.

Chief among the items vetoed were a 32 billion peso cut in the amount appropriated for servicing the country's more than 30 billion dollar foreign debt.

In a speech at the palace, Ramos said the cuts and realignments made by Congress "would render very difficult the implementation of major government programmes and curtail the effective delivery of essential public services."

He did not specify how much he had restored to the budget and even Press Secretary Jesus Sison said they would have to recompute exactly how much the new budget amounted to.

In his speech, Ramos defended his actions, saying he had used his veto power sparingly but was moved to "exercise my constitutional prerogative," for reasons of national interest.

House Speaker Jose De Venecia, a longtime ally of Ramos, said the lower house of Congress would not try to override the veto but Senate President Edgardo Angara said Ramos's action "Perplexes me," adding that they would wait for a specific palace message explaining the vetoes.

Y'slavia plans to chop nine zeroes off the dinar

BELGRADE, Dec 30: The Yugoslav National Bank plans to chop nine zeroes off the dinar on January 1, a currency that has become worthless due to spiraling hyperinflation, State Tanjug news agency said yesterday, reports Reuter.

A one billion dinar note will be counted as one dinar in the new year,' the government's ministry of information was quoted as saying by Tanjug.

War in Bosnia and international sanctions on Serbia and Montenegro — the republic's that make up rump Yugoslavia — have devastated the economy and caused hyperinflation.

The last time the central bank knocked zeroes off the dinar was on October 1, when six noughts were dropped.

The central bank has issued a flurry of new banknotes over the last six months in a losing struggle against galloping inflation that has reached mind-boggling levels.

The monthly rate for inflation hit 20,190 per cent in November and economists predict it will surpass one billion for the year.

The National Bank also was to issue a new banknote yesterday, worth 500 billion dinar.

The United Nations sanctions, imposed for Belgrade's role in the Bosnia conflict, froze Yugoslavia's assets abroad, prohibited oil shipments and banned all trade.

Seoul's current account to post surplus

SEOUL, Dec 30: Higher shipments of cars, chemicals, steels and textiles are likely to give South Korea a current account surplus in 1993, for the first time in three years, bank officials said Thursday, reports AP.

December current account figures have not been tallied, but central Bank of Korea officials said the December surplus was expected to exceed South Korea's 11-month cumulative current account deficit of 131.2 million dollar.

The November current account surplus was 243.7 million dollar, up from 60.6 million dollar a year ago.

Recent file picture of the Frankfurt Fair Tower building, Europe's highest office building with a height of 256 metres (840 ft). The building is one of the candidates for the future seat of the European Currency Institute in Frankfurt, to be decided at a meeting of the European bank governors on January 11. — AFP photo

US looks at major markets for industrial growth

WASHINGTON, Dec 30: The Clinton administration is clearly looking at major export markets for the country's industrial growth in 1994, a senior government officials said here Tuesday, reports Xinhua.

It is my view that the administration has barely scratched the surface when it comes to our (export) potential, but I think we are on course," said Jeffrey Garten, Under Secretary of Commerce for International Trade.

Garten, in releasing the departments' industrial outlook for 1994, stressed Tuesday that the expected 2.8 per cent shipment growth of US manufacturing sectors hinged upon the growing export markets in the coming year.

"In 1994, the economic recovery that is expected in many important markets for US goods should lead to more rapid US export growth," the Under Secretary said.

The top 10 markets for export of US manufactured goods, according to export values, are Canada, Mexico, Japan, the United Kingdom, Germany, France, China's Taiwan, Netherlands, South Korea and Singapore.

They are followed by Australia, Hong Kong, Belgium, Italy, Saudi Arabia, China, Brazil, Venezuela, Switzerland and Malaysia. The total US exports of manufactured goods to the 20 countries and regions in 1992 amounted to 302 billion US dollar.

"In contrast to 1993, when nearly one-third of the top 20 markets were in recession," Garten said, "Only one country is expected to be in this situation in 1994.

Between 1988 and 1992, export growth in goods and services accounted for about 58 per cent of US economic growth. Over seven million jobs in the country are tied to exports now.

However, according to the Under Secretary, only 10 per cent of American firms are "regular exporters," while some 50 firms accounted for nearly half of the US exports, and 10 states account for 60 per cent of the US exports.

Dr A T M Shamsul Huda, Managing Director, Bangladesh Krishi Bank, inaugurated the new building of the bank at Munshiganj on Tuesday. Deputy Commissioner of Munshiganj also seen in the picture.

Indian gold, forex reserves hit a record high

BOMBAY, Dec 30: Indian gold and foreign exchange reserves have hit a record high of 13 billion, a turnaround that bankers say reflects the improved economic outlook for the world's 12th largest economy as it heads into 1994, reports Reuter.

The Reserve Bank of India on Wednesday said the country's gold and foreign currency reserves had reached a record 13.01 billion on December 17, up from 8.9 billion a year ago.

Bankers said the Reserve Bank was taking in upto 100 million a day as part of its decision to hold the rupee at around 31.37 to the dollar. Strong dollar inflows are keeping the rupee buoyant.

On the day the government faced demands in parliament for the resignation of Finance Minister Manmohan Singh for failing to prevent last year's securities scandal, bankers and economists said the improved health of the economy reflected the liberalisation policies of Prime Minister PV Narasimha Rao.

"The overall economy is moving out of recession. The underlying trend is buoyant,' said Narayanan Vaghul, Chairman of ICICI Ltd, a leading Indian financial institution.

"But, he said, some core sectors such as steel and cement, which were dependent on government expenditure, remained depressed because of spending cutbacks.

Bank of China gets new president, chairman

BEIJING, Dec 30: The Bank of China appointed a new president and new chairman Wednesday in apparent preparation for major reforms in 1994, reports AP.

Wang Deyan, 63, who formerly held both posts, in retiring after a tenure of eight and a half years, the official Xinhua News Agency said.

The new president is Wang Xuebing, 41, most recently vice general manager of the China Everbright Group Co. Ltd, who worked 17 years in the Bank of China, including five years as director of its New York branch.

The new chairman is Wang Qiren, 52, former deputy director of the government's Hong Kong and Macao Affairs Office, who worked in the People's Bank of China of 20 years.

The three Wangs apparently are not related. Wang is one of China's most common names.

Hong Kong newspapers that reported the impending shakeup last week said the bank wanted to put younger professionals into the top posts before embarking on major structural reforms in 1994.

Officials have said the Bank of China, China's main foreign currency bank, will be transformed into a commercial bank after years of operating as a government cash drawer.

The Bank of China's assets total 1.4 trillion yuan (241 billion dollar), and its capital funds total more than 30 billion dollar yuan (5.18 billion dollar), Xinhua said.

Spain to replace Banesto's board of directors

MADRID, Dec 30: The Bank of Spain Tuesday decided to replace the board of directors at Spain's Banco Espanol de Credito (Banesto) with a provisional management committee appointed by the Spanish central bank, reports AP.

The Bank of Spain didn't give an explanation of the situation at Banesto.

Banesto officials declined to comment on the central bank's action.

Trading in Banesto's shares was suspended on the Madrid stock market earlier Tuesday, triggering speculation that the bank was in trouble.

The management committee has been formed by executives picked from other Spanish commercial banks. Alfredo Saenz, a Banco Bilbao Vizcaya (BBV) executive, will chair the committee.

Banesto's situation requires the adoption of provisioning measures that the bank can't take on by itself and which require the support of the entire banking system, the Bank of Spain said in a statement.

Stock brokers said there had been widespread rumors of the Bank of Spain's intention to intervene in Banesto, as well as reports that Banesto's US financial adviser JP Morgan and Co. was pulling out of the final stage of a three-thranche one billion dollar capital increase it has been leading for the Spanish bank.

World's largest single market to be born tomorrow

BRUSSELS, Dec 30: The world's largest single market, the European Economic Area (EEA), will be born on Saturday through a treaty between the 12-nation European Community and five neighbouring countries, reports AFP.

The treaty extends the single market rules of the EC to Austria, Finland, Sweden, Norway and Iceland — five of the seven countries belonging to the European Free Trade Association (EFTA).

The EEA comes into force a year later than scheduled and after tough negotiations. Comprising more than 370 million people, it stretches from the Arctic to the Mediterranean, and from the Atlantic Ocean into Central Europe.

EEA official Lars Erik Nordgaard said the biggest visible change would be that nationals of any one of the 17 nations can work freely in any other. Businesses will have the same right of free movement.

On a broader scale, it represents another step towards Pan-European Unity — in the words of Finnish Trade Minister Perrti Salolainen, "an element of stability in a fast-changing Europe."

The EEA treaty covers about 80 per cent of the laws that govern the EC single market and which allow the free cross border circulation of people, goods, capital and services.

Its aim is "to promote a continuous and balanced strengthening of trade and economic relations... with equal conditions of competition and the respect of the same rules."

The new single market accounts for over 40 per cent of world trade and, economically at least, marginally outranks the North American Free Trade Association (NAFTA) that groups the United States, Canada and Mexico.

By comparison, the three NAFTA countries cover 21,307,352 kilometres (8,522,941 square miles). They have a combined population of 70.90 million and a GDP of 6,507 billion dollar.

For Austria, Finland, Sweden and Norway, the EEA amounts to a half-way house towards full EC membership.

They are scheduled to finish entry negotiations by March 1 in order to join the EC on January 1, 1995, if their voters ratify the move.

Iceland elected to join the EEA but to stay out of the EC Switzerland dropped out of the EEA when its voters refused to ratify membership.

The tiny principality of Liechtenstein voted to join the EEA, but its membership has been delayed by Switzerland's withdrawal. It will have to loosen its close administrative ties with Switzerland before it can join the new bloc.

The London-based centre for economic policy research had estimated that the economies of Sweden, Norway, Finland, Austria and Iceland will get a considerable economic boost from membership of the EEA.

But they had to pay an entrance fee of about (two billion dollar) in grants and soft loans to fund environmental and educational projects in Ireland, Spain, Portugal and Greece — the EC's poorest countries.

All 17 countries have pledged to work closely in such areas as consumer protection, education, the environment and social policy.

The accord excludes agriculture, which means the non-EC countries can keep their high levels of farm subsidies, at least until they join the EC however, it provides for freer trade in farm products.

Border checks on goods will not disappear because the EEA is not a customs union and tariffs are not part of the deal. The non-EC countries will not be subject to the community's tariff wall or anti-dumping policies.