

## Japanese firms blame US demands for stalemate in insurance talks

TOKYO, Jan 21: Stepping up the tone of mutual recriminations over trade, Japanese insurance companies Friday blamed a deadlock in talks on opening this country's insurance market to "one-sided" and poorly informed American demands, reports AP.

Trotting out an often-used response to US trade demands, the Marine and Fire Insurance Association of Japan said in a statement that the Japanese market was open and that US companies should try harder to succeed in this market rather than blaming Japan.

The group chastised Washington for "making one-sided demands without sufficient knowledge about the Japanese

insurance market."

The association submitted the statement to the Finance Ministry, which is in charge of the talks, but does not plan to send it to the US government.

US trade officials say that a thicket of regulations, a highly concentrated industry structure and barriers in distribution keep Japan's lucrative insurance market essentially closed. Foreign access to the market remains low at two per cent, compared to 10-34 per cent in other major industrial countries.

Washington has demanded that Japan remove such obstacles and set criteria to measure progress in allowing more access to foreign competitors.

The latest round of talks, held earlier this month, made little headway.

The talks are being held under an agreement signed last summer to set up a new "framework" of economic relations and increase access to Japan's market. The two sides agreed to set up criteria to measure progress in opening Japanese markets, but talks in the various sectors — which also include autos and government procurement — have stalled over what those criteria should be.

In its statement, the insurance group went a step further and said that US market was the one that was unfriendly to outsiders.

"The Japanese insurance market is open. Rather, it is the US market that has problems," the association said. It said that the 30 foreign-owned firms that operate in Japan are guaranteed equal business opportunities as their Japanese counterparts.

The association said tough US requirements for obtaining insurance licenses discriminate against foreign firms and have kept the Japanese share of the overall US insurance market down to 0.1 per cent.

The association blamed lack of efforts among foreign insurance companies in selling insurance in installments, which is the most popular type of insurance in Japan.



Agriculture Minister Major General (ret) M Majid-ul Haq visiting a stall at the annual handicraft exhibition of the Bangladesh Navy Family Welfare Association at Bijoy Swarani in the city yesterday.

## ADB okays \$100m loan to Jakarta

MANILA, Jan 21: The Asian Development Bank has approved a 100 million US dollars loan and a 385,000 dollars technical assistance grant for an Indonesian irrigation project the bank announced today, reports Xinhua.

The bank said the second integrated irrigation sector project will increase agricultural productivity and optimise the use of existing irrigation and drainage schemes in eastern Indonesia which has a population of over 26 million and covers an area of 796,000 square kilometers.

The project is expected to make water management and irrigation operations more efficient, improve crop diversification and intensification and thus help sustain agricultural production in the area.

It will also increase the incomes of farmers, create new jobs and improve living conditions throughout the project area, the bank said.

## Indonesia's oil reserves only enough for 10 years

JAKARTA, Jan 21: Indonesia's oil reserves were only enough to meet domestic demand for about a decade, the official Antara news agency quoted Mines and energy Secretary General Umar Said as saying Wednesday, reports AFP.

Said told a one-day private seminar on the economy that Indonesia was left with an oil reserve of about 11 billion barrels, or barely enough to cover domestic oil demand for the next ten years.

He said oil still dominated domestic energy consumption, accounting for about 65 per cent of the country's primary energy last year.

Said called on Indonesians to prepare themselves for the day when domestic oil supply would no longer be able to meet the demand, by starting to use alternative energy sources such as coal and natural gas.

Indonesia is Southeast Asia's largest oil producer and currently exports about 800,000 barrels per day out of its 1.5 million barrels daily output, but officials have warned that the country could turn into a net importer of the commodity early in the next century.

## US-Bangladesh trade show begins today

By Staff Correspondent

The third annual US-Bangladesh Trade Show will open at the winter park of the Hotel Sheraton in the city today.

The three-day show, organised by the America-Bangladesh Economic Forum, will be inaugurated at 10 in the morning by Industries Minister A M Zahiruddin Khan.

Companies offering products and services in telecommunications, food and beverages, transportation, computers, commodities, financial and engineering consultancy, banking, insurance, textile machinery, office equipment, air-conditioners will participate in the show.

The representing American companies include the Caterpillar Inc, American Life Insurance Company, ITT Sheraton, Dell Computer, 3M Company, GEC, Coca Cola, Kelvinator, Apple Computer, Singer, American Airlines, IBM World Trade Corporation NY, United Parcel Service, Hewlett Packard Inc, Motorola Communication Inc.

## SCB Regional Treasurer due today

Claude Lobo, head of treasury, Middle East and South Asia (MESA) Region of Standard Chartered Bank (SCB), will arrive in Dhaka today (Saturday) on a three-day visit.

During his stay, Lobo will meet senior officials of the Bangladesh Bank, commercial banks and inspect SCB's local treasury operations, says a press release.

## Gold ingot forgery unveiled

HONG KONG, Jan 21: The Union Bank of Switzerland (UBS) unveiled yesterday what it said was the world's first forgery and counterfeit-proof gold ingot, the UBS "kinebar", reports Reuters.

"The bars represent one of the first breakthrough innovations in gold minting of the century," a UBS spokesman said.

The UBS "kinebar" is an ingot stamped with a mark called a "kinegram", a computer-generated microscopic series of etchings by light rays that produces a flashing, multi-coloured image similar to the holograms on credit cards.

They have already been used on Finnish and Austrian banknotes and on US and Saudi passports, but upto now never on a metal.

The patent-holder is convinced the technology can beat even the most skilled forger, who often covers base metal with a patina of gold and stamps on the resulting "ingot" the logo of a respected bank or government agency.

## Sino-US JEC meet begins

BEIJING, Jan 21: US Treasury Secretary Lloyd Bentsen and his Chinese counterpart Liu Zhongli co-chaired here today the first meeting in seven years of the Sino-US Joint Economic Commission (JEC), reports AFP.

The JEC, set up as a forum for discussing bilateral economic and trade issues, last met in 1987 and was suspended indefinitely after the brutal crackdown on pro-democracy demonstrators in Beijing in 1989.

Bentsen, who arrived here Wednesday for a four-day visit, said the resurrection of the JEC would provide an important forum for discussions on US support for China's economic reforms and the further opening of Chinese markets to US businesses.

## Steps taken to manufacture paper, pulp-making machinery

Steps have been taken to manufacture paper and pulp-making machinery, for the first time, in the country, reports UNB.

Under a memorandum signed Friday, Khulna Shipyard and Chittagong Dry dock — two enterprises of Bangladesh Steel and Engineering Corporation (BSEC) — will fabricate globe digesters for production of pulp from green jute at Karnaphuli Paper Mill and North Bengal Paper Mill.

The fabrication of the pulp and paper digesters will open up a new vista in attaining technological self-reliance of Bangladesh, BCIC sources said.



An agreement was signed between BCIC and BSEC yesterday for fabrication and installation of digester for production of pulp from green jute at the BCIC Bhaban in the city. A M Zahiruddin Khan, Minister for Industries, Secretary, Industries Chairman, BCIC and BSEC seen in the picture.

Chairman of Bangladesh Chemical Industries Corporation Waseq al Azad and BSEC Chairman AIM Nazmul Alam signed the memorandum of understanding on behalf of the respective corporations at a simple ceremony at the BCIC Bhaban.

Industries Minister AM Zahiruddin Khan and Industries Secretary AHM Abdul Hye were present on the occasion.

BCIC Chairman also handed over a cheque for one crore taka to the BSEC Chairman as advance payment on account of the price of the digesters.

## Taiwanese MPs demand review of industrial accord with US firm

TAIPEI, Jan 21: Taiwan's Members of Parliament yesterday charged the Defence Ministry here with selling out the island's interests and demanded a review of an industrial cooperation accord with US plane maker Lockheed Corp, reports AFP.

We have demanded that the agreement be reviewed by the defence and economic committees of parliament since it never mentions any penalty against Lockheed if it fails to fulfill its contract," Ting Shou-Chung said.

"Normally, all international contracts must contain penalty funds against the party which fails to follow the agreement," Ting said.

He said the agreement went against international standards, and that there was a need for parliament to screen contracts in order to protect Taiwan's interests.

Opposition MPs said the agreement was tantamount to selling out the national interest since it would put Taiwan in a defenseless position if Lockheed chose not to fulfill the agreement.

Defense officials, however, said Lockheed had insisted on not putting the penalty clause in the accord.

The Defense Ministry submitted a copy of the accord it reached with Lockheed for bilateral industrial cooperation, in line with a sales contract, in which the military agreed to purchase 150 F-16 fighter jets from Lockheed.

Under the sales contract, Taiwan can ask to negotiate with Lockheed for industrial cooperation to produce spare parts or other components here, and the cooperation amount should be at least 10 per cent of the total amount of the arms sales.

Taiwan signed a contract with the United States in December 1992 to purchase 150 F-16 jets and ammunition worth 5.8 billion US dollars for delivery.

## Salehuddin new GM of RAKUB

Salehuddin Quasim has recently joined Rajshahi Krishni Unnayan Bank (RAKUB) as General Manager, says a press release. Earlier he was the Deputy General Manager of Bangladesh Krishi Bank.

He started his banking career in the year 1983 in Bangladesh Krishi Bank as an Assistant General Manager.

Meanwhile, opposition MP Chiu Lien-Hit Tuesday demanded an explanation from Defense Minister Sun Chen about the army ordering more expensive machine guns from Belgium instead of buying them locally.

Chiu — saying he suspected irregularities in the deal — accused the army of having spent 1.57 billion Taiwan dollars (58.1 million US dollars) for 12,000 machine guns from Belgium, almost twice the cost of a local supplier.

The Defense Minister said he would investigate the case.

## BNFWA handicraft exhibition opens

The three-day annual handicraft exhibition of the Bangladesh Navy Family Welfare Association began at the Ministry Museum site at Bijoy Swarani near the old Air Port in the city yesterday, says a press release.

The Agriculture Minister Major General M Majid-ul Haq (ret) inaugurated the exhibition as the chief guest. Later he went round the different stalls on pavilions.

President of the Navy Family Welfare Association Begum Shirin Islam, wife of the Chief of Army Staff Begum Sophia Khan, wife of Chief of the Air Staff Begum Suraya Akhtar Choudhury and senior office bearers of the Association were present on the occasion.

There are about 100 stalls offering traditional handicraft and other items made by the members of the association. Besides, there are stalls of garments, pottery and other commodities of day to day requirement.

Arrangements have also been made to serve delicious dishes made by the association members through different food stalls. There will also be puppet show.

## Singer's display centre opens at Bagerhat

Singer Bangladesh Ltd has opened a display-cum-sales centre at Bagerhat recently, says a press release.

With its opening, the total number of such centre comes to 45. The Deputy Commissioner of Bagerhat Mohd Fazlur Rahman inaugurated the display centre.

The inaugural ceremony was attended by the Chairman and Managing Director of the company Mahbub Jamil and other executives from Dhaka.

Bagerhat municipal chairman and other officials from banks, insurance companies, govt, and non-government organisations were also present.

## Kohl pledges to keep tight rein on public spending

BONN, Jan 21: The German government said yesterday it would not shrink from unpopular decisions to get public spending under control and stimulate economic recovery despite a wave of election in 1994, reports Reuters.

Chancellor Helmut Kohl pledged to keep a tight rein on public spending and defended an "action programme" on jobs and growth unveiled this week which included cuts in the pay of people on subsidised job-creation schemes.

"Regardless of the election year, these decisions are absolutely necessary to safeguard our future," he said in a speech in Kiel. "I will not allow a postponement of measures which are so important for the future."

There will be 19 elections in Germany this year, including polls at municipality and state level, climaxing with national elections in October.

Kohl's message was echoed by Finance Minister Theo Waigel, who said electoral considerations would not persuade him to loosen his grip on the state's purse-strings.

"Many people have prophesied a political stand still and paralysis in the 1994 election year," he said in a parliamentary debate in Bonn. "But we do not accept this."

Waigel said an extra five billion marks (2.8 billion US dol-

lars) of 1994 spending cuts agreed this week demonstrated the government's determination to bring down budget deficits, which have soared since Germany united in 1990.

The opposition social democrats (SPD) described the action programme, which focuses on deregulation, privatisation and measures to encourage the creation of part-time jobs, as evidence of pre-election panic by the government.

SPD finance expert Ingrid Matthaeus-Maier said the government had willfully ignored the problems of mass unemployment and was now trying to create the illusion of action.

In contrast to Economics Minister Guenter Rexrodt, a liberal who wants tax cuts to start in 1995/96, the conservative Waigel refused to make any promises on when the tide of steadily increasing taxes would be turned.

The federation of German industry (BDI) said there signs that sent Germany's worst recession since World War two was coming to an end but the pick-up was still patchy.

"The recession in Western Germany is ending and the first signs of an economic recovery are visible," it said. "But they are weaker than in comparable previous economic cycles."



Muhammad Fazlur Rahman Khan, Deputy Commissioner, Bagerhat, opening the Singer Sales Centre there.

## Tanzania seeks int'l aid

DAR ES SALAM, Jan 21: The Tanzanian government has applied to the international community to help it overcome the impending food shortage in drought stricken regions, reports Xinhua.

The appeal was made here Thursday by Tanzanian Prime Minister and First Vice-President John Malecela at a donors conference held at the Kilimanjaro hotel to "sensitise them on the food situation in Tanzania."

Addressing members of diplomatic missions, non-governmental organizations and representatives of international financial institutions such as the International Monetary Fund (IMF), the Prime Minister said that signs of tightening food supplies are already evident in many parts of the country.

He said official and private cereal stocks have dropped from 169,000 to 155,000 tons in the past two months while livestock in the northern, central and lake zone regions are extremely malnourished and deaths have been reported from the lack of grazing pasture and drinking water.

## Nigerian rural communities benefit from NALDA services

LAGOS, Jan 18: About 2,500 rural communities across Nigeria have benefited from the services of the National Agricultural Land Development Authority (NALDA) since the NALDA started operations two years ago, reports Xinhua.

This was announced today in Ibadan, capital of Oyo state in west Nigeria, at the end of the authority's national technic and programme review meeting.

During the same period, more than 17,000 people have been positively affected by the NALDA operations, the News Agency of Nigeria (NAN) reported this evening.

The NALDA-assisted projects are producing a wide range of crops on more than 12,000 hectares of farmland in the nation's 23 states, while the remaining seven states are at various stages of preparations and would commence field operations this year.

## Foreigners flock to India's corner-cutting stock markets

The list of those tainted by India's epic 1.4 billion dollars stockmarket scam reads like a Who's Who of politics and finance.

There is "Super Bull" Harshad Mehta, the man who claimed to have paid off Prime Minister PV Narasimha Rao but who later recanted, dozens of other brokers, fast-growth investment funds, India's biggest industrial conglomerates, a finance secretary, officials from government-owned banks, stock exchange governors, executives of foreign banks such as US-based Citibank and Standard Chartered Bank of London, not to forget the Attorney General.

In fact, abuses have been so common in India's volatile stock markets that an all-party Parliamentary Committee concluded, "Violations of trading restrictions are a rule rather than an exception." It went on to describe a "chronic disorder" and a "culture of non-accountability which permeated all sections of the government and banking system" for more than a decade.

The committee laid heavy blame for the systemic failures, pointing out that they had been unchecked by the "sleeping" Finance Minister, Manmohan Singh. Said the report: "Regrettably, while the major stock exchanges in the country lent themselves to illegal activities abetted by the controlling

authorities of the respective stock exchanges, the Ministry of Finance failed miserably to exercise its regulatory authority by neglecting the responsibilities entrusted to it."

Singh, India's point man on economic liberalisation, offered his resignation, which the Prime Minister eventually refused.

The Bombay Stock Exchange (BSE), the largest of 22 markets here and the most buoyed by the bogus trading, crashed from a record high when the scam came to light in April 1992.

So how have investors reacted to Parliament's 470-page condemnation, released at the end of December? They cannot get enough action on the Bombay Stock Exchange, dubbed the "market leader in all irregularities" by the committee.

The BSE sensitive index climbed 16 per cent to 3,820 — a 52-week high — shortly after the release of the report. Although the index is still below its record high of 4,467, achieved during the frenzied trading of the scam, brokers are predicting that the 4,000-level will soon be broken, while some are talking of a new record of 5,000.

Not that investors could see the scam revelations as positive. What is boosting trading, according to brokers and investors alike, is a flood of new money into the market from foreign institutional investors, attracted

by prospects of the growing Indian economy and increased trade liberalisation.

As foreign investment houses, such as Morgan Stanley and Jardine Fleming, steer their big investors to get rich, regardless of rampant cheating.

Morgan Stanley invested 250 million dollars between September and November, roughly a quarter of the estimated one billion dollars that

foreigners pumped into Indian markets in the year. Madhav Dhar, the Managing Director of emerging markets for Morgan Stanley, compared India to previous global stock market darlings such as Spain and Thailand, in Business World magazine. Says Dhar: "India is not just an emerging market story. It will be a world investment story in the next few

years."

Beyond the growing market and increased liberalisation are other factors which may attract investors. Such as no-holds-barred trading. After all, the key players are bound to benefit in a country where insider trading is legal.

As India's parliamentary committee concluded, big investors and industrial houses earned millions of dollars from corrupt practices on the markets, which led to high commissions, inflated stock prices and easy access to public money for companies floating new share issues on the markets.

In a strongly worded dissenting note, opposition parliamentarian George Fernandes and others alleged that blue chip Indian companies such as United Breweries Group, Apollo Tyres and Reliance Industries, had been major participants in the scam.

In particular, the dissenters claimed the appointment immediately after retirement of S L Khosla, Chairman of the Oil and Natural Gas Commission, to a position with Reliance, as an example of the "dubious links" between government officials and corporations which have yet to be investigated.

Meanwhile, penalties have been virtually impossible to earn. Despite the massive abuses prevalent during the

scam, the Bombay Stock Exchange has punished only two brokers, one in 1990 and the other in 1992. Both were given one-day suspensions.

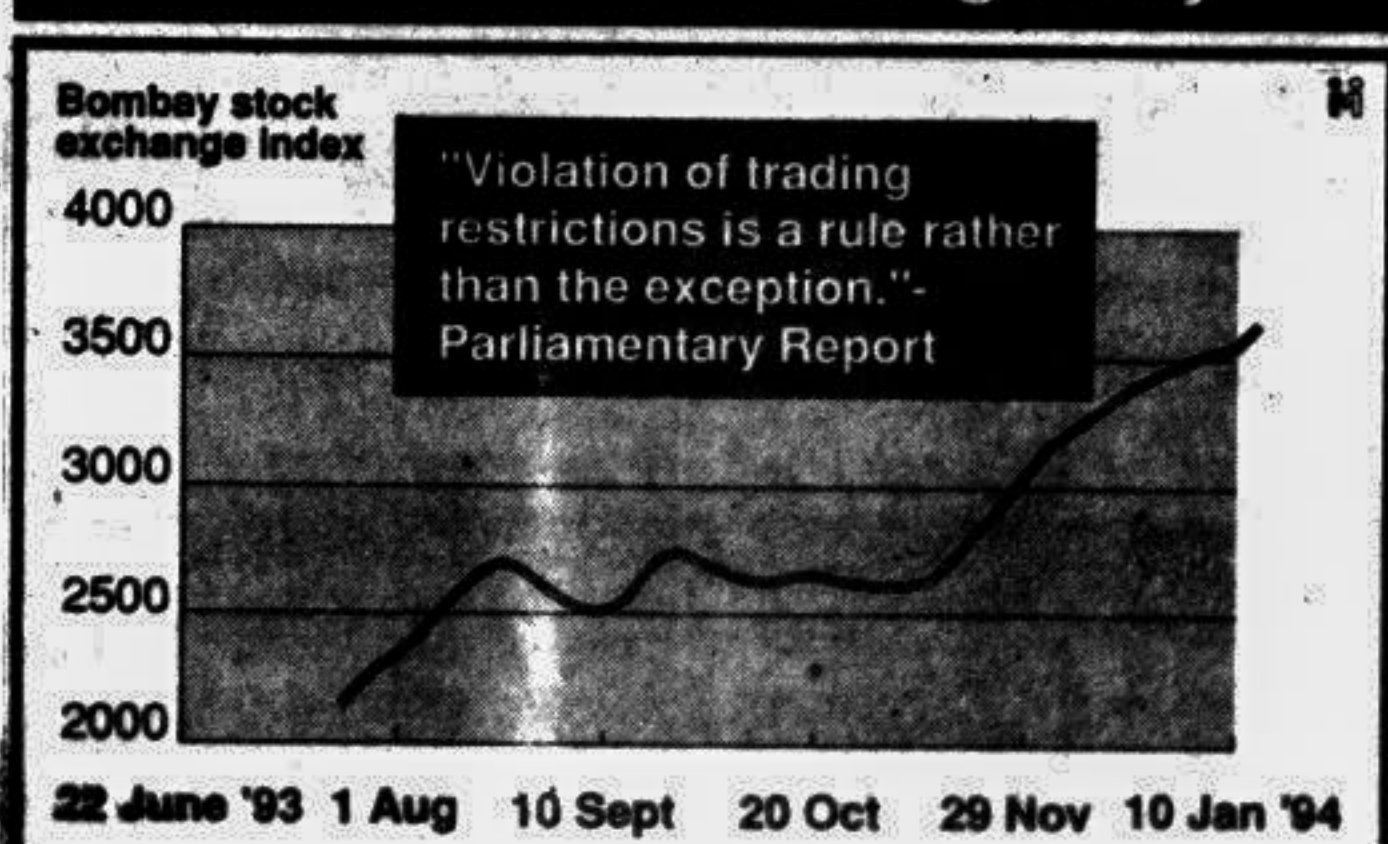
As the report said: "For all these (abuses) not many have been identified and punished. The fact that the Committee have to restate such a self-evident principle as that the guilty must be punished is tellingly conclusive of the extent of the irresponsibility in stock exchanges."

More telling are the rewards reaped. For example, investors who merely bought the shares which make up the BSE Index could have more than doubled their money from early 1992 until the crash. To look at a more specific case, Citibank's investment income earned in India rocketed from 16.9 million dollars in fiscal year 1990-91 to 42.7 million dollars from in 1991-92, when the scam was at its peak.

The quantum rise in the profits from securities transactions besides being attributable to the sharp rise in the volume of transactions has also been due to the irregularities committed during the process," said the report. — GEMINI NEWS

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## The market that defies gravity



India, they are helping drive up share prices. At the same time, the foreign presence is seen as a confidence builder among Indian investors.

For example, in early January Morgan Stanley launched its first mutual fund of Indian investments for Indians, which was an immediate sell-out. Essentially investors are betting that they will