

## Benazir suffers first defeat

## Senate tosses out bill aimed at reducing central bank's independence

ISLAMABAD, Feb 2: Pakistan Prime Minister Benazir Bhutto suffered her first defeat in parliament on Tuesday when the Senate tossed out a bill aimed at reducing the independence of the central bank, reports Reuters.

By 28 votes to 11 the Senate passed an opposition resolution to throw out the bill. It would have curbed legislation by the previous government which gave unprecedented autonomy to the State Bank of Pakistan.

The ordinance, passed by President Farooq Leghari on December 31, was one of Bhutto's first pieces of legislation since taking office for the second time last October.

In the ordinance, which must be passed by the National

Assembly (Lower House) and the Senate, Bhutto withdrew central bank powers to refuse overdraft to the federal and



four provincial governments and to set monetary policy.

Senator Sartaj Aziz, Secretary-General of the oppo-

sition Pakistan Muslim League who presented the resolution, said the new ordinance would substantially curtail the powers of the central bank.

"We had to take action to overturn this problem," said Aziz, who was finance minister in the previous government.

The central bank should have the power to exercise checks and balances in a deregulated economy, as happens in other countries.

"An independent central bank had been envisaged by his government as part of its ambitious reforms to deregulate the economy, Aziz said.

Law Minister Iqbal Haider said the opposition resolution was unconstitutional because the ordinance was a money bill

that could be rejected only by the lower house.

"They were attempting to embarrass the government," he told Reuters.

The new ordinance would have required the bank to consult the government, effectively robbing it of its power to overrule the government that was enshrined in the previous bill passed by the caretaker administration of Prime Minister Moeen Qureshi.

Aziz said the previous bill now stood revived.

The Law Minister said he would not recognise the resolutions and would proceed to lay Bhutto's ordinance curtailing the legislation before the Lower House.

## Pakistan takes steps to check environmental degradation

ISLAMABAD, Pakistan, Feb 2: The government of Prime Minister Benazir Bhutto has taken a number of steps to check the environmental degradation and improve the quality of life by providing people with clean air and water for a healthy future, reports AFP.

Prime Minister Benazir Bhutto has directed the Environment Division to initiate the ratification process of the framework convention on climate change. A summary in this regard has been submitted to the cabinet.

The present government has also approved a project for the development of Bagh-E-Quaid-E-Azam, around the Quaid's mazar, at a cost of Rs. 359.967 million. This project is now at planning commission for approval.

## Formation of regional airlines assoc suggested

A top aviation journalist, now visiting Bangladesh, yesterday suggested for launching a regional airlines association for the overall development of air services in South Asia, reports UNB.

Anthony Vandyk, the International Editor of Air Transport World published from United States, also emphasised the need for improving airport services to mitigate the inconveniences of passengers while undergoing immigration, security and customs formalities.

He was speaking at a seminar on "World Transport Industry — Monday, today and tomorrow" at the auditorium of the Bangladesh Airlines Training Centre yesterday.

Biman Bangladesh Airlines organised the seminar to evaluate their services in comparison to the other airlines.

Vandyk said every region, except South Asia, has its own

airlines association. Mentioning the initiative of SAARC in this region, he said an airlines association could further promote regional cooperation.

Focusing on the scenario of the world airline services, he said, "the prospect of this industry is very bright and Bangladesh has a good future in this service".

He said Bangladesh has a wide network of passengers in the Gulf areas as well as South Asia itself, which can be easily exploited by offering good services.

Vandyk pointed out that air traffic here has increased to seven per cent while it increased only three per cent in the developed countries.

He suggested for increasing the number of the long-haul aircraft for the convenience of the far-going passengers. "There is only one non-stop flight from Dhaka to London in a week.

## Turkish central bank chief resigns

ANKARA, Feb 2: The head of the Turkish central bank at the time of the devaluation of the pound last week said Tuesday that he had resigned because he could no longer work with Prime Minister Tansu Ciller, reports AFP.

Bulent Gultekin had resigned on Monday, four days after the pound had been devalued from 15.231 to the dollar to 17.301.

In a statement made available to AFP, he explained that he "could no longer work" with Ciller whom he accused of having left him alone to face public opinion after the devaluation.

At the time Gultekin said the government had decided to devalue "to re-establish the balance" between exchange rates and bank interest rates against a background of excessive liquidity arising from public deficits.

Ciller appointed Gultekin in August, one month after she had become leader of the right-wing True Path Party and then head of the right-left coalition government.

The departure of Gultekin was the fifth resignation of the head of a public economic institution since July. The previous head of the central bank Rusdu Sraoçlu, resigned over what was described as a "difference of views with Ciller concerning monetary policy".

The heads of the treasury, national planning and privatisation, Tefvik Altinok, Ilhan Kesici, and Ustunsumver, have all resigned since Ciller became Prime Minister.

## Colombia, Mexico and Venezuela to sign trade treaty on February 11

BOGOTA, Feb 2: The presidents of Colombia, Venezuela and Mexico will sign a treaty on February 11 lowering trade barriers between their countries, the Colombian president's office said Tuesday, reports AFP.

The signing of the treaty had been postponed for several weeks partly because Mexican President Carlos Salinas de Gortari was unable to attend due to the rebellion in a southern province.

The presidents also wanted to await the inauguration of Venezuelan president-elect Rafael Caldera, who will be sworn in on Wednesday.

The office of Colombian President Cesar Gaviria issued a statement saying the signing date had been rescheduled for next week. The ceremony will take place in Cartagena, on Colombia's Caribbean coast, the statement said.

The free-trade agreement between Mexico, Venezuela and Colombia — the so-called Group of Three — will gradually lower import tariffs over a period of 10 years.

Colombia and Venezuela signed such a treaty two years ago, during which time trade between the two countries has doubled.

## German metal union continues warning strikes for pay rise

BONN, Feb 2: The IG Metall Union continued a series of warning strikes in support of pay demands in the metalworking and electrical engineering industries in western Germany on Tuesday, the union said, reports AFP.

In the state of lower Saxony in the north of the country 1,550 people on the night shift at an age factory in Hameln went home two hours earlier than normal. In Hannover, work at the Alecatel, Sorst, Sentorion and main companies was affected.

In Rhineland-Palatinate and in Hesse, in the town of Cassel and Giessen, demonstrations were expected to draw several thousand people.

In Berlin, a strike affected a plant operated by Siemens Kuwu and the union said that three other companies would be affected during the day.

On Monday, nearly 55,000 people had supported a strike call by IG Metall which, with 3.2 million members, is the biggest engineering union in Europe.

IG Metall is demanding that pay be increased by 5.5-6.0 per cent. The Gesamtmetall Employers' Association has refused to increase pay and has said that it wants to reduce holiday allowances.

## Apex Footwear receives order from Japanese company

Apex Footwear Limited has received order from a Japanese company to export leather shoes worth \$ 3.2m during the year 1994, says a press release.

The company says a few more orders of similar amount are at the final stage of negotiation.

With these orders, the company is expected to exceed the projected turnover for the current year.

## Singaporean firm signs accord to process crude for Kuwaiti corp

SINGAPORE, Feb 2: The government-owned Singapore Petroleum Co. (SPC) Tuesday signed an agreement to process 30,000 barrels of crude oil daily this year for the Kuwait Petroleum Corp. (KPC), reports AFP.

SPC said in a statement that its refinery here had been processing crude oil for KPC since 1987, but this was the first time an agreement has been signed for processing on a daily basis.

Kuwait Investment Office (KIO), which has a representative office here, holds an eight per cent stake in SPC.

## Chinese border trade with 3 states rises

BEIJING, Feb 2: Border trade by the southern Chinese province of Yunnan with Myanmar, Vietnam and Laos rose 26.5 per cent to 2.87 billion yuan (330 million US dollars) last year, Xinhua said Tuesday, reports AFP.

Myanmar was far and away the largest trading partner, with two-way trade totalling 2.57 billion yuan in 1993, or 89 per cent of the total, while Vietnam accounted for 8.8 per cent and Laos the rest, the news agency quoted Yunnan's Border Economic and Trade Administration Director Zhang Ruitun as saying.

Zhang said border trade with Vietnam and Laos would grow this year following the opening of new border ports in 1993.

## GATT slashes rice import quota for Indonesia

JAKARTA, Feb 2: GATT has slashed its rice-import quota for Indonesia to 70,000 tonnes a year from 750,000 tonnes, Food Minister Ibrahim Hassan said Tuesday, reports AFP.

Previously, the General Agreement on Tariffs and Trade required Indonesia annually to import three per cent of the nation's yearly rice consumption, which came to about 750,000 tonnes.

However, Jakarta successfully appealed against the quota, Hassan told journalists after meeting President Suharto.

Suharto said that to avoid hurting Indonesian rice farmers, imports of the commodity should be limited to qualities and types not produced here.

Indonesia, which has a population of more than 180 million, has been self-sufficient in rice production since 1984, growing about 25 million tonnes a year, Hassan said.

## Tea prices fall sharply at auction

By Staff Correspondent

Poor demand led tea prices to fall sharply resulting in large withdrawals at this week's auction sale held in Chittagong on Tuesday last.

According to a Unity Brokers market report, prices for larger brokens eased as demand was poor and buyers shared freely with no competition.

Fannings met with large withdrawals at the auction sale and prices declined by Taka three to Taka five per kilogram as against last week's levels.

The bulk of the offerings was end of season teas. The major buyers were Poland and Sudan while the Russian and Pakistani buyers were subdued. Internal traders lent fair support.

In the Leaf category 26, 145 packages were offered at the sale, which included a large quantity of poor and end of season teas. Of the offerings, 43 per cent was purchased by

the export buyers while the internal traders accounted for 14 per cent of the sale and the remaining 43 per cent was withdrawn. Total withdrawal at the sale stood at 42 per cent of the offerings as against the same level of last week's.

In the Dust category, 4,110 packages were offered at the sale, of which, the local traders purchased 52 per cent while the export buyers accounted for only 15 per cent of the sale and 33 per cent remained unsold.

Following is the category-wise market performance report as prepared by Unity Brokers.

**OT:** Well made large brokens declined by Tk. Three or more per kg. Others eased further. A small quantity sold between Tk 49.00 — Tk 51.00 while secondaries were absorbed at between Tk. 35.00 — Tk. 39.50 per kg. Fannings were similarly

easier as the brokens and prices in general declined by Tk three to four towards close. Prices fell further. There were large withdrawals. Internal popular lines realised between Tk 48.50 — Tk 51.70 and secondaries sold between Tk 30.00 — Tk. 38.00 per kg. Poorer types remained unsold.

**Green Tea:** 290 packages were on offer. FYH and Hysons sold between Tk 54.70-Tk. 55.80 whilst the YH's sold between Tk 49.60-Tk 50.10 per kg.

**Dust:** 4,110 packages were on offer. Market opened at around Taka two lower than the last levels but towards the close, prices were easier by up to Taka four per kg.

The next tea auction sale (No.41) would be held in Chittagong on February 8 and total offerings would consist of about 23,000 packages of Leaf and another 4,000 packages of Dust.



Dr. Abdullah Faruk, Chairman, Board of Directors of Janata Bank, addressing the Deputy General Managers and Assistant General Managers of Rajshahi and Khulna Division/Area and Regional Chiefs Annual Conference '94 yesterday. General Managers are also seen in the picture.

## New GATT accord to force open govt doors for business

WASHINGTON, Feb 2: Twenty-three countries have reached agreement on new rules that will open up their markets to thousands of millions of dollars annually in new government contracts, reports USIS.

Negotiated in December as a parallel accord to the Uruguay Round global trade pact, the new agreement on government procurement will cover, for the first time, services such as construction, telecommunications, management consulting and procurement at the sub-central level — states and provinces — and by public utilities.

"In all, the coverage will be expanded by some ten-fold in comparison to that under the old agreement," according to the General Agreement on Tariffs and Trade (GATT), the Geneva-based world trade body under whose auspices the Uruguay Round and government procurement agreement were negotiated.

Scott Goddin, a trade analyst with the US Department of Commerce's Office of GATT Affairs, believes that the coverage of services under the new agreement, which goes into effect January 1, 1996, will likely triple the value of contracts made accessible to US services suppliers.

The gains go beyond increased sales to foreign bid-

ders, extending to their many subcontractors and suppliers. This rippling effect can mean major gains to certain industries, according to industry analysts.

"We are delighted by the accord," says George Headrick, spokesman for the Construction Equipment Manufacturers Association, a group representing companies that do more than \$8,000 million in sales overseas annually. Headrick explains that as more US contractors win overseas bids, the more business they will filter back to US construction equipment manufacturers.

US officials and business persons also hope the accord will help prevent a repeat of past bilateral trade disputes over Japanese construction and telecommunication practices and European Union (EU) barriers to foreign heavy electrical and telecommunication equipment.

Australian government barriers on information systems technology and broad-based government procurement problems in China — the former not a signatory of the procurement code and the latter not yet a member of the GATT — remain other key markets of concern to US firms.

As with the old government procurement agreement that has been in force since 1979,

participation under the new agreement is limited to those countries that specifically acceded to it: Austria, Canada, the 12 member states of the European Union, Finland, Hong Kong, Israel, Japan, Korea, Norway, Sweden, Switzerland and the United States.

Membership in the new World Trade Organisation the successor body to the GATT beginning July 1, 1995, does not necessarily lead to membership in the procurement agreement group. However, other governments will be able to negotiate their accession.

At the core of the government procurement agreement is the concept of national treatment: foreign suppliers and their goods and services must be treated, no less favourably domestic suppliers and their goods and services.

To ensure compliance with national treatment, the agreement outlines in detail procedures for bidding, conditions on the qualification of suppliers eligible to bid, publication of invitations to bid on contracts, time limits for bidding, the contents of the bid documentation provided to potential suppliers, receipt and opening of bids; the awarding of contracts and the public reporting of these awards.

The accord prohibits trade distorting practices such as offsets — requirements that if a



Anthony Vandyk, International Editor of the Air Transport World magazine addressing a seminar on "World Air Transport Industry — Yesterday, Today and Tomorrow" held at the BATC yesterday. Biman organised the seminar.

## Protest against rice import

## Police-farmer clash in Seoul leaves 60 injured

SEOUL, Feb 2: At least 60 people were injured when thousands of angry South Korean farmers Tuesday clashed violently with riot police in downtown Seoul in renewed protests against rice import, witnesses said, reports AFP.

The 20,000 demonstrators, who poured into the capital from all over the country shouting "no ratification" and "Yankee go home," attacked phalanxes of tear-gas shooting riot police with home-made fire bombs, bags of excrement, wooden staves, iron bars and volleys of eggs and glass bottles.

The farmers battled to within 100 meters (330 feet) of the US Embassy during the protest, which observers described as the most violent since President Kim Young-Sam came to office a year ago.

There were conflicting reports of casualties in the clashes, but Yonhap News

Agency put the number of injured at 60 mid-evening, and television reports said 45 riot policemen had been hospitalised by 8 p.m. (1100 GMT).

One of the injured, a 21-year-old riot policeman, was in critical condition after being crushed when a demonstrator ploughed into police lines with a tractor, TV said.

By mid-evening witnesses said the farmers, many of them drunk on fiery rice wine and shouting "down with Kim Young-Sam", had been beaten back from the US Embassy approaches but had burst through the tear-gas barrages to occupy central city hall plaza, where they lit bonfires.

At least six vehicles, three of them police buses, one a mobile television unit bus, a fire engine and garbage truck were destroyed, most burned by fire bombs.

The farmers, backed by student radicals and sympathisers overpowered an iso-

lated riot police unit, AFP reporters said, and beat and stripped their victims of their equipment.

The embattled police, their backs to barricades of garbage trucks, fired back with repeated volleys of tear-gas shells and fought off their attackers with truncheons.

One witness said police had eggs and excrement "pouring all down their faces" as bottles crashed around them and plastic bags filled with animal faces "just exploded when they hit."

An AFP photographer was among six or seven newsmen beaten by the farmers, who believe Washington was responsible for pressuring the government into opening the rice market.

The demonstrators said their aim was to block national assembly ratification of the government decision in December to allow imports of foreign rice under GATT.

company wants to participate in a construction project in a foreign country it must, for example, make a substantial investment to build bulldozers in that country to be used on the project.

The new agreement also changes the way a country can challenge a bid. Under the existing agreement, governments have to use the GATT's dispute settlement procedures if a company believes it was treated unfairly during the bidding process. The new accord requires that governments put in place domestic procedures wherein foreign bidders can challenge procurement decisions by governments through administrative or court hearings, "before a multilateral dispute settlement mechanism is utilised, and obtain compensation in the event that such decisions are made contrary to the agreement."

The new accord also departs from the old one in providing that all relationships be reciprocal. That is, a country will be required to open its government contract market to other countries only to the extent that these countries open their own government procurement markets.

To date, all signatories have agreed to expand the procurement agreement's coverage to goods, services and construction contracts at the cen-

tral government level. The United States has reached agreements with Korea, Israel and Hong Kong to cover sub-central governments, government-owned enterprises and utilities, including the telecommunications and electrical sectors.

Separately, the United States and EU agreed to negotiate by April 15 coverage of the EU's electrical sector under the government procurement agreement and telecommunications under a separate, bilateral agreement.

"If we cut a bilateral deal with the EU that would include sub-central coverage and utility coverage under the agreement and a bilateral deal with the EU on telecommunications, I would anticipate we would be able to reach similar agreements with the Nordics, Australia and Switzerland fairly quickly thereafter," says Goddin.

US and EU negotiators will be meeting in mid-February, another US trade official said, adding that while the issues are "difficult... I would say we are confident that we can reach a comprehensive agreement."

"I would expect if we reach agreement on telecommunications that Title VII (action) would be lifted," the official, who declined to be identified,