

Lanka, US free  
trade accord  
likely soon

COLOMBO, Feb 6: Sri Lanka and the United States are likely to reach a major free trade agreement soon, a high-ranking official said here today, reports Xinhua.

Talks on the agreement between the officials of the two countries are scheduled to be held in Washington on February 10 and 11, the official said.

Sri Lanka holds that the success of the talks hinges on the availability of sufficient US textile quotas as Sri Lanka has launched a programme of setting up 200 export-oriented garment factories in the rural areas.

Sri Lanka earned about 1 billion US dollars in garment exports in 1993. The US has been the country's major garment export market for the past eight years.

Though Sri Lanka is currently in a favourable position to ask for more US textile quotas, the free-trade agreement might face many hurdles, the official said.

Sri Lanka has already signed a bilateral investment treaty, an intellectual property agreement and a double taxation agreement with the United States.

ICAB discussion  
meet Wednesday

The Institute of Chartered Accountants of Bangladesh (ICAB) will hold a discussion meeting in contemporary developments affecting the accounting profession with particular reference to the EEC at the Institute's seminar hall at 4:30 pm on Wednesday, says a press release.

The discussion meeting will be addressed by Nigel MacDonald, President of the Institute of Chartered Accountants of Scotland (ICAS) representing the UK and the Irish Institute of Chartered Accountants and Peter Johnston, Chief Executive & Secretary of ICA, Scotland, who will be visiting Dhaka along with their wives.

Besides former Deputy Prime Minister and a past President of ICAB Jamal Uddin Ahmad FCA, past President ICAB Kamal Ziaul Islam FCA, Managing Director, Niruan International Ltd will also address the gathering.

Paramount board  
supports merger  
offer from  
Viacom

NEW YORK, Feb 6: The board of directors of Paramount Communications Inc. threw its support Friday behind the latest merger offer from Viacom Inc. and urged shareholders to tender their shares to the company, reports AP.

Paramount also announced it was resolved to find a winner in the 4 1/2-month battle by Feb. 14 — even if neither Viacom nor its rival, QVC Network Inc., obtain a majority of the shares by then.

The two rivals submitted improved offers just before a Tuesday deadline set by Paramount. The bids, made up of cash and securities, are each worth just over \$10 billion, but Viacom is offering more cash.

Paramount, in a statement, said its board unanimously recommended that its stockholders accept Viacom's revised offer and reject QVC's bid.

Viacom, Paramount's original intended suitor, had the support of the board of directors going into the deadline for the rival companies' offers.

Italy benefits  
from lira  
devaluation

ROME, Feb 6: Devaluation of the lira, contributing to a 33.3 per cent increase in exports, enabled Italy to achieve a surplus of 20.4 trillion lire (1.97 billion dollars) in trade with the world outside the European Community in 1993, official figures showed yesterday.

This was in contrast to a deficit of 2.7 trillion lire in 1992, the official statistical institute said.

The surplus was attributed to devaluation of the lira after it was removed from the exchange rate mechanism of the European Monetary System in September 1992.

In 1993 imports from countries outside the EC rose by 8.2 per cent and exports rose by 33.3 per cent.

All sectors benefited from the change with the exception of the energy sector in which the deficit worsened.

US-Vietnam ties may hit flow  
of foreign investment in India

NEW DELHI, Feb 6: The restoration of US Vietnam trade ties could adversely affect India's chances of wooing badly needed foreign investment, Indian and American officials said yesterday, reports Reuters.

They said US President Bill Clinton's long-expected decision on Thursday to lift 30-year-old trade sanctions against Vietnam would add a major fund-seeking competitor for India.

"India will have to work that much harder to woo American and other investors," a US diplomat told Reuters.

"I don't think it's such a good news for India," she said.

Indian officials agreed that normalisation of US trade with Vietnam, a close cold war ally of New Delhi, was badly timed

for India.

"Of course, it's something that's going to worry us seriously," an Indian diplomat said. "It's not nice to feel this way because Vietnam is a close friend of India."

Indian businessmen were, however, less pessimistic. It's a challenge that we should welcome, said M Roy, Director of the Confederation of Indian Industry.

"There is the prospect of increased Indian joint ventures with third countries in Vietnam," Roy said.

The United States accounted for 1.2 billion dollar of the 2.99 billion dollar in foreign investments approved by the Indian government between 1991 and 1993.

In Vietnam, non-US investment of 7.8 billion dollar

has been pledged for 850 projects.

Vietnam is also looking for direct foreign investment of 12 dollar to 15 billion dollar by the year 2000 to sustain the upgrading of crumbling infrastructure, industrialisation and annual economic growth of eight per cent.

While American businessmen see Vietnam as a prospective boom market, some of their opinions about India have been not so flattering and many have expressed doubts about New Delhi's resolved to push ahead with economic reforms.

Prime Minister P V Narasimha Rao's 31-month-old government has discarded the socialist cocoon around India's economy, nudging it towards a free market system.

Coalition leaders want Hosokawa  
to shelve tax proposal

TOKYO, Feb 6: Japan's ruling coalition leaders said today they want Prime Minister Morihiro Hosokawa to shelve a politically explosive proposal for a new Value-Added Tax (VAT) to save his vital economic stimulus package, reports Reuters.

Socialist Chairman Tomichi Murayama and other alliance party leaders said they would urge Hosokawa to go ahead and include planned income and other direct tax cuts in the anti-recession measures he must announce by mid-week.

With the idea of a Value-Added Tax (VAT) seemingly discarded for now, there was no consensus on how to finance these cuts, expected to total six trillion yen (55 billion dollars).

While some alliance partners favour issuing deficit bonds, top coalition strategist Ichiro Ozawa said today that relying solely on bonds would threaten the nation's future.

Hosokawa needs coalition

agreement on the package and a draft budget for the 1994/95 fiscal year beginning in April before he leaves on Thursday for trade talks with US President Bill Clinton.

Washington has been pressing Tokyo to boost consumption to encourage more imports and help slash its huge trade surplus. The two documents would show Japan's willingness to do so.

Hosokawa last week triggered a furious dispute within his unwieldy eight-party coalition by announcing a seven per cent "welfare tax", to be levied from 1997 on all goods and services, without consulting some of his chief allies.

His largest partner, the Socialist Party, threatened to walk out, effectively stripping him of a governing majority.

Party chiefs have been closeted ever since trying to hammer out a compromise that will rescue the stimulus measures and ensure Japan is not humiliated at the February

11 Washington summit.

Socialist Chairman Murayama said on NHK television today: "Our suggestion for a compromise within the ruling bloc is to wait for two years before taking such a drastic measure (as the value-added tax)."

"We will discuss the overall revenue situation and a basic welfare programme during that period. This will help the Prime Minister achieve national consensus," he added.

The prime minister's Japan new party adopted a similar programme outline on Saturday.

Hosokawa's idea in proposing the value-added tax from 1997 was to make up expected revenue shortfalls and to prepare to foot the welfare bill for Japan's rapidly ageing society.

Yet he made clear that not all the revenue from the new tax would go to welfare schemes.

The Socialists saw this as a betrayal.



A three-week course on 'Lending Risk Analysis' organised by Financial Sector Reform Project (FSRP) for private commercial bank officers concluded at BIBM in the city on Saturday. Terry J Bradigan, International Banking Advisor, FSRP; Patrick J Vath, Team Leader, FSRP; A H M Nurul Islam Choudhury, Director General, BIBM and Omar Chowdhury, National Banking Consultant, are seen in the picture.

HBFC opens  
counselling  
counter

The House Building Finance Corporation (HBFC) has opened the restructured counselling counter at the 1st floor of its building, says a press release.

The Managing Director of the Corporation Suhel Ahmed yesterday inaugurated the counter considering much inconvenience caused to the visitors.

The previous counselling counter rendered a very good and prompt services to the intending borrowers by giving them information and meeting their all kinds of queries regarding loan matters.

This has encouraged more people to come to the counter with intention to apply for loan. Having been encouraged, the number of intending borrowers are increasing now. This includes a large number of female applicants.

The corporation hopes that the newly setup counselling counter would function as "One-stop Service" to all intending borrowers.

20,000 MT of  
French wheat  
for Bangladesh

France has given 20 thousand metric tons of wheat to Bangladesh as grant, says a press release.

The wheat was brought to Chittagong by a cargo ship last Friday.

It will be distributed through the world food programme for development works in various parts of the country.

Apart from this food aid given every year, France also provides financial and technical aid.

Mahathir warns Manila  
to curb wage hikes

MANILA, Feb 6: Malaysian Prime Minister Mahathir Mohamad has warned the Philippines to curb wage hikes or risk losing its competitive edge and forcing investors to relocate, the Philippine News Agency (PNA) said today, reports AFP.

The official agency said Mahathir, who flew to the southern city of Davao today at the end of a four-day official visit, told Philippine Congress members at a private meeting here that Manila and Kuala Lumpur should guard against losing their cheap labor advantage.

This, he reportedly said, would ensure maximum employment for their millions of unemployed and in order to attract increased foreign and domestic investments.

Otherwise, he added, the competitive edge would be lost and investors would move

their operations elsewhere.

In Davao Mahathir said that the two countries should do away with barriers which deter closer cooperation since "we belong to only one race," PNA reported.

Bilateral ties have been marred by Manila's long standing territorial claim on the east Malaysian state of Sabah.

Mahathir said the 1.3 billion-peso (46 million dollar) annual bilateral trade was "still small" and the two countries should "take necessary steps to expand and increase the volume of bilateral trade."

He said he supported Philippine President Fidel Ramos proposal for an East Asian Growth Area (EAGA) incorporating Davao and the rest of the southern Philippines with contiguous areas in Malaysia, Indonesia and Brunei, PNA reported.



The Managing Director of House Building Finance Corporation Suhel Ahmed opening the restructured counselling counter on the first floor of the corporation yesterday.

US to raise aid for world  
population control

WASHINGTON, Feb 6: The US government is to increase its financial assistance to the worldwide population control, official sources said here yesterday, reports Xinhua.

"If we can't stabilise the world's population, we're not going to be able to control any other problems," said State Department Counselor Tim Wirth, who is in charge of population policy.

President Bill Clinton announced last Monday the 1995 US federal budget will include 585 million US dollars population control assistance, up from about 503 million dollars this year, press reports here said.

The US is also teaming up with Japan to boost aid for population stabilisation programmes in poor countries.

When Japan's Prime Minister Morihiro Hosokawa visits Washington later next

week, he and Clinton will announce an accord on population assistance. Japan is expected to commit three billion dollars by the end of the decade for population programmes and combating aids in developing countries, an AP report quoted US government officials as saying.

The Clinton administration has decided that stabilising population is crucial to alleviating poverty and hunger.

The 1995 US federal budget of around 1.5 trillion dollars will boost US assistance to the UN population fund.

Wirth said that he hopes the US population assistance to the UN population fund to top one billion dollars by the end of the decade. The goal is to ensure that every woman who wants family planning assistance can get it.

Wage differences  
rising in  
Russia

MOSCOW, Feb 6: A quarter of the Russian population lives below the subsistence level, while wage differentials are growing, according to a report by the Ministry of Labour published Saturday in the Daily Ivestia, reports AFP.

The subsistence level is estimated at around 50,000 rubles per month (33 US dollars). The minimum salary, practically doubled by Russian President Boris Yeltsin just before December's parliamentary elections, currently stands at 14,620 rubles (10 US dollars).

Only a quarter of the population earns more than 100,000 rubles per month (66 US dollars) but differentials are growing, according to the report, the average monthly salary in industry last year was 140,000 rubles (95 US dollars) and in commercial banks rose to 1.5 million rubles (1,000 US dollars).

Labour Ministry revenues rose nine per cent in 1993, largely from the top income bands.

The report expresses concern about the tendency of company managers to award themselves salaries 100 times higher than the average income of their employees, in spite of the serious financial difficulties faced by their firms.

The ministry also underlines the increase of hidden unemployment in Russia and estimates the number of people seeking work at between four and seven million people — between four and seven per cent of the working population.

Official figures put the number of unemployed at one per cent but in a report published last Tuesday the international labour organisation (ILO) put it at a minimum of 10 per cent.

Clinton to host  
jobs summit  
of G-7 in March

WASHINGTON, Feb 6: US President Bill Clinton will host a jobs summit of the Group of Seven nations in mid-March in Detroit, the White House said here yesterday, reports Xinhua.

The March 14-15 summit "will send a message that we intend to confront the challenge of job creation and unemployment," the White House said in a message sent to G-7 ministers.

Clinton proposed the summit last July at G-7 summit in Tokyo. The meeting, originally scheduled last fall in Camp David, will be attended by labour, finance and social service ministers of the seven countries.

The G-7 nations are the United States, Japan, Great Britain, Canada, Italy, France and Germany.

Observers here said Detroit, the location of the big three automakers, is a proper site for the summit. The revival of the US economy, led by auto industry, has been creating 165,000 jobs a month.

While the jobless rate in western Europe has been hovering at more than 10 per cent, the employment situation in the US is improving, with January jobless rate dipping to 6.7 per cent after the change of calculations.

Oil platform  
collapses in  
Caspian Sea

BAKU, Feb 6: A huge offshore oil drilling platform collapsed in a storm in the Caspian Sea last month, but no one was injured and no oil was spilled, the Azerbaijani state oil company said Friday, reports AP.

The loss of the platform on January 21 was a serious blow to the SOCAR oil company and to Azerbaijan's government, which needs oil revenues to help pay for a costly, six-year war with Armenians over the disputed Nagorno-Karabakh region.

Sayed Ibrahimov, first vice president of the state monopoly, said the rig took seven years to build and would cost tens of millions of dollars to replace.

Before the storm hit, he said, SOCAR had believed that "the probability of a collapse of the platform was zero."

The rig had been set up in October but had not yet begun drilling. Ibrahimov said it weighed 13,000 tons and rose 168 meters (551 feet) from the sea floor in the Guneshli oil field, roughly 100 kilometers (60 miles) off the coast. The crew was evacuated before the storm hit, he said.

## Commodity markets : Prices of cocoa down, tea, sugar, oil up

LONDON, Feb 6: Cocoa and coffee prices were mixed on the London market this week, with the cocoa price falling to its lowest level for four months and coffee moving sharply higher, reports AFP.

Speculative selling sent cocoa prices down to 860 pounds per tonne at the start of the week after figures showing a rise in Ivory Coast cocoa production removed fears of a tightening up in supplies.

Coffee prices rose, supported by news of privatisation of Brazil's export withholding plan. Dealers expect the change to cause a fall in exports from the world's leading coffee producer.

Prices were also firm on the London base metals market with copper, lead, zinc, aluminium, nickel and tin all higher thanks to the announcement of cutbacks in production of several metals.

Metals analysts warned, however, that given the high level of stocks, the cutbacks would need to be implemented quickly if a price fall is to be avoided.

The price of Brent North Sea crude oil rose thanks to higher prices on the New York market following a cold snap in the northeast of the United States.

Among precious metals, silver prices rose after heavy buying on the Asian market, dragging gold higher in its wake.

Grain prices generally fell while cotton and wool prices were supported by strong demand. Sugar prices rose.

GOLD: Higher: After star-

ting the week below 380 dollars an ounce, gold prices rose to around 385 dollars in a generally quiet market.

Dealers concentrated on the Tokyo and New York markets, where activity was strong, rather than on London.

The South Africa Gold Council said that gold production reached 619.5 tonnes in 1993, up slightly from 614 tonnes a year earlier.

SILVER: Higher. The price of silver rose above 5.30 dollars an ounce, boosted by heavy buying on the Asian market.

In New York and Tokyo, US fund buying pushed prices sharply higher. Figures showing a rise in housing sales in the United States in December created more confidence in the US economic recovery, pushing precious metals prices higher, analysts said.

PLATINUM: Higher. Rising in line with silver and gold, platinum was boosted by US fund interest and pushed past the 390 dollars an ounce level, dealers said.

COPPER: Higher. The price of copper rose over the week, boosted by US fund buying and sustained by uncertainty over the position of Chilean group Codelco more than 150 million dollars on the LME when a senior trader wrongly entered transactions in his computer and then attempted to cover up the losses rather than report them.

Prices eased back slightly on Thursday after LME chief executive David King issued a statement downgrading the impact that Codelco's difficulties would create for the

market. LEAD: Steady. Lead prices were largely unmoved during the week with trading described as "very quiet".

However, dealers said prices were supported later in the week by news that French metal producer Metaleurop SA was to reduce capacity at the 120,000-tonne-per-year Nordenham lead smelter in Germany to 90,000 tonnes per year.

On the LME, lead stocks fell by 150 tonnes to 320,000 tonnes.

ZINC: Higher. Zinc prices rose steadily through the week despite a runup in LME zinc stocks taking them over the one million tonne mark for the first time.

Hopes that European zinc producers are close to finalising a proposed production shutdown plan to support prices are helping sentiment in the market, one trader said.

ALUMINIUM: Higher. The price of aluminium rose, supported by production cuts announced by US, Russian and European producers following the memorandum of understanding agreed at multilateral talks in Brussels last month.

Industry representatives from Australia, Canada, the EC, Norway, Russia and the United States agreed last Sunday that cuts of about 1.5 million tonnes, representing about 10 per cent of global production, were achievable.

NICKEL: Higher. Nickel prices rose sharply, breaking through the key 6,000 dollars per tonne level to reach their highest level since May 1993. The market was supported

by strong US fund buying and speculative interest, dealers said.

On the LME, nickel stocks rose by 1,146 tonnes to a record 129,972 tonnes.

TIN: Higher. Tin prices rose on the LME, reaching the highest level since July last year, supported by news of a cut in production by one Brazilian producer and hopes for further cuts elsewhere.

On Thursday, Paranaipama of Brazil, one of the world's biggest tin mines, said it would produce 6,500-7,000 tonnes of tin in concentrate in 1994, down from 12,955 last year.

COCOA: Lower. The price of cocoa fell sharply, losing 44 pounds on Tuesday alone to fall to 860 pounds per tonne, its lowest level for four and a half months.

The movement started in New York after a rise in the volume of cocoa arrivals reaching the Ivory Coast ports in December calmed the market's fears of a tightening up in supplies.

COFFEE: Higher. The price of coffee rose sharply, climbing above 1,180 dollars per tonne thanks to the privatisation of the Brazilian coffee exports retention scheme.

The Brazilian government said it was putting the management of the scheme, withholding 20 per cent of Brazil's coffee exports from the market, into the private sector.

SUGAR: Higher. The price of sugar rose to over 280 dollars per tonne, its highest level since May 1993, after Russia and Cuba agreed an oil-for-sugar trade.

The transaction, covering 2.5 million tonnes of sugar and four million tonnes of crude oil in 1994, pushed prices higher with dealers arguing that it will deprive the market of Cuban sugar.

VEGETABLE OILS: Lower. The price of soy oil fell on the European and US markets, depressed by forecasts of record harvests in South America following recent heavy rains in Brazil and favourable weather forecasts for Argentina.

The price of palm oil was uneven after analysts revised upwards their estimates of the level of Malaysian palm oil exports in January.

CRUDE OIL: Higher. The price of Brent North Sea crude oil rose in London following a surge in prices in New York, boosted by the cold snap hitting the north-eastern United States.

A study by the Centre for Global Energy Studies said production by non-members of OPEC is likely to grow by around two million barrels a day up to the end of 1995, keeping prices low.

RUBBER: Steady. The price of rubber steadied after a month and a half of rising prices, though analysts said that a recovery in the US car industry was still supporting the market.

In Indonesia and Malaysia, poor supplies pushed prices higher with dealers fearing that a shortage could hit the market.

GRAINS: Uneven. The prices of wheat and barley slipped slightly on the London market to around 98 and 101 pounds per tonne respectively from

100 and 103.75 pounds the previous week.

Demand remained weak, particularly from developing countries, and the outlook for orders from Russia and China remained uncertain.

TEA: Higher. Prices for higher and medium grade tea rose at the weekly London tea auction this week. The average price of high grade tea rose to 170 pence/kilo from 165 pence and medium grade tea rose to 109 from 106 pence/kilo, but lower grade tea fell to 88 from 90 pence/kilo.

Demand improved for all types of tea, a trader said, with the best prices coming for rawandan tea at 194 pence/kilo.

COTTON: Higher. Prices rose on the Liverpool market, reaching their higher level since July 1991, thanks to a pickup in demand and forecasts of a fall in the harvests of Pakistan, India and China.

The decision of the Turkish government to impose a tax on cotton exports added to upward pressure on prices.

Turkey, India and Pakistan are expected to export no more than 500,000 bales of cotton each this year in 1992/93, India exported 1.3 million bales.

WOOL: Higher. The price of wool rose on the Bradford wool market, reaching 3.70 dollars a kilo, its highest price since June 1993.

Prices are also at their highest of the season on the Sydney and Melbourne markets, boosted by stronger demand from Japan and Europe and by a fall in Australian demand.