

Japan's leaders settle dispute over economic recovery plan

TOKYO, Feb 8: Leaders of Japan's ruling coalition announced Tuesday they had settled a bitter dispute over tax policy that had jeopardized their government and delayed efforts to revive the ailing economy, reports AP.

The accord gives the government a face-saving way out of its latest crisis. But it once again underscored the shakiness of Prime Minister Morihiro Hosokawa's coalition, which has split on most major policy matters.

Under the compromise, the coalition agreed to cut income taxes for a year now while seeking a hike in indirect taxes later to offset it. The agreement paved the way for

the announcement later Tuesday of a key package of emergency measures — including the tax cut — to help Japan's flagging economy.

"Demands have been coming from both inside and outside the country to put the economy back on track as soon as possible," Hosokawa told a news conference Tuesday.

He apologized to the public for the awkward decision-making process that led to the tax feud, but asked for understanding.

"We're just getting started here. Please understand that we will have our attempts and welcomed by US officials, who our failures," Hosokawa said.

The breakthrough on economic policy has been eagerly awaited in Japanese financial circles — stock prices surged in response to word that the tax deadlock had been broken. Early in the afternoon session, shortly after the announcement, the Nikkei Stock Average of 225 selected issues had jumped nearly 500 points.

Hosokawa had wanted to announce the economic stimulus package before travelling to Washington for a meeting Friday with President Clinton. The tax accord was likely to be had under a tax cut as a means of stimulating Japanese consumer spending to help trim Tokyo's huge trade surplus. But the stimulus package

alone was unlikely to calm rising trade tensions. Negotiators were holding a last-ditch round of talks in Washington this week to try to reach an accord before the Clinton-Hosokawa meeting, but the two sides remained far apart on key issues.

The tax discord began Thursday when Hosokawa announced a plan to cut income taxes now and more than double the sales tax from three per cent to seven per cent effective April 1997 — a move urged by the powerful Finance Ministry.

The coalition parties agreed to set up a committee that will discuss how to pay for the tax cut.



The Minister for Development Cooperation of Norway Kari Nordheim-Larsen and the NORAD Representative called on Professor Muhammad Yunus, the Managing Director of the Grameen Bank at the head office of the bank Sunday. They discussed various development issues of mutual interest. The Norwegian team expressed their sincere interest and appreciation for the activities of the Grameen Bank.

South Korea to compensate foreign workers

SEOUL, Feb 8: Foreign workers illegally employed in South Korea will be eligible to receive compensation for work-related losses, Labour Ministry officials said Tuesday, reports AP.

The compensation comes as South Korea faces growing criticism here and abroad for the treatment of some 50,000 illegal foreign workers.

"All industrial accidents of undocumented foreign workers, which have occurred during the last three years, will be compensated the same as those of Korean workers," said a Labour Ministry statement.

Prosperity for South Korean workers has left many low-paying jobs unfilled. Illegally employed workers from less developed Asian nations, including China, the Philippines, Bangladesh, and Nepal, have been used to fill the gap.

While many foreign workers can earn more in South Korea than they can at home, they sometimes face harsh treatment, including lack of compensation in case of industrial accidents.

A growing number of reports from here and abroad have criticized South Korean employers for taking advantage of the foreign workers' illegal status. Many foreign workers are reported to be working under sub-standard and dangerous conditions.

In November last year, a court had ruled that illegal workers should be awarded the same compensation for job-related injuries as South Korean counterparts.

Russia ready to work with OPEC

LONDON, Feb 8: Russia is prepared to coordinate its actions on the world oil market with the Organisation of Petroleum Exporting Countries (OPEC), Itar-Tass news agency reported, reports Reuters.

Tass quoted Foreign Economic Relations Minister Oleg Davydov as saying on Monday that falling world oil prices had brought Russian exporters to the point where it was uneconomic to export oil given the present dollar-rouble exchange rate.

Davydov said Russia was ready to build relations with OPEC on the basis of coordinated actions and consultations in order to stabilise the world oil market.

"We are not talking about Russia being admitted to OPEC, since this is not in our interests," he said. "But the need for cooperation is evident to both sides."

World oil prices slipped on Monday after a rally caused by freezing winter weather in the United States.

The London March futures contract for the benchmark Brent blend of crude oil traded as low as dollar 14.20 per barrel compared to Friday's close of dollar 14.41.

Filipinos protest fuel price hike

MANILA, Feb 8: Groups opposed to a fuel price raise said Tuesday that they will continue to press for a cancellation of the increase, reports AP.

After declaring a fuel price increase last month, the government later agreed to a three-week freeze of the new prices. Protesters are asking the freeze be made permanent.

"Protest actions will have to continue to render the price rollback permanent and unconditional," said Leonor Briones of the Freedom from Debt Coalition.

In one protest, a transport strike against the increase paralyzed the southern Cagayan de Oro City and forced authorities to suspend classes, police said. Private offices were also closed.

Hundreds of demonstrators demanding a permanent price rollback barricaded road intersections with tree trunks and boulders, but there was no violence.

Protestant pastors and Roman Catholic priests supporting the strikers celebrated religious services at one of the barricades.

Protests were a reaction to a government-sponsored increase in fuel prices that went into effect on January 28.

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"If the government does not show any intent of budging from its position on the levy, the (Movement's) self-imposed restraint will have to be lifted in a few days time," Briones said.

Foreign firm likely to start passenger liner service via Ctg Port soon

From Nurul Alam

CHITTAGONG, Feb 8: A foreign shipping company is likely to start a passenger liner service soon via Chittagong Port providing overseas journey at an economic rate to the Bangladeshis.

The passenger liner ship when introduced would touch Chittagong port every 15 days and was expected to operate along the ports of India, Malaysia and the Middle-East countries, sources said.

The Bangladeshis working in Malaysia and the Middle-East countries can avail themselves of this passenger liner service at a lesser cost than airlines fare for their up and down journey, sources informed.

The foreign shipping company interested for opening such a service had already received clearance from the Chittagong Port Authorities in

this regard, a senior port official confirmed.

The company's local agent here told this correspondent that the project was now awaiting final approval from the Shipping Ministry.

The operation of such a passenger liner service will be the first of its kind in Bangladesh.

Chittagong Port annually handles around 1200 ships and all of them being cargo vessels.

However, about 15 years ago, a BSC ship 'Hizbul Bahar' introduced pleasure trips to Singapore from here.

But the trip by 'Hizbul Bahar' was later stopped when the passengers were found bringing in large quantities of contraband goods. A clash also took place at that time among passengers and custom officials over smuggled goods.

Indian exports grow by 19.93 pc

NEW DELHI, Feb 8: Indian exports grew 19.93 per cent in the first eight months of the current fiscal year to hit 15.6 billion dollars, the government said Monday, reports AFP.

The increased export earnings in April-December were matched by a decline in imports, which fell to 16.41 billion dollars from 16.63 billion in the corresponding period of 1992, the Commerce Ministry said.

The trade gap consequently narrowed to 731.65 million dollars, a steep fall from the 3.5 billion dollar deficit in April-December 1992, it said.

The official figures follow a prediction by the central bank Governor Chakravarty Rangarajan on January 27 that exports would earn a targeted 22.1 billion dollars in the current fiscal year ending March.

Indian industry has been looking to outside markets as it emerges from a domestic recession, taking advantage of the fully-convertible rupee introduced on the trade account last year.

Share prices in HK close slightly higher

HONG KONG, Feb 8: Prices on the Hong Kong Stock Exchange closed slightly higher in relatively active trading Tuesday, reports AP.

The Hang Seng Index, the market's key indicator of blue chips, rose 39.89 points, or 0.3 per cent, closing at 11,454.16. On Monday, the index had plunged 743 points in reaction to the decision by the US Federal Reserve board to raise the key Federal Funds rate to 3.25 per cent.

Turnover amounted to 8,590 billion Hong Kong dollar (US 1.1 billion dollar), down from Monday's 9,678 billion Hong Kong dollar (US 1.2 billion dollar).

Brokers described the rise as a technical rebound following Monday's sharp fall.

The market is expected to continue its traditional Chinese New Year rally on Wednesday, they said.

Sweden headed for modest export-led recovery from worst recession: OECD

PARIS, Feb 8: Sweden is headed for a modest export-led recovery from its worst recession since the 1930s but must act urgently to curb ballooning public deficits and jobless rates and reform its costly "cradle-to-grave" welfare system, the OECD said Monday, reports AP.

China's grain output hits a new record of 456 mt

BEIJING, Feb 8: China produced 456 million tonnes of grain last year, a new record in spite of a decline in the acreage of land under the plough, Xinhua reported yesterday, reports AP.

Grain output has risen 50 per cent since 1979, when paramount leader Deng Xiaoping introduced reforms to liberalise the economy, it said.

The 1993 figure was up 2.9 per cent compared with 1992, it said.

In recent years, around 580,000 hectares (1.45 million acres) of land have been taken out of cultivation and used for industrial development or construction.

Prices for grains and farm products were hiked by between 30 and 40 per cent. Fuelling fears in the Chinese government about the possibility of social unrest.



M K Anwar, Minister for Shipping, speaking at the eleventh annual meeting of the Association of Shippers Council of Bangladesh, India, Pakistan and Sri Lanka (ASCOBIPS) at the Hotel Sonargaon yesterday. — Star photo

Chairmen urged to build UP as self-reliant body

LGRD and Cooperatives Minister Barrister Abdus Salam Talukder yesterday called upon the UP chairmen to build the

Carpenter assures continued help

The USAID Assistant Administrator for Asia and near East Margaret Carpenter called on the Agriculture and Irrigation Minister M Majid-ul-Haq at the secretariat, Monday, reports UNB.

She was accompanied by the resident representative of USAID and other officials.

Majid-ul-Haq apprised them the activities of agriculture, irrigation sectors and the future projection in these spheres of activities particularly in the agriculture sector by the present government.

Carpenter expressed deep satisfaction at the progress made by the ministries and assured of continued assistance of her organisation towards the areas discussed as well as for poverty alleviation in Bangladesh.

The minister drew Carpenter's attention towards the problems of desertification of the north-western part of the country.

Union Parishad as an income-generating and self-reliant local body, reports UNB.

The source of earnings for Union Parishad has already been changed to ensure its economic solvency, the minister said while addressing the inaugural session of the two-day workshop on "The Future Role of Union Parishad" at the auditorium of NILG.

Barrister Salam said Union Parishad had been allowed to utilise six income generating sectors, including hat-bazar, stagnant water bodies and tax, for their self development.

Terming the Union Parishad as the focal point of all development of the country, Barrister Salam said the government had recognised it as the administrative unit for ensuring its won economic structure.

State Minister for LGRD and Cooperatives, Mohammed Abdul Hai also spoke on the occasion. It was addressed, among others, by LGRD Secretary Syed Alamgir Faruk, Director National Institute of Local Government Muhammad Aftab Uddin Khan and Kazi Muhammad Afsar Hossain Saki.



John L. Eaton, General Manager, Dhaka Sheraton Hotel, organised a 'Thank You Reception' at the Winter Garden of the hotel yesterday. — Star photo