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## 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. 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.

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.

**Japan to provide \$2.5 lakh for CIRDAP**

The Japanese government will provide 250,000 US dollars to the Centre for the Integrated Rural Development for Asia and Pacific (CIRDAP) for the current fiscal year, reports UNB.

Ambassador of Japanese Embassy here Shigeo Takehiko and Director of CIRDAP Dr Sompon Hanpongpanh have exchanged notes at the CIRDAP's office in the capital yesterday.

It would be utilised for nine research work, experimentation and training projects of the centre conducted in Bangladesh and in other member countries.

### GATT accord

**India will fall behind in job creation**

NEW DELHI, Feb 8: Indian Commerce Minister Pranab Mukherjee has said that by signing the GATT agreement India would fall behind in creating job opportunities in the organized sector, reports Xinhua.

He also said that India had no alternative. But to open up its economy because of the heavy debts in which it had got entrapped.

Speaking at a news conference held in Patna, capital of Bihar state, he said for employment generation the thrust would be on creating jobs in agro-based and allied industries.

He specified that the country could not habitually borrow money from foreign agencies for its development.

The country required 26 per cent of the budget allocations for development, but the annual savings were only 21.6 per cent, he said.

**Kodak to resume business in South Africa**

ROCHESTER, NY, Feb 8: Eastman Kodak Co., one of the biggest US multinational companies to shun the South African market, said Friday it will resume business activity there after a six-year absence, reports AP.

"We believe that South Africa is a viable, long-term market, and we intend to participate in its bright future," Lloyd Deenik, Kodak General Manager for Africa, said in a statement released here.

## 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 Bangladeshi 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.

**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.

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 own economic structure.

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

**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.

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. Fueling fears in the Chinese government about the possibility of social unrest.

## 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 Ranganjan 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.

The limit of sound financing of welfare spending have been surpassed and "the country cannot simply continue as if nothing has happened," the Organization for Economic Cooperation and Development said in its latest survey of the Swedish economy.

The survey set unemployment, taking in people benefiting from labour market schemes, at an "unacceptably high" rate of 13 per cent and put the 1993 general government deficit at a towering 14 per cent of GDP.

The combination of these two factors left no easy choices, the report said. A "delicate balance" must be struck between financial restraint and support for demand, and between budgetary stringency and monetary easing.

But two issues must be tackled with a "great sense of urgency" — making timely inroads into high unemployment "before it becomes entrenched" and reigning in government spending "before the

— Star photo



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.

## Manmohan promises to go on with economic reforms

NEW DELHI, Feb 8: Finance Minister Manmohan Singh, due to present a crucial budget this month, promised on Monday that India would press on with economic reforms but said the government would not discard traditional socialist principles, reports Reuter.

Singh told an international meeting of financial managers that the government would pursue the socialist policies of Jawaharlal Nehru, India's first Prime Minister after the nation's independence from Britain in 1947.

The philosophy that had dominated the lives of our leaders at that time was deep-rooted in both liberalism and Fabian socialism," Singh said. "These basic objectives continue to guide our policies."

Singh did not explain what he meant by a "difficult process" but business said he was probably alluding to the stiff resistance his reforms faced from the political opposition and from trade unions.

"There is a big gap in wishing for reforms and in actually managing them," said R C Bharagava, Vice President of the Delhi-based confederation between capitalism and socialism.

Singh also has a problem with the unions, which are especially strong in the state-run sector.

Unions of bank employees have gone on strike several times and have threatened to do so again on February 27, a day before Singh is scheduled to present his budget in parliament.

**ELEVENTH ANNUAL MEETING**

MR. M. K. ANWAR, HON'BLE MINISTER FOR SHIPPING

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

SONARGAON HOTEL, DHAKA

8TH FEBRUARY, 1994

**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

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

tem, the OECD said Monday, reports AFP.

With public spending running at over 70 per cent of GDP and snowballing public debt boosting structural deficits, the onus must be on cutting outlays, and Sweden's extensive welfare system "can not escape fundamental reform," it said.

The limit of sound financing of welfare spending have been surpassed and "the country cannot simply continue as if nothing has happened," the Organization for Economic Cooperation and Development said in its latest survey of the Swedish economy.

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— Star photo

could rise further to nearly nine per cent before beginning to fall slowly.

The OECD traced the crisis to "misguided policies in the 1980s, when financial deregulation preceded a long overdue tax reform, creating a 'bubble' economy" effect.

Since monetary policy was geared to exchange-rate parity, no room was left for interest rates hikes to combat overheating caused by loan-financed consumption and speculative investment.

When recession began in 1991, moving the budget from surplus into growing deficit, the krona came under pressure and had to be floated by November 1992, the report said.

Market-share gains from a 23 per cent drop in the krona's value since then, and a gradual upturn in key European export markets should now enable the economy to pull out of the doldrums.

The OECD foresaw a slow upturn starting with 1994 growth of 1.5 per cent and a 1995 pick-up at 2.2 per cent, after a three-year recession which cut Swedish GDP by 1.7 per cent both in 1991 and 1992 and by another 2.7 per cent last year.

But it said officially recorded unemployment sharply up from two per cent of the labour force in 1990 to about eight per cent last year.

Preventing high unemployment from becoming persistent was "an important end in itself" but also a means of budget deficit reduction "at lower cost," it said.

It recognized that reforms, whether aimed at moving from a universal towards a more residual welfare state or maintaining existing structures but reducing generosity, "would require popular support."

## 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 workers 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.

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-ruble exchange rate.

Davydov said Russia was ready to build relations with OPEC on the basis of coordinated actions and consultations in order to stabilize 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