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The Daily Star BUSINESS

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ADB assistance will continue, hopes Saifur

The Senior Vice President of the Asian Development Bank (ADB), William R. Thomson, called on the Finance Minister, M Saifur Rahman, at his Sher-e-Bangla Nagar office in the city yesterday, reports BSS.

Thomson arrived here yesterday from Manila to attend the foundation laying ceremony of the Jamuna Multipurpose Bridge project on behalf of the ADB.

During the meeting, the Finance Minister and the ADB Senior Vice President discussed issues relating to various ADB aided development projects in Bangladesh with particular reference to the Jamuna Multipurpose Bridge.

The Finance Minister expressed the hope that the ADB would continue to contribute its resources to the development of other socio-economic sectors like education, health, nutrition, sanitation and rural development.

Rahman said Bangladesh would always encourage any ADB assistance which would directly contribute to the economic development of the country.



CDC Chairman in city

The Chairman of the Commonwealth Development Corporation (CDC) Sir Peter Leslie arrived in the city yesterday on a short visit to Bangladesh, says a press release.

During his sojourn he will visit the CDC funded projects in the country.

Sir Peter will exchange views on matters relating to investment in Bangladesh with ministers and businessmen. He will also look into possibilities of increasing CDC's investment in the private sector.

Sir Peter is accompanied by Charles Seller who has recently been appointed CDC's representative with responsibility for Bangladesh including the promotion of new business. Seller will be based in Bangkok.

CDC is an arm of the British aid programme concerned mainly with the promotion of the private sector in developing countries. It has investments in some 50 countries around the world and targets its activities towards the poorest countries.

Currently CDC has investments and commitments in 6 projects in Bangladesh totalling Taka 141 crore.

Development bank for Ansar, VDP members likely

The government is planning to set a development bank aimed at socio-economic uplift of the members of Ansar and VDP (Village Defence Force).

Official sources told PROBE News Agency that the Ministry of Finance is actively considering a proposal of the Home Ministry seeking permission for operation of the 'Ansar-VDP Development Bank'.

Authorities plan to start it as a project and then go for a full-fledged bank with the aim to create self-employment opportunities and help members of voluntary organisations enhance their income.

The bank is aimed at integrating every individual of the force in a financial institution and motivating them with development-oriented programmes," said Home Minister Abdul Malin Chowdhury.

The proposed bank will introduce a credit and savings programme for the Ansar-VDP. It will provide small loans for income generating projects to some 45.52 lakh Ansar-VDP members in the country's 68,000 villages. Later, nearly one crore members will be brought under the programme.

The activities of the proposed bank will be carried out through one of the public sector banks under agreement.

Hosokawa's resignation clouds chances of better US-Japan trade ties

WASHINGTON, Apr 9: The sudden resignation of Japan's Prime Minister clouds chances of any quick improvement in rocky trade relations between the world's two biggest economies, officials from both countries conceded Friday, reports AP.

But President Clinton said he did not believe the departure of Prime Minister Morihiro Hosokawa would signal the end to Japanese efforts to reform their political system and lower trade barriers.

"I wouldn't write the epitaph for change too quickly," Clinton said.

The president and other administration officials sought to depict Hosokawa's resignation as a bump in the road rather than a major detour in US efforts to force open Japan's markets as a way of reducing a trade imbalance between the two countries that hit a record \$9.3 billion dollars last year.

Speaking to reporters after his arrival in Minneapolis, Clinton said that Japan's

course of economic reform "will not suffer an irrevocable setback as a result of the government shakeup."

Clinton said the United States did not intend to back away from demands that Japan lower trade barriers, but he indicated that the country would have some breathing space while a new government is formed.

Clinton also said he doubted Hosokawa's resignation would hamper US efforts to deal with North Korea, which is resisting international efforts to open its facilities to nuclear inspections.

Japanese officials signaled that trade talks between the two governments, which have been on hold since February, were not likely to get unstuck anytime soon.

Finance Minister Hirohisa Fujii said that the uncertainty in forming a new government "naturally" could delay the re-opening of the stalled talks.

The United States had held out hope that economic reforms would move forward

after Hosokawa's seven-party coalition took power last August, breaking the Liberal Democratic Party's four-decade grip on the government.

Under intense US pressure, Hosokawa agreed to a slight opening of Japan's rice market and to greater participation in construction bids by US firms.

But no progress was made on America's biggest goal, a broad "framework" agreement to pry open Japan's markets across a wide spectrum of industries — from autos to medical equipment.

Those negotiations collapsed at a Clinton-Hosokawa summit meeting on February 11 when the Japanese refused American demands that they set specific import goals in a variety of areas.

Under the framework agreement reached between Clinton and then-Prime Minister Kiichi Miyazawa last July, both countries agreed to negotiations that would establish objective criteria to measure progress in opening Japan's markets.

But agreement has never been reached over just what that phrase means. The United States insists that specific numerical goals must be set, a demand the Japanese denounce as "managed trade" and excessive government intervention.

While Clinton had praise Friday for the "amazing leadership" Hosokawa had been able to exert during his brief time in office in such areas as political reform, those kind words glossed over the tremendous strain that developed after the framework talks collapsed.

Last month, the United States has revived a controversial trade weapon known as Super 301 under which it targeted countries with huge trade barriers, a provision clearly aimed at Japan.

Hosokawa's government last week unveiled a proposal aimed at satisfying US market opening demands but US officials said it fell far short of meeting their key demands

and could not serve as the basis for restarting the framework talks.

US Trade Representative Mickey Kantor and Japanese Foreign Minister Tetsuo Hata had been expected to make another effort to bridge the gap next Friday in Marrakech, Morocco, where both were scheduled to attend a signing ceremony for a new world trade agreement.

However, there was now a question of whether Hata would attend the ceremony because he is a leading candidate to succeed Hosokawa as prime minister.

Even if the meeting comes about, trade experts said they expected no breakthroughs, given the wide gap separating the two countries.

Clyde Prestowitz, who led US negotiating teams during the Reagan administration, said the key stumbling block to removing Japan's trade barriers is the power exerted by entrenched Japanese bureaucrats and powerful Japanese businesses.

Russia okays \$27.78m for N-energy sector

MOSCOW, Apr 9: Russian authorities approved 50 billion rubles (27.78 million dollars) in emergency credits Friday to help bail out the country's struggling nuclear energy sector, Itar-Tass news agency said, reports AFP.

The decision was taken by first Deputy Prime Minister Oleg Soskovets, who met with top nuclear energy officials in an effort to resolve the "extremely complicated financial situation" in the nuclear energy sector, the report said.

The fresh credit was to be provided to the Russian Electric Company this month to pay for energy purchased from nuclear power stations and would be supplemented by further incentives including tax breaks and fresh investment.

The decision to grant the money came after nuclear energy employees from around the country demonstrated earlier this week outside government headquarters to protest the non-payment crisis in their field.

Atomic Energy Minister Viktor Mikhailov said unpaid debts owed to nuclear energy producers had surpassed 450 billion rubles (250 million dollars) while debts owed by nuclear power stations to their suppliers were nearly that high.

Mikhailov said the nuclear energy cycle was "practically paralyzed" as a result of the non-payment crisis and warned that power stations in three cities, including St Petersburg, had only two week's worth of fuel reserves.

Russia's largest factory for producing nuclear power plant supplies, Atomash, was near the point of coming to a standstill, Mikhailov said, according to Itar-Tass.

The state Duma was scheduled to debate a new law aimed at ensuring the smooth functioning of the nuclear power industry next Thursday.

Mikhailov said that at present nuclear power stations produce around 12 per cent of the country's energy but said it would be about 30 per cent by the year 2000.

Politics still impedes US airlines from doing business in Vietnam

HANOI, Apr 9: US airlines eager for business in Vietnam are finding that politics still hampers them two months after the end of the 19-year American economic embargo, reports AP.

The United States lifted sanctions on February 3. But it has yet to establish diplomatic relations with its one-time enemy. Governments generally must have normal relations before signing an air services agreement, which allows for regularly scheduled passenger flights between two nations.

Delta, United, Northwest, and Continental are taking intermediate steps to normal service, such as coordinating schedules and ticket sales with Vietnam Airlines, the state-owned Vietnamese flag carrier. They wait, meanwhile, for diplomatic ties to improve.

Nor has the end of sanctions led to quick sales for Boeing, the US aircraft maker.

Robert Laird, Boeing's regional sales director, has made 14 trips to Hanoi in the last

two years, positioning his company for a part in Vietnam Airlines' plan to spend an estimated one billion dollars by the year 2000 to expand its fleet.

"Vietnam is an untapped aviation market with enormous potential, so there are a lot of people beating the doors down to talk with them," Laird said here recently.

Boeing foresees potential sales in Vietnam of three billion dollars to five billion — 60 to 80 airplanes — over the next 10 to 15 years, Laird said. Boeing is competing mainly with Europe's Airbus Industries consortium and the US company McDonnell Douglas.

Laird said he hopes the Vietnamese will choose a supplier sometime this year, but acknowledged that now was the time to be patient.

Delta Airlines, making up for lost time since the embargo ended, signed a letter of intent last month with Vietnam Airlines to cooperate

on scheduling and marketing. It expects to sign a formal interline agreement later this year, said Delta spokesman Bill Berry.

United Airlines, which signed an agreement with Vietnam Airlines in February 1993, has applied for permission from the US Department of Transportation to fly from Los Angeles to Ho Chi Minh City. Northwest Airlines has asked for approval to fly there from Detroit. And Continental Airlines wants to fly to Vietnam by way of Guam.

The United States has not said when full diplomatic relations are expected. But Vietnam Airlines is ready to start negotiating for an air services agreement at any time, said Nguyen Duc Vinh, the company's deputy director general.

At stake is an expected surge in air travel to Vietnam by businessmen, war veterans, tourists, and some of about one million Vietnamese-Americans. Dao Manh Nhuong, Deputy

Director General of Vietnam's civil aviation administration, estimates that the United States could account for up to 30 per cent of the people flying to Vietnam by 1995.

Vietnam Airlines hopes to fly its own jets to the United States as early as this year if diplomatic conditions permit, Nhuong said. To do so, it must first upgrade its fleet.

The company plans to buy between 30 and 40 new aircraft by the end of the century in its quest to become a regional airline.

"In the next 10 to 15 years, they could easily become the size of a Thai Airways, a Cathay Pacific, or a Singapore Airlines," said Boeing's Laird. Vietnam Airlines now owns 18 planes, 16 of which are aging and inefficient Soviet built Tupolevs, Ilushins and Yakovlevs. It also leases two Boeing 767s and five Airbus A320s with foreign pilots and crews for its international flights.

Pakistan's private bank on verge of collapse

KARACHI, Apr 9: Pakistan's private Mehran Bank Ltd is on the verge of collapse after the sacking of its chief executive and a run of withdrawals by major deposit holders, bankers said on Friday, reports Reuters.

The State (central) Bank of Pakistan's unprecedented removal of two of Mehran's most senior officials last month threatens to unravel a network of corruption and political horse-trading that could severely embarrass Prime Minister Benazir Bhutto, diplomats and analysts said.

"The bank will never be able to honour cheques from its large account holders, who include a number of government departments and state-owned firms," said one banker who declined to be named.

The central bank removed Chief Executive Anwar Rashid and Chief Operating Officer Yunus Habib on March 24 on charge of violating its directive

and for gross banking irregularities.

Habib was arrested by the Federal Investigation Agency (FIA) the same day on charges of misappropriating 36.7 million US dollar in dollar bearer certificates sold by Mehran on behalf of the central bank in January.

Proceeds from the sale of the five-year maturity certificates must be submitted to the central bank, within 72 hours of sale. The certificates, sold against dollars, pay 7.5 per cent interest to their holders. The FIA filed a case in Karachi's special court for banking offences on Thursday, with a written confession from Habib in which he apparently accepted the charges against him and gave details of numerous alleged illegal transactions made through the bank.

The special court has given the FIA until April 14 to complete its inquiry.

Bankers said little could be done to salvage the bank, one of Pakistan's first private banks set up in early 1992 under liberalised banking laws — despite an injection of 100 million rupees (3.3 million dollar) by the central bank on March 24.

The Karachi Metropolitan Corporation (KMC) has been trying for several days to transfer at least a part of its 750 million rupee (25 million dollar) account from Mehran but has so far failed.

Mehran has advised customers to notify it in advance if they need to cash large cheques.

Mehran has paid-up capital of 300 million rupees and assets of 2.9 billion rupees (96 million dollar). Its market capitalisation is 500 million rupees, but its share price on the Karachi stock exchange has fallen eight rupees to 22 since March 24.

Turkey's foreign trade deficit rises by 6.1pc

ISTANBUL, Apr 9: Turkish foreign trade deficit in January and February rose by 6.1 per cent from 1.355 billion US dollars in 1993 to 1.437 billion dollars this year, official figures revealed yesterday, reports Xinhua.

The State Institute of Statistics (SIS) said that Turkey's exports in the first two months this year were 2.469 billion dollars, 1.1 per cent up over last year's same period.

It said that imports rose slightly faster than exports in the same period by 2.9 per cent from 3.797 billion to 3.906 billion dollars.

The export-import ratio dropped from 64.3 per cent in the first two months of 1993 to 63.2 per cent in the same period this year.

The SIS said earlier this week that manufacturing industry output fell by 11 per cent in February from the previous month.



EA Chaudhury, Chairman of Pubali Bank Ltd, opening a new branch of the bank at Nayabazar in the city yesterday. Kazi Abdul Majid, Managing Director, Shafi A Chaudhury, Director, and Shahidul Islam, Regional Manager, are also seen in the picture.

Thousands rally against rice imports in Seoul

SEOUL, Apr 9: Thousands of protesters rallied against foreign rice import Saturday, joined by political opposition for the first time since reformist President Kim Young-sam took office 13 months ago, reports AP.

Crowd estimates ranged from 10,000 to 30,000, making it possibly the largest such demonstration against imported food since South Korea agreed in December to open its agricultural markets to imported produce under the General Agreement on Trade and Tariffs.

Police in helmets and shields lined the streets shoulder to shoulder as the crowd set off on a 4-km (2.5-mile) parade to the National Assembly. No incidents were reported, and police held back traffic to let the marchers through.

About 36,000 police were deployed to deter possible violence with 16,000 posted at major intersections, government offices and foreign diplomatic missions in Seoul, the capital.

Organizers said further protest rallies were planned in 11 cities throughout the country.

The protesters were mostly students, plus some labour activists and farmers. Many marchers wore uniforms made of rice bags and chanted "We oppose the United States" and "We oppose President Kim Young-sam."

Troupes of drum-beating folk dancers led the way.

On Friday, about 20,000 students boycotted classes and held rallies in six cities. About 100 were arrested but most were released, police said.

Police officials said they had an intelligence report that militant students may try to seize US facilities to embarrass the government. In the 1980s students torched US cultural centers and tried to invade US military bases.

So far the protests have involved mainly radical students.

Addressing the rally, Democratic Party leader Lee Ki-taik said 112 of the 299 members of the National Assembly have already pledged to block ratification of the trade pact. The ruling Democratic Liberal Party has a majority of 172 seats.

The government has acknowledged conceding more in the GATT negotiations than was originally stated. It has made a public apology, and sacked the agriculture minister. But Lee said he wanted an apology from Kim himself.

Kim, the country's first civilian president in 30 years, has won popularity with his reforms. But he has run into trouble over the GATT concessions.

Rice is the staple food of the 44 million South Koreans and a major source of income for the six million Korean farmers.

\$2.7m credit card fraud!

MILWAUKEE, Apr 9: A perfume salesman calling himself the Poet Desaderata is accused of billing more than 2.7 million dollars in unauthorized charges to a credit card owned by a purchasing agent for a Middle East sultan, reports AP.

Charges on the card were processed through a merchant account that collected more than 1.38 million dollars before American Express suspected it was being deceived. US Attorney Thomas P. Schneider said Thursday.

Desaderata, 42, has used at least eight names, Assistant US Attorney Daniel T. Flaherty said at a hearing.

Desaderata pleaded innocent to credit card fraud. He was ordered held without bond until another hearing Monday. An indictment said Desaderata established a merchant account with American Express in 1993 in the name of Desaderata Haute Couture Inc., giving a New York City address, with credit payments to be sent to his apartment in suburban Greenfield, Wis.

The indictment said the overcharges started after the sultan of Oman's purchasing agent, Muralji Dharamsey of Muscat, Oman, ordered 102,452 dollars worth of perfume from Desaderata's company in June.

Beijing opens showroom for imported cars

BEIJING, Apr 9: A Hong Kong joint venture on Wednesday launched Beijing's first automobile showroom for imported luxury cars aimed at China's new class of rich consumers and at foreign companies, reports AP.

Mitsubishi, Ferrari, Volkswagen, Lancia and Audi were among the automakers displaying cars at the new CIM Auto Mall Co.

Waiters served champagne, and models posed seductively next to cars at the opening ceremony, which organisers said was intended to give potential customers a firsthand look at imported vehicles available for sale.

CIM Co Ltd said it is planning similar showrooms in Shanghai, Harbin and other major cities in China.

"China is — after Europe — our most important market, even more important than the United States," said Volker Schnelle, manager for the China office of Volkswagen.

Volkswagen sold 100 Volkswagens and 300 Audis in China last year. But with Chinese customs duties ranging between 180 and 250 per cent, the price for a top model Audi, for example, can reach 500,000 dollars.

"It's image, that's why we're bringing in this car," Schnelle said, adding that the number of potential customers for top-line imported cars is extremely small, limited mainly to state VIPs and foreign joint ventures.

However, a small group of newly rich Chinese is starting to buy, sales representatives said.

Wang Zhuyi, a glamorous-looking woman in her 20s, zoomed up to the exhibition hall in her red Mitsubishi, attracting stares from curious onlookers.

WB pursues strategies to resettle people uprooted by its projects

WASHINGTON, Apr 9: The World Bank says projects it is funding will drive two million people out of their homes over the next seven years, but it is pursuing new strategies to help those displaced, reports AP.

A study released this week acknowledges that 35 per cent more people are being forced out by bank-financed dam, transportation and other major projects than governments previously estimated.

Some governments expected that a few hundred people would be displaced, while, in the end, new living areas had to be found for thousands, said bank Vice President Ismail Serageldin.

The report, based on a worldwide inspection of bank-backed projects, also notes progress in getting countries to help displaced people.

Dams, flood-control systems, canals, roads, open-pit mines, industrial parks, wildlife sanctuaries, urban renewal efforts and other projects all can lead to mass displacements.

Environmental and human rights groups have long been complaining about bank and government failures to alleviate the social impact of big projects. After years of controversy and struggle with increasing resettlement needs, the bank is finally coming to grips with the problem, said Serageldin in an interview about the report.

"Involuntary resettlement is an inevitable result of development," he said, but it can be minimized and "nobody should be thrown away."

New steps by the bank include a willingness to increase the financing of big projects to

include resettlement, new loans to relieve the impact of existing projects and involvement of people affected in project planning, said Michael Cernea, author of the report.

The world's largest lender also hopes to inspire more humane efforts for non-bank projects which it says cause even greater human displacement throughout the world — roughly 10 million people a year, according to the report released Friday.

The study said the 2 million people needing resettlement will be affected by 146 active bank projects, but it said they account for only 3 per cent of resettlement needs worldwide and 8 per cent of the bank's 1,900 active projects.

Every project approved by the bank, which is owned by 177 member governments,

must now include a detailed resettlement plan if people will lose their homes. Serageldin said, who is in charge of making bank projects environmentally and socially viable.

The bank first adopted a resettlement policy in 1980, but Serageldin acknowledged that it has not always been effective — partly because governments, not the bank, have ultimate authority over projects.

"We'd like to see our standards adopted more widely, by projects affecting the other 97 per cent of people who are involuntarily resettled," he said.

An unacceptable response would be to abandon projects that will help far more people than they displace, Serageldin said.

"You can only produce so much energy by burning sticks and cow dung," he said, point-

ing to the growing energy demands of the Third World.

Among countries cited by the bank for enlightened resettlement policies is China, where the Xiaolangdi Dam will create a 500 million dollar annual benefit in irrigation, flood-control and power generation, aiding 103 million people. Yet, about a fourth of the dam's two billion dollars cost will go to resettle 181,000 people whose homes will be lost.

Brazil, the Philippines and Turkey are cited as countries that have adopted bank guidelines for projects not necessarily funded by the bank.

The report says most large-scale, Third World resettlement associated with bank projects occurs in South and East Asia, followed by Africa, with Latin America having the

fewest number of people involuntarily displaced.

"We and our borrowers haven't been perfect," said bank President Lewis Preston, in a statement released with the resettlement report. "But we are committed to safeguarding the rights and livelihoods of those being displaced and the track record shows continuous improvement. We cannot and will not be complacent where people's fundamental well-being is concerned."

The report is the result of inspection of bank projects by 100 teams of anthropologists and sociologists.

Bank funding has been withdrawn from some projects, including two in India, because they did not adhere to resettlement standards, Serageldin said.