

**Shopowners Assoc  
against hartal**

The Federation of Bangladesh Shopowners Associations yesterday urged the political parties not to misuse the weapon of hartal for petty issues and find out other ways to lodge their protests and realise justified demands for the sake of national economy, reports BSS.

Speaking at a press conference at the Jatiya Press Club here, Chairman of the Federation Amir Hossain Khan said, hartal is the last resort to register protest and realise demands in a democratic system.

But frequent use of hartal is causing severe damage to the shopping business, the biggest economic sector of the country, while hartal itself is losing its popular appeal," he said.

Secretary General of the Federation S A Kader read out the five-point demands of the shop owners. They demanded making provision for necessary loans to the shop owners by accepting the possession value of shops as security money, checking harassment in the name of raid in search of smuggled goods and taking measures to check the sources of smuggling.

They also demanded measures for ensuring quality control of local products and their price control, making the income tax system easier for shop owners and stopping illegal harassment by the members of different government agencies.

**Savings up**

The target of investment through the National Savings Directorate for 1993-94 has already been crossed by mobilising Tk 1,922.83 crore in last nine months of the fiscal year till March, reports UNB.

It is 130.39 per cent of the target fixed at Tk 1,478.83 crore for the current year.

This was disclosed at the monthly performance review meeting of the directorate held yesterday with Director Mohammad Abu Taher in the chair.

The directorate earned Tk 197.52 crore in savings, through its various savings schemes in a single month, in March, Tk 47.93 crore up from that of March last year. In March last year, savings stood at Tk 149.59 crore.

The meeting directed all the officials and employees of the directorate to keep up the pace of their investment procurement drive.

**Experts for  
India-Nepal  
common market**

KATHMANDU, May 7: A group of 56 economists from Nepal and India have ended a seminar here on the setting up a duty-free common market between the two countries, officials said Friday, reports AFP.

The two-day seminar, which ended Thursday, concluded that duty-free border trade would have a positive impact on bilateral trade as well as on the development of capital and human and natural resources.

But economic officials here were skeptical saying it would be impossible to immediately introduce the idea as Nepal would have to boost its industrial output and economy first.

It's huge trade deficit with India also precluded the idea, they said, adding that in the last eight months of the current fiscal year Nepal had earned some two billion rupees in customs duties on Indian goods.

After the tremendous success of the twelve-nation European Community through trade integration countries around the world are forming trade blocs with their regional neighbours to survive against bloc aided rivals. Trade integration has many advantages. Firstly, merged market help make industries more competitive. Secondly, trade integration, attracts investors seeking big markets. Thirdly, it ensures optimum allocation of resources in production within the trade zone. But researchers and economists are divided about trade blocs.

Assume that Bangladesh, India and Pakistan form a trade block scrapping all trade barriers among them, but maintaining tariffs on imports from the rest of the world. If Pakistan then begins to import textiles from Bangladesh, is this a change for the better? If Pakistan previously made all its own textiles at a higher cost than Bangladesh, then the free trade area has shifted production to a cheaper source. Trade has been created inside the free trade area with no fall in trade with the rest of the world. So global welfare increases. A regional free trade

**South African financial  
markets notch up gains**

JOHANNESBURG, May 7: Most South African financial markets notched quick gains in an atmosphere of relief that the nation's long election vigil was finally over, reports Reuters.

Many traders bought confidently without waiting for the official announcement confirming the ANC will lead a power-sharing government.

Anxieties about further political tension receded when it came clear President-elect Nelson Mandela's ANC will rule without a two-third majority that would have given it power to rewrite the constitution.

Final results announced a week after voting ended in the nation's first all-race elections produced excitement, but no earthquakes in markets.

The first batch of cabinet appointees failed to provide much sparkle.

Share prices on the Johannesburg Stock Exchange (JSE) moved sharply firmer both before and after news the ANC had won 62.65 percent of the vote.

But the currency and bond markets largely shrugged off the announcement after dis-

counting the positive news earlier in the day.

"It's very bullish," a JSE dealer said, "some of the heavyweights were running ahead but a lot of the second liners are trading up."

A bond trade said, "It's an anticlimax. The market expected this (this morning)," a currency trader echoed his views. It wasn't very exciting. The market pre-empted the final results."

After hitting a post-result high of 5,325, the JSE overall index closed 77 points firmer at 5,308. Shortly before the result it was at 5,279. The industrial index jumped 164 points in the day to 6,514 from a pre-result 6,465.

Currencies hovered in narrow ranges as the market digested the results. Dealers said an ANC majority of less than two-thirds was discounted early in the day, when both the commercial and financial rand clocked up strong gains.

Many dealers had previously feared the ANC would achieve over 66.6 per cent, allowing it an option to re-write the new democratic constitution.

The financial rand a key

barometer of foreign investor sentiment-finished firmer on the day, but steady at its pre-result level of 4.68 on the dollar. On Thursday it closed at 4.79.

Similarly, the commercial rand made strong morning gains, but was little moved by the actual announcement.

It ended firmer at 3.793 against the dollar from a previous 3.6198.

Early buyers turned sellers in the bond market as news of the ANC victory reached the floor.

Benchmark government R150 stock slipped to a 12.62 per cent end from a pre-result 12.49 per cent and an overnight 12.75 per cent. Eskom's bellwether E168 bond close at 12.1 per cent from 12.59 per cent immediately before the announcement, and Thursday's 12.68 per cent.

"It's typical of buy on the rumour, sell on the fact," a bond trader said.

"Politics has been forced down our throats for the better part of this year. We now look forward to looking at economic fundamentals again," another said.

**Retail price index  
may rise by  
17 pc in China**

BEIJING, May 7: China's economic indicators are expected to be favourable in the second quarter and prices will rise more slowly, an officials newspaper said Friday, reports AP.

China Securities News (Zhongguo Zhengquan Bao) said the State Information Centre predicted the retail price index would rise by around 17 per cent in the second quarter against the same three months last year.

That compares to a more than 20 per cent increase recorded in the first quarter this year.

In the second quarter, dollars saving deposits are expected to hit 1.76 trillion yuan (202 billion dollar), a 38 per cent increase over the same period in 1993 and the highest level of the year, the newspaper said.

It said consumers would spend 19.3 per cent more in goods and services in the second quarter compared to same period last year.

**Top former BCCI official  
extradited to US**

ABU DHABI, May 7: The top executive of the former Bank of Credit and Commerce International was extradited Saturday to the United States, legal sources said, reports AP.

Swaleh Naqvi was one of 13 banking executives charged in connection with the 1991 collapse of the Bank of Credit and Commerce International. The charges included forgery, breach of trust, approving fictitious loans and falsifying accounts.

A non-jury court in Abu Dhabi which has been trying the case since October said last month it would pronounce verdicts and sentences in the case June 14.

A defense lawyer, speaking on condition of anonymity, said at the time there was no need for Naqvi to attend the June session.

Hearings in the case had been postponed several times in recent weeks until the international auditing firm Arthur Andersen completed a report on more than 10 billion dollars in additional civil claims filed

by the bank's majority shareholders, the ruling Al Nahyan family of Abu Dhabi.

Abu Dhabi and the Al Nahyans owned 77.4 per cent of BCCI stock when the global banking empire collapsed in July 1991 after international regulators moved against it on charges of massive fraud and other irregularities.

One of the defendants on trial in Abu Dhabi has been released on bail on grounds of bad health. But the court has rejected requests for the release of 10 others who have been in custody since the arrests were made in September 1991.

Two defendants are being tried in absentia.

BCCI founder, Agha Hasan Abedi — said to be bedridden in his home in Lahore, Pakistan — has failed to answer several summonses issued by the court.

A second defendant, former BCCI treasurer Ziauddin Ali Akbar, is currently serving a six-year prison sentence in Britain on related charges.



Finance Minister M Saifur Rahman (L-3) seen speaking at a discussion between Cabinet Ministers, parliamentarians and economists at the NEC auditorium in the city yesterday. On his left are: Industries Minister AM Zahiruddin Khan, State Minister for Civil Aviation & Tourism Abdul Mannan and State Minister for Finance Mojiur Rahman. Sitting on his right: Economist Prof Rehman Sobhan, and Editor of Dainik Sangbad Ahmedul Kabir. (Story on Page 1) — Star photo

**Manila's forex  
earnings from  
tuna fish surge**

MANILA, May 7: The country's dollar earnings from tuna exports sharply went up during the first two months of the year due to the modernisation of fishing vessels, reports Xinhua.

According to the national statistics, the dollar receipts reached 18.04 million US dollars during the period, up 56.6 per cent from 11.52 million dollars posted a year ago.

These receipts came from the combined export volume of tuna, skipjack and Atlantic bonito which were recorded at 7.38 million net kg (NK), a 31.9 per cent increase from the level a year ago.

The hefty increase in export earnings was mainly from the 145 per cent up surge in dollar receipts generated by tuna exports.

**Monetary experts'  
meeting in  
US July 21**

TOKYO, May 7: About 200 monetary experts, including finance ministers and central bank governors of major nations, are to hold a meeting in Washington on July 21 to discuss a possible new foreign exchange system, the Mainichi newspaper said Monday, reports AFP.

The meeting has been called by a group of international monetary experts headed by Paul Volcker, former US Federal Reserve Board Chairman. In the face of recent wild fluctuations on currency markets, the mass-circulation Japanese daily said, quoting international financial sources.

**Tourists spending \$1.1b  
in Aussie shops a year**

CANBERRA, May 7: Tourists are spending more than 1.5 billion dollars (1.1 billion US dollar) a year in Australian shops, a government survey published on Monday found, reports Reuters.

"We've vastly underestimated the importance of tourists to the retail sector," Tourism Minister Michael Lee said in a statement accompanying the survey. "We've just assumed they buy the furry koala 'souvenirs and duty-free goods,'" he said.

But it now appeared tourists spent much of their money in department stores buying a fairly broad range of merchandise.

The survey found that Japanese tourists spent the most in shops despite their relatively brief vacations in

Australia. Japanese spent an average of a dollar 95 (68 US dollar) a day on shopping for a total of a 709 dollar (506 US dollar) per trip.

British and Irish tourists, grouped together, spend a dollar 646 (461 US dollar) in shops on an average visit, but only a dollar 14 (10 US dollar) a day, since many of them are backpackers on extended trips.

Typical Australian souvenirs still feature prominently. "Toys, including Koalas and Kangaroos, were bought by 48 per cent of visitors and were particularly popular with Japanese," the report said.

Seventy-seven per cent of Japanese tourists boarded the plane home with such a furry animal.

**Pakistan expects  
\$1b foreign  
investment  
over next 3 yrs**

ISLAMABAD, May 7: The creation of the Board of Investment (BI) will help Pakistan in achieving one billion US dollar direct foreign investment over the next three years, claimed by secretary, reports Xinhua.

Addressing a press conference here yesterday, Syed Mohibullah Shah, said each year an average of 150 billion US dollar direct investment is done worldwide, and out of which about 50 billion US dollar are invested in the developing countries.

Pakistan, however, only gets a share of about 300 million US dollars a year, he said. The potential is much more, he added.



David N. Merrill, US Ambassador, and Mrs. Merrill are seen at a reception programme hosted in their honour by Forrest E Cookson, President of American Bangladesh Economic Forum (ABEF), and Mrs. Cookson at the Dhaka Sheraton recently.



Gareth Davies, Executive Director of 'Admiralty' in New Zealand, is seen exchanging views with Dhaka Stock Exchange Chairman Khurshid Alam about ICB's role in Capital Market, privatisation process and other related issues at DSE Board Room in the city yesterday. Among others DSE Honorary General Secretary Abdul Haq Howlader, Councillors Khwaja Abdul Qudus and MA Quayum are also seen in the picture.

**Unemployment rate drops  
to 6.4pc in US**

WASHINGTON, May 7: The nation's unemployment rate inched downward to 6.4 per cent and a stronger-than-expected 267,000 jobs were added in April, the government said Friday in a report that could prompt federal regulators to push up interest rates again, reports AP.

The Labour Department cited healthy gains in services, retail trade and construction as the unemployment rate declined to its lowest level this year. Katharine G. Abraham, commissioner of the Bureau of Labour Statistics, said job growth would have been even stronger if not for a nationwide trucking strike that idled 70,000 drivers and dock workers most of the month.

The rate compares with 6.5 per cent for February and March. The year began with a 6.7 per cent jobless figure. The Labour Department said the nation's non-farm payrolls swelled by 464,000 jobs in March, revised upward from the unusually robust 456,000 earlier reported. That figure was a six-year high.

Most economists had expected an increase of about 170,000 jobs, a healthy figure considering the strike, and believed even that number would worry investors concerned about inflation and influence the Federal Reserve to tighten credit later this month.

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The member countries have a very limited trade with each other and most of their exports go to developed countries. So, they have less potential for expanding intra-regional trade. Almost 75 per cent of our exports go to Europe (43 pc) and North America (32 pc). Only 3 per cent goes to the neighbouring countries.

On the other hand, our import trade is significantly increasing with the East Asian neighbours. During 1990-91

**Readers Views  
Wage Earners Development Bonds**

About two years ago when I visited Bangladesh, I purchased some Wage Earners Development Bonds against hard currency and it was stipulated in the bonds by the president to pay interest at the rate of 16 per cent per annum.

When I recently visited Bangladesh in order to obtain interest on my bonds, the bank concerned paid me interest at a rate of 14 per cent only without any explanation.

This has shaken the confidence of Bangladesh expatriates, who invested their hard-earned foreign exchange in Bangladesh to get proper return of their money.

In view of serious legal and moral issues, will the finance minister come out with a statement in local newspapers

and through Bangladesh Embassies and High Commissions abroad, explaining the real motive of the government behind this? Once the confidence of Bangladeshi expatriates abroad is shaken, very few people would be inclined to invest in this country.

Due to this and other retrograde policies of government, investors are not coming forward to invest in this country despite many so-called assurances of authorities. When the promise made by a president of a country is not kept up, what can be expected of rules and regulations issued by other authorities.

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**Should we form a trade bloc with our regional neighbours?**

Chowdhury Khaled Saifullah

area improves global welfare only if it creates more trade than it diverts. But if Pakistan originally imported textiles from Thailand, which produces textiles more cheaply than either Pakistan or Bangladesh, then the increased trade between the partners has been at the cost of trade with Thailand. So economic welfare decreases.

Canada and United States — the world's two biggest trading partners along with the neighbouring Mexico — have signed recently the North American Free Trade Agreement (NAFTA). This would create a market in output and population to match the size of the European Community. The member countries have significant trade with each other. United States has 17 per cent of its total international trade with Canada and 7 per cent of that with Mexico. On the other hand, Canada has 69.2 per cent of its total international trade with US. With 368 million people and a GNP of US 6500 billion dollars NAFTA will be the largest free trade

zone in the world. Canada joined NAFTA in spite of its unwillingness to do much business with Mexico. Majority of the Canadians think that the agreement has done more harm than good. The governments of its three provinces have suggested the prime minister to walk away from NAFTA talks, because Canada's earlier deals with Mexico is being blamed by some Canadians for aggravating their economic slump.

American economists are predicting that in the short term the trade deal will provide a comparatively modest boost to American employment. After five years NAFTA might have created 325,000 new American jobs and have destroyed about 150,000 for a net increase of 175,000, which is very small in relation to the size of the American economy.

The employment losses are predicted to be concentrated in farming, bulk steel production and textiles. The expected job creation by NAFTA is based on the assumption that a rise

in Mexican auto-manufacturing operations will significantly boost demand for US made auto parts and the Mexicans will buy more American products in future when their income is raised from new manufacturing jobs. But some Americans fear that by the time that would happen there would be few products still made in America that Mexicans could afford.

Mexico is the only member country of the NAFTA to enjoy big welfare gain out of the agreement. American capital and technology may be added to low cost Mexican labour to produce products at a lower cost than either US or Canada.

It would have been possible only because of Mexico's trade integration with the leading economic power of the world. In the recent years American companies are losing market share to their competitors in the global marketplace. On the other hand, low wage countries like Mexico are holding a

big cost advantage in labour intensive industries. As a result American companies are moving their factories to Mexico. Mere formation of a trade bloc with some neighbouring nations does not necessarily provide opportunity to achieve success to the individual partners. Before get moving into trade integration it is to remember that regional grouping lowers barriers between members. The trade creating and trade diverting effects vary with the initial trade flows between the partners. Trade blocs are likely to be formed among regional neighbours who already have significant trade with each other. So that the trade creating effects will outweigh the trade diverting effects.

Bangladesh is a small country located in the north-eastern part of the Indian sub-continent. It is one of the most densely populated country in the world such that a land with the size of Wisconsin state, harbouring half the population

of the United States. It is one of the poorest countries with a GNP of US \$24 billions dollars and per capita GNP of approximately US\$ 208 dollars. The economy is predominantly based on agriculture. Industrial base is so small that it contributes less than 12 per cent of GDP. Keeping with the changes in the global scenario, the draft South Asian Preferential Trade Arrangement (SAPTA) is agreed upon by the seven member countries of SAARC. SAPTA has a total GNP of US 356 billion dollars and a population of 1151 millions.

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On the other hand, our import trade is significantly increasing with the East Asian neighbours. During 1990-91

fiscal year 47.38 per cent of our imports came from the pacific rim. The South Asian countries have one thing in common — the weak economy.

However, India is the only country with the potential to turn itself into one of the next growth nodes for Asia. If SAPTA is turned into a trade bloc by dismantling trade and investment barriers among the members but maintaining tariffs on imports from the rest of the world, then our foreign trade with India will be increased at the cost of trade with the rest of the world. As the economic conditions of the member countries are almost homogeneous and each has a large trade deficit every year — the production factors have limited scope for movements.

Ultimately total output of the region will not be increased significantly. We are highly dependent on foreign aid and foreign investments for strengthening our industrial base and it is predicted that with a population of 1151 millions SAPTA will be able to attract foreign investors since there will be a bigger market for the enterprise they set up. In that case we have to remember that our neighbouring country has a better infrastructure and competitive cost advantage to take up our slack.

The global economy is gradually taking a new shape. We must look for the best alternative for achieving our long term goal of industrial development. East Asia is now termed 'the world's brightest spot for the next century' and it will be the centre of global economic gravity. The intra-regional trade of the pacific rim constitute 65 per cent and it exceeds the 62 per cent of the European community. The East Asian Economic Caucus (EAEC) proposed by Malaysia is the most potential trade zone in Asia comprising Japan, China, South Korea, Thailand, Hong Kong, Brunei, Indonesia, Malaysia, the Philippines, Taiwan and Singapore. Among them Japan, Taiwan, China, Hong Kong and Brunei have huge trade surplus. Through diplomatic efforts, our trade integration with these developed economies can bring about unprecedented economic prosperity to the nation.