

Mahathir Mohamad alleges

# European states seeking to lift minimum wage levels in South

KUALA LUMPUR, May 20: Malaysian Premier Mahathir Mohamad charged yesterday that European countries were seeking to lift minimum wage levels in developing nations as a ploy to overcome their own economic problems, reports AFP.

"They actually want the workers of the developing countries to make a sacrifice to ensure that they maintain their high living standards," Mahathir said.

He said Europe had become unable to lure investment and create jobs because of the huge gap between salaries in Europe and developing countries.

"In fact, the European countries can bring down their minimum wage levels, but this would mean sacrificing their living standards," Mahathir said. "So, they are now proposing to compel us to raise our minimum wage levels to overcome their unemployment problems."

Mahathir said that the Group of Seven (G-7) rich countries had held many meetings to address European wages. Especially unemploy-

ment levels which in some countries had reached 12 per cent, "but to no avail."

Britain, France, Germany and Italy are the European countries in the G-7, which also includes the United States, Japan and Canada.

Mahathir said developing countries had to be wary about raising wages for workers because they might lose their competitive edge and be overwhelmed by inflation.

At a GATT ministerial conference in Marrakesh, Morocco last month, Malaysia and other developing countries voiced fears that a bid to include labour rights in the new World Trade Organisation (WTO) could be used by industrial nations as a pretext for new forms of protectionism.

This was in response to pressure, mainly from the United States and France, for the WTO agenda to link trade and workers rights.

The WTO will replace the Geneva-based General Agreement on Tariffs and Trade (GATT), which has operated on an interim basis since

1947, and will have greater enforcement power in international trading relations.

## Nationwide alarm raised over rising inflation

Another report adds: Economically-booming Malaysia raised a nationwide alarm yesterday over rising inflation, advising people to cut spending, raise savings and use credit cards widely.

"If the inflation and currency situation goes out of hand, the economy will be destroyed and all — the people, traders, banks, the government and country — will suffer, premier Mahathir Mohamad warned as he launched a national anti-inflation campaign.

Under the campaign organised by the domestic trade and industry ministry, the mass media, government agencies and non-governmental organisations were to explain to the people the urgent need to curb inflation, officials said.

Mahathir said the annual inflation rate for the first three months of 1994 had jumped to 4.5 per cent from 3.6 per cent as of December.

Economists have predicted inflation to rise to 4.2 per cent this year and 4.5 per cent in 1995.

Malaysia's inflation rate last year was considered relatively low given the country's 8.5 per cent economic growth rate, but analysts said soaring wages, ample liquidity and arbitrary price increases were exerting pressure on prices.

Annual growth has been an average of more than eight per cent since 1987.

The rising inflationary trend was reflected by the overall 7.4 per cent hike in prices of non-controlled food stuff, they said.

"The government has taken various measures to ensure that the nation's rapid growth prevails in a situation where the prices of goods and services are low and stable," Mahathir said.

He said a relentless campaign was being waged to fight inflationary pressures because they could erode the value of the Malaysian ringgit as well as wages.

## US economy most flexible in the world: Altman

WASHINGTON, May 20: The United States, which has the most flexible labour market of any nation, has greatly improved its competitiveness vis-a-vis Germany and Japan, according to Deputy Secretary of the Treasury Roger Altman, says a USIS press release.

"The United States is now in the midst of a cyclical recovery," Altman told a conference of institutional investors May 16. "We have steady growth of about 3 per cent, low inflation and relatively low interest rates... The US economy is by far the most flexible in the world. This country is always willing to make changes."

Perhaps the single most important development in recent years, he said, has been the corporate restructuring that has taken place in the United States — as firms after firm has written off non-performing debt and strengthened company balance sheets.

"This has significantly moved down the number of business failures in this country," he explained.

Altman said the changing composition of the US economy is also evident from a number of other developments now in progress: The nation's private sector continues to move toward a service economy. Since 1990, 3.3 million

new service jobs have been created, more than offsetting the loss of 1.6 million manufacturing jobs. Over the past 10 years, the United States has averaged 3 per cent annual growth in manufacturing productivity. This is 14 per cent more than the average rate of increase in Germany and 22 per cent more than in Japan.

The United States is asserting its electronic supremacy. Today, there are about 265 computers in use for every 1,000 persons employed. That is 150 per cent more than Germany and 315 per cent more than Japan.

Germany is just now beginning to enter the type of corporate restructuring and downsizing that US industries are completing, Altman said, while Japan has yet to do so.

He pointed out that the United States has created 13 times as many new jobs as all European nations combined. The average European worker changes jobs four or five times over his or her entire career, while the average American worker changes jobs eight times.

Much of Europe's inability to create new jobs stems from its traditional "interventionist role" for government, which affects large sectors of its economies, Altman said.



The State Minister for Finance Mazibor Rahman seen discussing with the Managing Director (current charge), S S Nizamuddin Ahmed, general managers and senior executives of Rupali Bank at a meeting on Monday.

## Federal Reserve bank raises key interest rates

WASHINGTON, May 20: The US Federal Reserve has raised key interest rates in a further effort to dampen any inflationary pressures in the economy, says a USIS press release.

In a brief statement issued May 17, the central bank said it is raising its discount rate effective immediately from 3 per cent to 3.5 per cent. The rise was the first increase in the discount rate in more than five years. The discount rate is the interest rate the federal Reserve charges on direct loans it makes to commercial banks.

The central bank also moved to push up the federal funds rate — the interest rate commercial banks charge each other for short-term loans — from 3.75 per cent to 4.25 per cent. It was the third boost in the federal funds rate in recent months.

US consumers and businesses can expect to see a jump in their borrowing costs, as the discount and federal funds rates are benchmarks for rates on other types of loans in the economy.

In fact, major US banks, including Citicorp, First Chicago and Bank of New York, moved quickly to follow the Federal Reserve's actions by raising their prime lending rate by half a percentage point May 17 to 7.25 per cent.

The Federal Reserve said its two actions are "designed to maintain favourable trends in inflation and thereby sustain the economic expansion."

"These actions, combined

with the three adjustments initiated earlier this year... substantially remove the degree of monetary accommodation which prevailed throughout 1993," it said. "As always, the Federal Reserve will continue to monitor economic and financial developments to judge the appropriate stance of monetary policy."

Prior to the Federal Reserve's actions, President Clinton said that there was "clearly some room" for the central bank to raise interest rates somewhat without dampening economic growth.

"I have every confidence that we're still going to have another good year this year, and that we will be able to offset any modest increase in interest rates with increased growth," Clinton said at the start of a meeting with Norwegian Prime Minister Gro Harlem Brundtland.

Clinton said that any interest rate boost would reflect the strong growth in the economy and not actual inflation or concern over fiscal deficits.

The rate increase had been expected by financial markets and the market did not spiral down as it had in the central bank's previous small rate increases.

In fact, the Dow Jones index of leading stocks jumped more than 20 points after the announcement and was 49 points higher at close of business on New York markets than at the close the day before.

Analysts will be watching closely what happens to long-term interest rates.

## Stalin's private limousine will be auctioned

AUBURN (IND), May 20: Josef Stalin's private limousine, a Russia-made zis-110 convertible, will be on the block this Sunday during the Kruse International annual auction of collector's cars here, reports Reuter.

The car, which is fully certified and documented by both Russian and German museums, is one of 26 produced in Russia and the only convertible model ever used by the former dictator of the Soviet Union.

Built in 1949, the car is patterned after the US built packard and currently owned by a Canadian museum.

"Stalin fell in love with the packard automobile and had Russians custom-make a look a like for him," said Mitchell Kruse, President and Chief Executive Officer for Kruse International.

"The back seat is huge. It's got jump seats where he could have two other people ride with him or he could fold those up and it's plenty big in the back to stand up and greet crowds."

"Having this one-of-a-kind automobile in our event is a real thrill," Kruse said. "This is a true museum piece which was built and used during a time of significant events in Russia as well as the world."

Kruse said the annual auto auction has sold a number of celebrity vehicles over the years, including cars owned by Adolf Hitler, Burt Reynolds, Notre Dame football coach Lou Holtz and Pop Star Madonna.

## Pakistan plans tough budget

ISLAMABAD, May 20: Pakistan plans a tough budget and emphasise on macroeconomic stability to achieve long-term expansion, boost exports and ease inflation after two years of poor growth, top economic officials said on Thursday, reports Reuter.

However, defence spending was not expected to be affected by the austerity programme of Prime Minister Benazir Bhutto, special adviser for finance V I Jafarey told reporters.

"If our neighbour increases its defence expenditure by 20 per cent or more we have a threat problem," he said, referring to the Indian budget this year.

"Then we can't just look at the budget in purely financial terms we have to look the security of the country," Defence spending and debt servicing consume almost all tax and non-tax revenues, leaving little money for development in a country where literacy is around 25 per cent and the population growth rate at 3.1 per cent a year is among the world's fastest.

Defence spending in 1993-94 was budgeted at 8.1 billion rupees (3.2 billion) a rise of just 1.9 per cent and the first effective reduction in expenditure.

Bhutto was determined to aim for macroeconomic stability in the 1994/95 (July/June) budget to be presented on June 9, Jafarey said.

The government's priority is to attain macroeconomic stability not is an end in itself but prerequisite for future growth," he told reporters.

The government was not afraid of the unpopularity of its tough policies, he said. "We know what are the disadvantages of following this austere policy." We think building a stable economic base is essential for future rapid growth."

The government was ready to risk some deflationary pres-

sure and higher inflation and would continue the policy next year.

The aim of cutting the fiscal deficit to 5.4 per cent of gross domestic product (GDP) was on target, he said. The deficit exceeded targets by 1.5 per cent last year to hit 7.5 per cent.

The government hoped to cut the fiscal deficit to 4.0 per cent of GDP in 1994/95, he said.

"We have achieved success in some areas and disappointments in others," Jafarey said.

Economic growth was expected to be 4.0 per cent GDP in 1993/94 compared with a target of 7.5 per cent. He blamed the lower than forecast growth on a poor cotton crop and a prolonged drought that had slashed agricultural output and damaged the textile-based economy.

Jafarey said he expected growth to recover to 6.9 per cent in 1994/95 based on improvement in the vital cotton crop.

The government had set a target of 9.5 million bales, compared with 7.5 million this year, cotton and cotton products account for 55 per cent of exports.

The government would also try to curb smuggling, one of the chief complaints among domestic manufacturers.

— AFP photo

## India cuts tariffs on US almonds

WASHINGTON, May 20: India has reduced import tariffs on almonds in their shells. US Trade Representative Mickey Kantor said yesterday a move that will help make California almond exporters more competitive, reports AFP.

The announcement of a cut in tariffs, from 55 rupees per kilogram (2.2 pounds) to 44 rupees per kilogram came during a visit to Washington by Indian Prime Minister P V Narsimha Rao.

"This action demonstrates that we are committed to opening up our markets further to one another," Kantor said.



Iranian children touch recently the tomb of the great Persian poet Saadi in Shiraz, southern Iran. Shiraz, the capital of the Fars province, is making a major effort to attract foreign tourists to the cradle of two Persian dynasties. Efforts to renovate the province's historical sites and architectural treasures come after a 15-year period of austerity imposed by the Islamic revolution in 1979, and the ensuing war with Iraq.

## Two sentenced for import fraud in NY

NEW YORK, May 20: Two brothers who co-founded the Gitano clothing company were sentenced to six months of house detention after pleading guilty to falsely labeling garments to avoid import quotas, reports AP.

Prosecutors said the company labeled garments that were made in Malaysia and China as "Made in Maldives". There were no quotas on imports from the Maldives Islands. Haim and Isaac Dabah also were ordered Wednesday to perform 300 hours of community service and fined dollars 20,000 each.

"We lost everything we had because of this crime," said Isaac, 36. "If you put us in jail, your honour, I don't think I can go on with anything. All I ask is that you give me a second chance to rebuild my life."

## Inflation in China eases slightly in April

BEIJING, May 20: Despite government re-establishment of price controls on a wide range of goods, inflation eased only slightly in April from the first quarter, official news reports said Friday, reports AP.

Meanwhile, a new economic worry arose: the State Statistics Bureau said that unsold products are piling up in factory warehouses as consumers, sated by spending sprees in 1992 and 1993, put their money into bank savings accounts.

The China Daily newspaper said the value of unsold merchandise in state factory warehouses rose 13.3 per cent in April from one year earlier. It said this helped push up state companies debts, which were 30 per cent higher than one year earlier.

Consumer prices in April

were up 21.7 per cent from April 1993, the newspaper said. By comparison, prices over the first three months of the year rose an average of 22.3 per cent from the same three months of last year.

Prices for services, which have largely escaped government controls helped push up the price index.

The newspaper quoted state economists as saying that price increase in large cities have been held down through government controls, but that prices continue to spiral in small towns and rural areas where there are fewer teams of government price inspectors to enforce the controls.

The government began reimposing price controls, which it had been phasing out over the past decade.

## Scheduled Banks Affairs

Statement of position of scheduled banks as at the close of business on May 5, 1994

1. Demand liabilities in Bangladesh		Taka in unit
i) Deposits (General)	5809,95,56,000	
ii) Deposits from banks	210,09,78,000	
iii) Borrowings from banks	73,00,00,000	
iv) Borrowings from non-banking financial institutions	000	
v) Other demand liabilities	1432,14,37,000	
2. Time liabilities in Bangladesh		
i) Deposits (General)	22922,94,85,000	
ii) Deposits from banks	364,63,17,000	
iii) Borrowings from Banks	000	
iv) Other time liabilities	1469,10,04,000	

3. Borrowings from Bangladesh Bank		
i) Against Usance bills	000	
ii) Against promissory notes	195,00,00,000	
iii) Against approved securities	000	
iv) Other borrowings	2524,18,95,000	

4. Cash in Bangladesh		
i) Bangladesh notes	398,50,90,000	
ii) Bangladesh taka coins	8,02,73,000	
iii) Bangladesh subsidiary coins	23,000	

5. Balances with the Bangladesh Bank		
i) Principal office	4084,95,41,000	
ii) Other offices & branches	89,92,02,000	

6. Balances with other banks in current account in Bangladesh		
7. Money at call & short notice in Bangladesh	695,29,42,000	
8. Investments (at book value)	5474,77,56,000	

9. Credit provided in Bangladesh		
* i) Advances except those to other banks	26805,45,77,000	
ii) Advances to other banks	000	
iii) Inland bills purchased and discounted in Bangladesh	117,36,74,000	
iv) Foreign bills purchased and discounted in Bangladesh	684,21,07,000	
v) Inland bills sold to or rediscounted with the Bangladesh bank not yet matured and not included in (iii) above	000	
vi) Foreign bills sold to or rediscounted with the Bangladesh bank not yet matured & not included in (iv) above	000	

\* Figure shown in column No. 9 (i) above includes foreign currency loans of Tk. 184,17,31,000.  
Source: Bangladesh Bank press release.

## Shipping Intelligence

CHITTAGONG PORT  
Berth position and performance of vessels as on 19.5.1994

Berth No	Name of vessels	Cargo	Port call	Local agent	Date of arrival	Date of leaving
J/1	* Olvia	Cement	Sing	USTC	12/5	20/5
J/2	* Safar	GI	Pena	ASL	R/A	19/5
J/3	* Zenath-1	Cement	Chin	PSAL	11/5	21/5
J/4	* Arts Sky	GI	Sing	BSL	14/5	21/5
J/5	Banglar Kiron	Rice/Bitt	Kara	BSC	16/5	25/5
J/7	Banglar Gourab	GI	P Kala	BSC	11/5	20/5
J/8	Banglar Mamata	Rice	P Kala	BSC	14/5	20/5
J/9	Banglar Kakoli	Wheat(G)	-	BSC	R/A	20/5
J/10	Dolores	Idle	-	Seacom	R/A	30/5
J/11	Alma	Wheat(P)	Bew	Seacoast	29/4	24/5
J/12	*Banglar Robi	Cont	Sing	BSC	16/5	20/5
J/13	* Shengkal	Urea	V Patt	Seacom	6/5	19/5
MPB/1	I Yamburenko	Cont	Sing	CT	18/5	21/5
MPB/2	Socul-1	Cont	Sing	Bardhi	16/5	21/5
GSJ	Lanka Mahapala	Cont	Col	Bardhi	18/5	21/5
TSP	Forum Wind	Wheat(G)	Sing	SSST	R/A	23/5
RM/3	Alkyonias	R Sulp	Long	Seacom	6/5	24/5
RM/4	Suci	CPL	P Kala	Seacom	19/5	20/5
DDJ/1	* Arseniev	CPL	P Kala	Seacom	19/5	19/5
CURJ	B Asha	Repair	-	BSC	R/A	20/5
	* Loyal Bird	Repair	Mong	ENCL	15/11	19/5

## VESSELS DUE AT OUTER ANCHORAGE

Name of vessels	Date of arrival	Last port call	Local agent	Cargo	Loading port
* Petr Starostin	19/5	Sing	CT	Cont	Sing
(Cont)	19/5	Bew	Lufal	W Pulp	-
David-L	20/5	Mong	H&H	-	-
Tae Chon	20/5	Mong	Litmond	-	-
Robert-e-Lee	20/5	Para	Karna	GI(Lash)	-
Armas	21/5	Sing	PSAL	TSP(P)	Jakarta
Marine Three	20/5	Yang	BML	Rice/GI	-
Mezhdurechensk	21/5	Sing	USTC	Cement	-
Pearl One	25/5	Yang	ENCL	GI	-
Yannis-II	25/5	Yang	PSAL	P Iron(P)	-
B Moni(Cont)	24/5	Mong	BSC	Cont	Sing
Kota Bintang (Cont)	21/5	Sing	CTIS	Cont	Sing
Jiang Cheng	21/5	Shai	BDSHIP	GI	C Ports
Fong Shin (Cont)	23/5	Sing	BDSHIP	Cont	Sing
Hornstrand	24/5	Kara	EBPL	Defence	-
Astron	24/5	Aqaba	SSST	R Phos	France
Tiger Hope	24/5	Kaus	Prog	GI	-
Baleem Twelve	24/5	Para	MSA	GI/Sash	-
Berge Trader	23/5	Papa	JE	-	-
Sean Falcon	24/5	AML	GI	-	-
B Sampaad	28/5	Mong	BSC	GI	Karachi
Ivyveret	25/5	Yang	EBPL	GI	Japa Fe
San Mateo	25/5	Yang	JE	Vehicles	-
Meng Lee (Cont)	25/5	Col	AML	Cont	Cal
Ultima (Cont)	25/5	Col	BTSa	Cont	Mong
Imke Wehr (Cont)	25/5	APL(B)	Cont	Cont	Sing
Callianus	27/5	SBS	Wheat(G)	Cont	Canada
Venkat-IV	28/5	Novo	-	-	-
Mulpha Sibit	30/5	PSAL	Cement	-	-
Ouranis	31/5	Liany	USTC	Cement	-

## TANKER DUE

Name of vessels	Date of arrival	Local agent	Cargo	Loading port
Assimina	19/5	BSC	C Oil	B Jyoti
Global Jupiter	20/5	TSL	CPL	(RM 3/4)
Erodora	23/5	R&Sons	-	-

## VESSELS AT KUTUBDIA

Name of vessels	Cargo	Last port call	Local agent	Date arrival
* Infinity (Cont)	Cont	Sing	RSL	17/5
* Yug Sami Beirut	Cont	Sing	RSL	17/5

## VESSELS READY