

Political changes unlikely to hinder Lankan economic growth

COLOMBO, Aug 3: Sri Lanka's robust economy is unlikely to suffer even if the ruling United National Party (UNP), whose liberal policies have led to growth, is defeated in this month's national poll, economists said.

"The expectation is that whichever government comes into power, we will have a free market system. This means that we would be able to maintain international confidence," a government economist told Reuters yesterday.

The opposition People's Alliance (PA), expected to pose a strong challenge to the UNP in the August 16 poll, has promised to continue economic reforms but with a few modifications.

The UNP, in power since 1977, has introduced reforms that have boosted foreign investment, particularly in the stock market.

Arab Bank to open branches in Gaza, Jericho soon

GAZA CITY, Aug 3: The Arab Bank, which has the PLO as a long standing client, will soon open branches in the Palestinian self-rule areas after a 27-year absence, officials said Tuesday, reports AFP.

The decision comes amid rising interest from the Arab banking sector in the Gaza Strip and West Bank town of Jericho. At least two banks have set up branches in the self-rule areas and more have promised to follow suit.

Shukri Bishara, a director at the Arab Bank, met PLO Chairman Yasser Arafat and later told reporters new branches would be opened within two months in Gaza and Jericho.

Abdel-Aziz Shuman, a Palestinian, set up a bank in 1930 in Jerusalem, in what was then British-mandate Palestine. It moved its headquarters to Amman after the creation of the state of Israel in 1948.

Israel closed down branches of Arab banks when it seized the West Bank, Gaza and East Jerusalem in the 1967 Middle East war.

JAL may hire 100 part-time flight attendants

TOKYO, Aug 3: Japan Airlines, struggling to cope with a business slump, is turning to part-time flight attendants as a cost-cutting measure, reports AFP.

The company plans to hire about 100 part-time flight attendants who will be assigned to domestic flights, a JAL spokesman said Wednesday.

JAL has said it will reduce its work-force of more than 21,000 employees by more than 4,000 over the next four years. The cutbacks are being carried out by attrition, transfers and reduced levels of new hiring, the company said.

The spokesman said the part-time workers will be paid about two million yen (20,000 dollar) a year — about half the salary of a full-time flight attendant. They will work yearly contracts that can be extended for up to three years.

Japan Asia Airways, a subsidiary of JAL that flies mainly to Taiwan and other Asian points, hired 30 part-time workers in July. All Nippon Airways, another major Japanese airline, said it also plans to hire an unspecified number of part-time flight attendants next year.

Japan Airlines, the country's largest air carrier, suffered a pretax loss of 53.8 billion yen (538 million dollars) in fiscal 1992 and posted a 26.1 billion yen (261 million dollars) loss in fiscal 1993, which ended on March 31.

US dollar up in Tokyo

TOKYO, Aug 3: The dollar continued to rally against the yen in Tokyo Wednesday to close at 100.33 yen up 0.82 yen from the previous day's finish of 99.51 yen, reports AFP.

It was the first time since June 28 the US unit ended here above 100 yen.

The dollar moved in a narrow range in the absence of fresh incentive but some players bought the greenback on prospects of higher US interest rates.

After opening the day at 100.31 yen compared with New York's late Tuesday's quoted of 100.47 yen, the spot dollar move between 100.22 yen and 100.44 yen.

Spot turnover totalled 5.596 billion dollars against 4.788 billion dollars traded in the previous session.

The mark closed at 1.5846 to the dollar against the previous day's 1.5790.

The economist who declined to be named, said there could be a period of political uncertainty if there was a hung parliament, but foreign reserves were sufficient to cover imports for up to six months.

However, even if this period is up to six months (after the poll), we have sufficient foreign reserves to tide over any crisis," he said.

Sri Lanka's foreign reserves are now at a comfortable 2.4 billion dollar.

Many political analysts are predicting a hung parliament with the UNP or the PA as the single largest party in the 225-seat legislature but unable to form a government without the support of smaller groups.

Central bank officials said foreign fund inflows were expected to increase by 200 million dollar this year, down from a rise of 500 million dol-

lar in 1993. The fall is because of a slowdown in remittances from Sri Lankans working abroad.

The officials said the economy would also record slower growth this year of around 5.6 per cent, compared to 6.9 per cent in 1993.

Direct foreign investment was expected to be around 200 million from 250 million dollar last year and private short term inflows down to 115 million from 150 million dollar.

The government economist, attached to a top state research agency, attributed the lower growth to election year spending.

The situation, however, is much better than during the 1988 (parliamentary) election year," he said.

He said the budget deficit would be around eight per cent of gross domestic product

against a targeted 6.5 per cent but much lower than 16 per cent in 1988.

Inflation was expected to be around 10-12 per cent this year against earlier expectations it may hit 18-20 per cent due to a government welfare programme, he said.

Last May, President Dingli Banda Wijetunga offered a series of welfare measures including free meals, books and uniforms for school children, a wage rise and middle class tax breaks.

The package was expected to cost between 13 and 15 billion rupees (306 million dollar) but economists said little has been spent since pols were called six months ahead of schedule.

The presidential poll is expected by November while parliamentary elections were originally due by January 1995.



Jiban Bima Corporation paid death claim amounting to Taka 3 lakh against life policy of Tk. 1 lakh 50 thousand with double accident benefit. AKM Mostafizur Rahman, Managing Director, JBC seen handing over the cheque to Farzana Akhter, wife of late Md. Hayder Ali Sikder. The policy holder died in accident after paying only one premium.

APEC advisers propose lifting trade barriers by 2020

SINGAPORE, Aug 3: A group of advisers to the Asia Pacific Economic Cooperation forum has proposed lifting all trade barriers in the region by the year 2020, news reports said Wednesday, reports AP.

They recommended open regionalism to turn the APEC region into the world's most open trading area. The Straits Times said quoting Singapore's representative, Lee Tsao Yuan.

A blueprint is ready for member countries to liberalise it could add another 10 to 12 per cent growth in the economy, sustainable every year, in ASEAN," said Yang Syjian of Kay Hian James Capel, a brokerage firm.

"If everything is liberalised

it could add another 10 to 12 per cent growth in the economy, sustainable every year, in ASEAN," said Yang Syjian of Kay Hian James Capel, a brokerage firm.

Besides the ASEAN, the 17-member APEC includes the United States, Canada, Australia, New Zealand, Japan, South Korea, China, Taiwan, Hong Kong, Mexico and Papua New Guinea.

APEC spokesman Douglas Ryan said he is not aware of the recommendations, which generally would not be made public until they are sent to the APEC governments.

The proposals are likely to be discussed at the APEC's next ministerial meeting in Jakarta, Indonesia, in

November.

Lee said they were not recommending a free trade zone, which implies "discrimination towards non-members."

"We are advocating a lowering of barriers towards non-members so that the region is open. What we want is more in the Asian sense of a big family, or friends and good neighbours," she said.

The main points of the plan are:

— Maximum reduction of trade barriers on a unilateral, unconditional basis.

— Same benefits to outside countries as enjoyed by members.

— Trade concessions for non-members on a reciprocal basis.

— Liberalising unilaterally and offering its benefits to others.

China — the world's second largest beer producer!

BEIJING, Aug 3: China produced 12.25 million tonnes of beer last year to become the world's second largest producer. Xinhua reported as the beverage outsold rivals to emerge as the country's most popular alcohol, reports AFP.

About one-third of the beer produced last year came from 30 large enterprise groups, the report late Tuesday said, hailing China's success in advancing from number seven in world rankings to number two — behind the United States — in just one decade.

Previous reports have estimated that China's beer production has grown at an annual rate of some 20 per cent since 1984, when output stood at 2.24 billion tonnes.

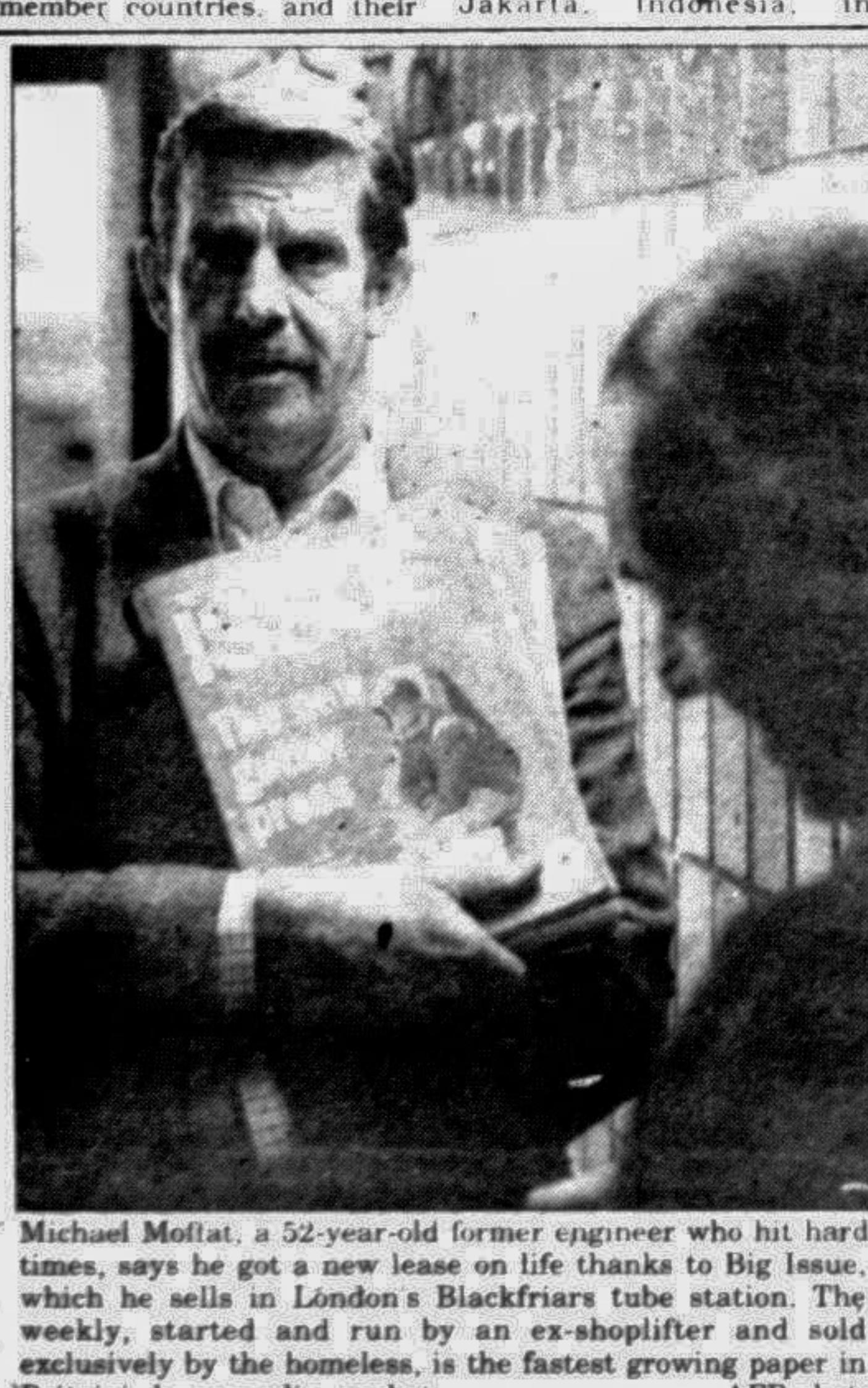
China's population of 1.2 billion people consume some 15 kilograms (33 pounds) of beer per capita each year, making the drink more popular than either spirits or rice wine, according to reports.

Xinhua said overseas technology had been introduced in joint ventures with Danish, German, Japanese, US, Australian and Filipino companies.

Well-known foreign brand names produced in China include San Miguel, Becks and Pabst Blue Ribbon, while the most famous home label remains Tsingtao, produced in northeastern Shandong province.

Many of China's major beer producers are seeking further foreign investment while eyeing the overseas market as their technology moves in line with international standards, Xinhua said.

Experts have forecast that China's beer exports will hit 1.5 million tonnes by 1995.



Michael Moffat, a 52-year-old former engineer who hit hard times, says he got a new lease on life thanks to Big Issue, which he sells in London's Blackfriars tube station. The weekly, started and run by an ex-shoplifter and sold exclusively by the homeless, is the fastest growing paper in Britain's huge media market.

— AFP photo

Hanoi seeking \$ 230m in loans from WB, ADB

HANOI, Aug 3: Vietnam is seeking 230 million dollars or more in soft loans from the World Bank and Asian Development Bank to improve its electricity network, bankers said Wednesday, re-

ports AP.

The World Bank is considering lending about 150 million dollars to help the Energy Ministry upgrade power lines and equipment in southern and central Vietnam, representative Bradley Babson said. It may also finance the expansion of a generating plant, he added.

A team of specialists from the World Bank is scheduled to arrive in Hanoi next week to appraise the project. The bank could approve the loan by the end of the year, Babson said.

"Power shortages in the south are a real constraint on economic growth," he said.

Among its inefficient, outdated equipment is the southern transmission system, some of which was reportedly built

in 1933.

At the same time, demand for energy is growing quickly, especially in the nation's commercial capital, Ho Chi Minh City, Babson said.

The World Bank would finance the improvements under terms offered by its International Development Association. The loan would probably carry no interest rate, but the bank would charge an administration fee of 0.75 per cent. Vietnam would have 40 years to repay the loan, including a grace period of 10 years for the fee, Babson said.

The Asian Development

Bank has already approved a

loan worth 80 million dollars to help refurbish the electric

ity distribution system in

northern Vietnam, pending

further preparations, said Kien

Dung, an officer at the State

Bank of Vietnam. He gave no

details.

The World Bank and Asian

Development Bank resumed

lending to Vietnam last fall.

Exchange Rates

Following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective as of August 3. (Figures in Taka)

Currency	Selling		Buying	
	TT & OD	EC	TT	OD
US Dollar	40.3710	40.3995	40.1000	40.0250
Pound Sterling	62.2956	62.3395	60.6262	60.5128
DM	25.7546	25.7728	25.0672	25.0204
F Franc	7.5516	7.5569	7.3496	7.3359
C. Dollar	29.3808	29.4016	28.5851	28.4226
S Franc	30.4949	30.5164	29.6748	29.5065
JPY	0.4087	0.4090	0.3938	0.3931
Indian Rupee (AMU)	1.2908	1.2972	1.2754	1.2595
Pak Rupee (AMU)	1.3204	1.3270	1.3045	1.2883
Iranian Rial (AMU)	0.0255	0.0256	0.0253	—

A) T. T. (DOC) US Dollar Spot Buying Tk 40.0625

B) Usance Rates:

30 Days DA 60 Days DA 90 Days DA 120 Days DA 180 Days DA

39.7497 39.4656 39.1816 38.8976 38.3295

C) US Dollar sight export bill 3 months forward purchase: Tk. 40.0250

D) US Dollar 3 months forward sale: Tk. 40.5995

Note : AMU = Asian Monetary Unit

Shipping Intelligence

Chittagong Port

Berth position and performance of vessels as on 3.8.1994

Berth	Name of Vessels	Cargo	L. Port	Local Agent	Date of Leaving	Leaving

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