

ROK rejects US suggestions to lower tariffs on car imports

SEOUL, Aug 18: South Korea has rejected US suggestions that it lower tariffs and take other steps to increase foreign car imports, government officials said Thursday.

But negotiations on increasing access to the South Korean auto market by US cars will continue, with several of the US suggestions as the basis for the talks, Trade Ministry officials said.

In a letter by its trade representative, Mickey Kantor, the United States has recently asked South Korea to use US cars for government vehicles and launch a media campaign

encouraging Koreans to use more foreign cars.

South Korea is one of the world's major auto exporting nations, but high tariffs and negative perceptions have kept its borders closed to foreign cars.

In 1993, South Korea exported 640,000 cars abroad, 111,300 of them to the United States, but it imported only 1,462 foreign cars that year, 0.2 per cent of its domestic car sales.

Experts predict South Korea's auto market will grow by 10 per cent a year for the next two years.

South Korea this spring

agreed to lower its auto tariffs from the present 10 per cent to 8 per cent and to allow foreign dealers equal access to advertising. It also promised foreign car owners would not be targeted for tax probes.

But the United States is pressing the Seoul government to lower tariffs down to 2 per cent and publicise the use of foreign cars among its 42 million people, officials said.

Those suggestions were considered inappropriate and have been rejected, they said.

But other suggestions included in Kantor's letter were still being studied, along with

counterproposals made by South Korea, the officials said.

US negotiators have said Seoul must rectify the bad image created by past campaigns against foreign car ownership with another government campaign supporting the use of foreign cars.

For years, foreign car ownership had been taboo, and owners considered disloyal.

It was unknown what US proposals are still being considered, and the full contents of the letter was not released.

Negotiations are expected to continue in the fall, officials said.

India to negotiate with US on rayon skirt ban

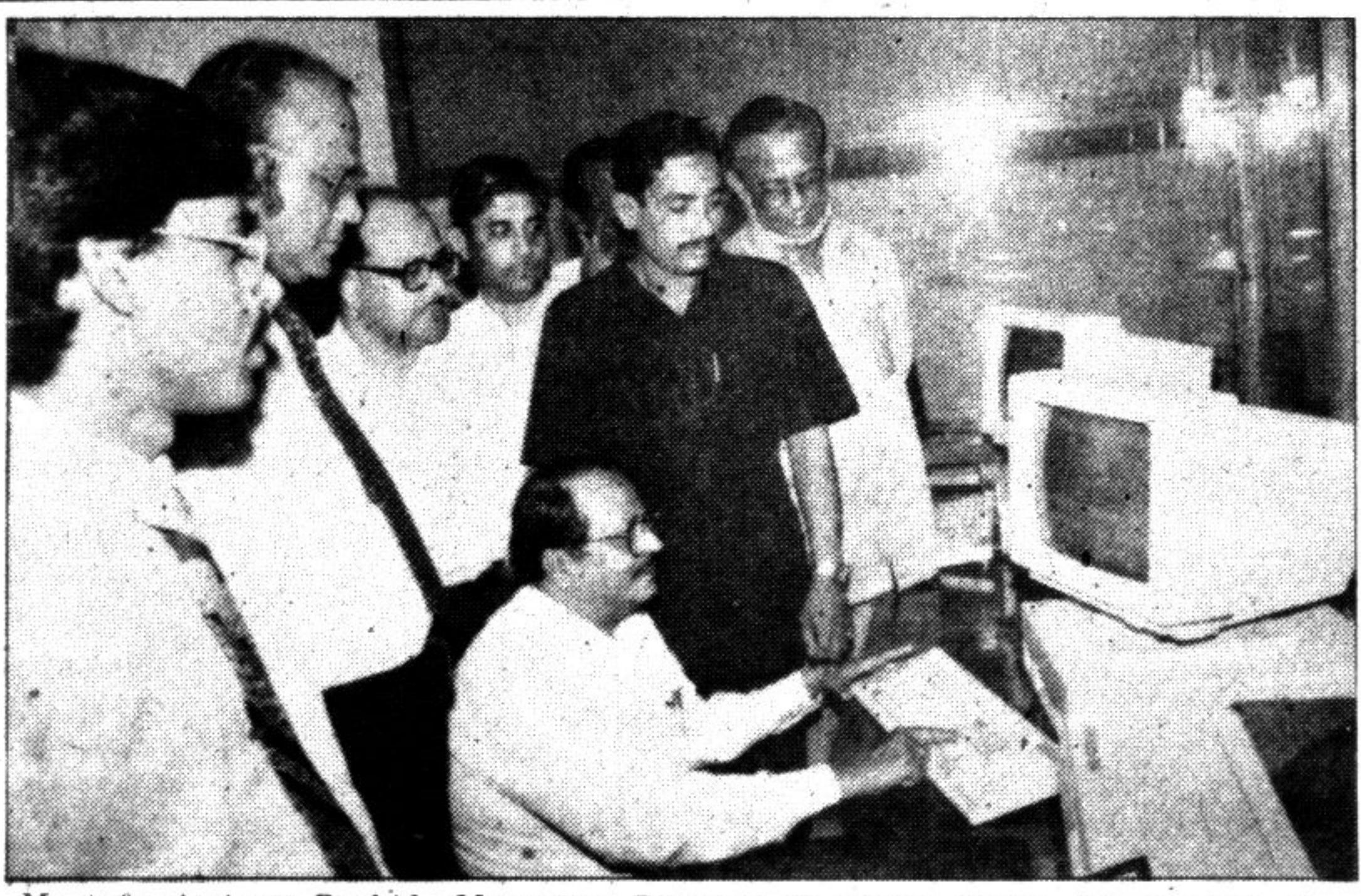
facturing process if necessary.

Meanwhile, the Indian government advised exporters to get the skirts tested in certified labs for flammability. It also asked manufacturers of rayon fabrics to produce goods strictly adhering to fabric flammability act.

The US administration ordered a ban on sale and import of rayon skirts on August 14, arguing that they are unsafe because the material is very thin, and can catch fire easily.

The government will also lodge a formal protest with Washington against the ban and seek details on the reasons for the ban.

It will also invite US officials to visit the units which manufacture the skirts and suggest changes in the manu-



Mustafa Aminur Rashid, Managing Director of Agrani Bank, inaugurated the computerisation of Branch Banking System at Sadarghat branch of the bank on Wednesday. Khondaker Ibrahim Khaled, Deputy Managing Director, Abdul Halim Bhuiyan, General Manager, A A Fazle-Rabi, DGM and Mohsinuddin Ahmed, AGM of the bank were among others present.

Asian stock markets close mixed

HONG KONG, Aug 18: Asian stock markets closed generally mixed Thursday, with share prices rising in Tokyo for the third straight session, reports AP.

Tokyo's 225-issue Nikkei Stock Average rose 38.21 points, or 0.18 per cent, closing at 20,862.77. On Wednesday, the Nikkei gained 38.20 points, also 0.18 per cent, closing at 20,824.56.

The Tokyo Stock Price Index of all issues listed on the first section fell 0.66 point, negligible in percentage terms, to 1663.09. The TOPIX rose 5.07 points, or 0.31 per cent, to 1,663.75 the day before.

Traders said the stock market was sluggish because of disappointment in the dollar's performance on the back of the US interest rate rise, which usually tends to support the dollar.

The dollar closed at 99.88 yen, down 0.95 yen from its Wednesday close in Tokyo and also down 0.30 yen from its overnight finish in New York.

In Hong Kong, share prices closed generally lower on

profit-taking.

The Hang Seng Index, the market's key indicator of blue chips, fell 19.09 points, or 0.2 per cent, closing at 9,518.88. On Wednesday, the index had surged 171 points.

Brokers said there was profit-taking following the market's sharp rise Wednesday.

Investors also expect that Hong Kong banks to raise interest rates on Friday to match similar increases recently in the United States, they said.

WELLINGTON: New Zealand shares prices closed slightly lower in moderate trading because of the weakness in bond markets. The NZSE 40 Capital Index fell 4.08 points to 2,097.38.

TAIPEI: Share prices closed higher in heavy trading because of profit-taking. The market's Weighted Index fell 39.20 points, also 0.18 per cent, closing at 20,824.56.

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SEOUL: Share prices closed higher in relative active trading. The Korea Composite Stock Price Index rose 3.52 points to 946.48.

SYDNEY: Australian share prices closed higher on the back of a late rally prompted by a recovery in bond prices and strengthening share price index futures. The All Ordinaries Index rose 7.3 points to 2,066.8.

SINGAPORE: Share prices closed higher for the third straight day despite some profit-taking. The 30-share Straits Times Industrial (STI) Index rose 13.57 points to 2,357.97.

KUALA LUMPUR: Malaysian share prices closed broadly higher in active trading. The Kuala Lumpur Stock Exchange's Composite Index rose 10.20 points to 1,136.34.

BANGKOK: Thai stock prices closed higher for the sixth straight session on overseas buying. The Stock Exchange of Thailand (SET) index rose 10.50 points to 1,483.98.

US Federal Reserve poised to raise interest rates

WASHINGTON, Aug 18: Attempting to squelch inflation before it gets started, the US Federal Reserve appears on the brink of raising short-term interest rates for the fifth time this year, reports AP.

On the eve of Monday's closed-door meeting of the central bank's policy-setting Federal Open Market Committee the debate among economists no longer was over whether short-term interest rates will move higher but whether by a quarter-point or half-point.

"The Fed is poised" said economist Laurence H Meyer a St. Louis consultant. "They have gone on record so consistently that ... it would be a surprise if we didn't get at least a quarter-point increase."

He and other analysts cited July 20 congressional testimony by Fed Chairman Alan Greenspan, who said he would rather err on the side of pushing rates too high rather than keeping them too low and allowing inflation to accelerate.

As measured by the Labour Department's Consumer Price Index, inflation isn't getting any worse. Through July, prices rose at a rate that, if continued would match last year's 2.7 per cent.

But Greenspan repeatedly has stressed that interest-rate changes affect the economy with long lags and that he is seeking to forestall inflation next year rather than trying to squelch price increases occurring now.

"It's kind of like duck hunting. You aim ahead of the duck not at the duck. The same is true of inflation. You have to act in advance" said economist

Sung Won Sohn of Norwest Corp.

So far this year, the Fed has tightened monetary policy four times bringing the federal funds rate which banks charge each other on overnight loans, to 4.25 per cent from nearly three-year low of three per cent. The last increase was announced May 17.

I think by the spring of next year we'll be at 5.25 per cent" said economist Donald H. Straszheim of Merrill Lynch.

The prime rate which serves as a benchmark for a wide variety of consumer rates

President optimistic about Mongolia's economic future

ULAN BATOR, Aug 18: Mongolia's president is still optimistic about the future of his country despite a fall in living standards, economic decline and an inflation rate above 50 per cent, reports Reuter.

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from home equity loans to credit cards would be expected to follow.

Economists said it also was possible the Fed would increase its discount rate, the interest it charges on its own loans from 3.5 per cent.

Democrats in Congress argue that higher rates will dampen growth too much.

I hope the Federal Reserve will not consider it appropriate to destroy employment opportunities and hold wages down, just when it looks as if... workers may begin to make some gains" House Budget Committee Chairman Martin Olav Sabo, D-Minn., told Greenspan in a letter Monday.

The Clinton administration, meanwhile, offered only token resistance. White House Press Secretary Dee Dee Myers said "We don't see inflationary pressures building up within the economy."

However, economists point to two reports on July conditions: a stronger-than-anticipated gain of 259,000 jobs and a worrisome 0.5 per cent increase in prices charged by producers the worst in 15 months.

Another bit of data was made public Monday when the Fed reported that industrial plants operated in July at 83.9 per cent of capacity up from 81.3 per cent a year earlier and only nine-tenths of a percentage point below the pre-recession peak reached in 1989.

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The government has decided to import necessary equipment to meet the future demand for tests in centers like Delhi, Gaper and Agar, where skirts manufacturing centres are concentrated.

It is understood that major textile exporters are pressuring the government to lodge a protest immediately as they fear that the Clinton administration may use such non-tariff barriers to check import of Indian garments.

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Dhaka Stock Prices

At the close of trading on August 18, 1994

Gainers dominate floor

Star Report

Gainers dominated the floor of the Dhaka Stock Exchange (DSE) on Thursday, closing day of the week.

The number of issues traded fell from 57 to 46, in which 25 gained, 15 incurred losses and the prices of six other issues remained unchanged.

Beximco Ltd led the gainers in terms of value. Its 3100 shares were traded.

BD Thai Aluminium (1220), Ashraf Textile (1790), Tallu Spinning (1050), Bata Shoe (1400) and GQ Ball Pen (130) also gained significantly.

Apex Footwear experienced a rise of Taka 8.70 per share, leading the gainers in terms of value.

Atlas Bangladesh dominated the losers' list in terms of volume with 2940 shares traded.

A total of 24,247 shares worth Taka 34,26,216.00 changed hands on the floor as against 29,797 shares valued at Taka 43,92,869.50. The changes showed 18,626 per cent and 22,005 per cent decreases in the total volume and

value respectively.

The DSE All Share Price Index rose to 719,284.15 from 718,446.27, indicating an increase of 0.3367 per cent.

Trading at a glance

DSE All Share Price Index 719,284.15
Market Capitalisation Tk 3,27,23,09,10,10
Turnover in volume 24,247
Turnover in Value Tk 34,26,216.00

Company's Change Number
name (per share) of shares traded
Tk traded

Gainers (25)
Azz Pipe 0.67 45
Eastern Cables 2.53 330
Quasem Drycells 0.22 100
BD Thai Aluminium 0.49 1220
Bengal Food 4.09 635
Dhaka Vegetable 1.24 205
BD Oxygen 0.44 537
Ashraf Textile 0.29 1700
Eagle Star Textile 0.16 200
Tallu Spinning 2.95 1050
Tanjiddin Textile 2.00 30
Apex Spinning 0.63 600
Amber Pharma 0.19 450
Petro Synthetic 0.50 50
Kohinoor Chemical 1.26 25
Beximco Synthetic 0.65 4140
Bata Shoe 0.99 1400
GQ Ball Pen 1.26 1030
Usmania Glass 2.04 75
Beximco Ltd 1.13 3100
Ctg Cement 3.00 15
Apex Footwear 8.70 460
Peoples Insurance 5.00 10
Easterner Insurance 1.73 320
BCIL (Deb) 5.56 10