

Japan to ease
controls on
exports of
125 items

TOKYO, Sept 15: Japan will ease controls on Asian-bound exports of 125 high-tech items on a list of the now defunct Coordinating Committee for Export Control (COCOM), the Nihon Keizai Shimbun newspaper said today, reports AFP.

The deregulation is to be carried out provided Japan's trade partners take solid measures to prevent the COCOM-controlled products — which can be used for production of weapons — being sent on to any third country which could be involved in a regional dispute, the economic daily said.

The Ministry of International Trade and Industry here plans to ease controls on exports to South Korea on October 1, because Seoul's own export controls introduced last year had diminished the risk of such products being channelled off to countries like North Korea, it said.

The ministry has also started deregulation talks with Taiwan and Singapore, which plan introduction of an export control system, while encouraging other Southeast Asian countries to take similar preventive measures, the paper said.

COCOM, which controlled exports of high-tech products to the former communist bloc, was dissolved last March, but former member nations have kept restrictions on certain such as machine tool semi-conductors and computers.

The paper said Japan's move, seen to be in step with the United States, will facilitate the trade of high-tech products in Asia benefiting Japan and its trade partners.

Unemployment
falls in UK

LONDON, Sept 15: The number of people unemployed in Britain fell by 34,200 in August, while 12-month headline inflation rose to 2.4 per cent, and July average earnings were steady, official statistics showed on Wednesday, reports AFP.

The number of people without work, on a seasonally-adjusted basis fell to total of 2,596,000 in August taking the rate to 9.2 per cent of the working population, down from 9.3 per cent in July, the Central Statistical Office (CSO) said.

Analysts had forecast a decline of 12,000. Retail prices rose to 2.4 per cent in August, on a 12-monthly basis, compare to 2.3 per cent in July, while underlying inflation said to be the more reliable indicator, showed that prices had risen by 2.3 per cent in August on a 12-monthly basis from 2.2 per cent in July.

Analysts had forecast that the figure or headline inflation would be 2.3 per cent and for underlying inflation 2.2 per cent.

Average personal earnings rose by 3.75 per cent in the 12 months to the end of July, unchanged from June. This was in line with analysts' expectations.

Computer problem
closes Chicago
Board of Trade

CHICAGO, Sept 15: A computer malfunction closed the Chicago Board of Trade, the world's busiest futures market, for nearly three and a half hours Wednesday, reports AP.

The market closed at 9:37 am (1437 GMT), seven minutes after grain futures trading began. It reopened at 1 pm (1800 GMT).

Grain trading opened at the normal time at 9:30 am, but when prices failed to appear on the electronic boards encircling the big trading floor exchange officials called a halt seven minutes later.

"There was only minor confusion because the trading only lasted a few minutes," said Victor Lespinasse, an assistant vice president with Dean Witter, Discover Co.

The financial markets opened at 7 am and were suspended at the same time as grain and soybeans, 9:37 am.

Exchange officials said six of eight computers used to record price quotations failed at the same time. After resuming at 1 pm, the markets closed at their normal times — 1:15 pm for agricultural futures and 2 pm for financials.

The shutdown was the second this year. In June, the exchange suspended trading for 45 minutes because of telephone problems.

New duty method leads to rise
in reconditioned vehicle prices

From Staff Correspondent

CHITTAGONG, Sept 15: A new method of import duty assessment by Chittagong Sea Customs has led to an increase in the prices of Japanese-made reconditioned vehicles.

This price hike varies from Taka 30,000 to Taka 80,000 per vehicle, traders said.

As a result, most importers of Japanese reconditioned vehicles are reportedly not taking delivery of their consignments from the local port where nearly 600 such vehicles are lying unclaimed.

According to Chittagong Sea Customs officials, the new rationale for duty assessment against imported Japanese-made reconditioned vehicles came into effect last week

after receipt of the original price lists from Japan.

Talking to The Daily Star, the controller of valuation of Chittagong Customs, Reazul Karim, said the new method was introduced to ensure proper duty assessment on the basis of the actual prices of vehicles.

He said the Customs authorities had, after long efforts, managed to procure the price lists of reconditioned vehicles of models made for the Japanese home market through the Bangladesh embassy in Japan and the Japanese embassy in Dhaka.

"We had to write to them several times to get the actual

price lists of such models," Karim added.

Earlier the duty on such vehicles was assessed by Customs on the basis of hypothetical prices because the cost of vehicles made especially for the Japanese home market were not available with them.

He admitted the marked increase in duties and prices of imported reconditioned vehicles following the introduction of the new system of assessment. But he said the importers who earlier often had to pay more due to the hypothetical assessment procedure would now be benefited.

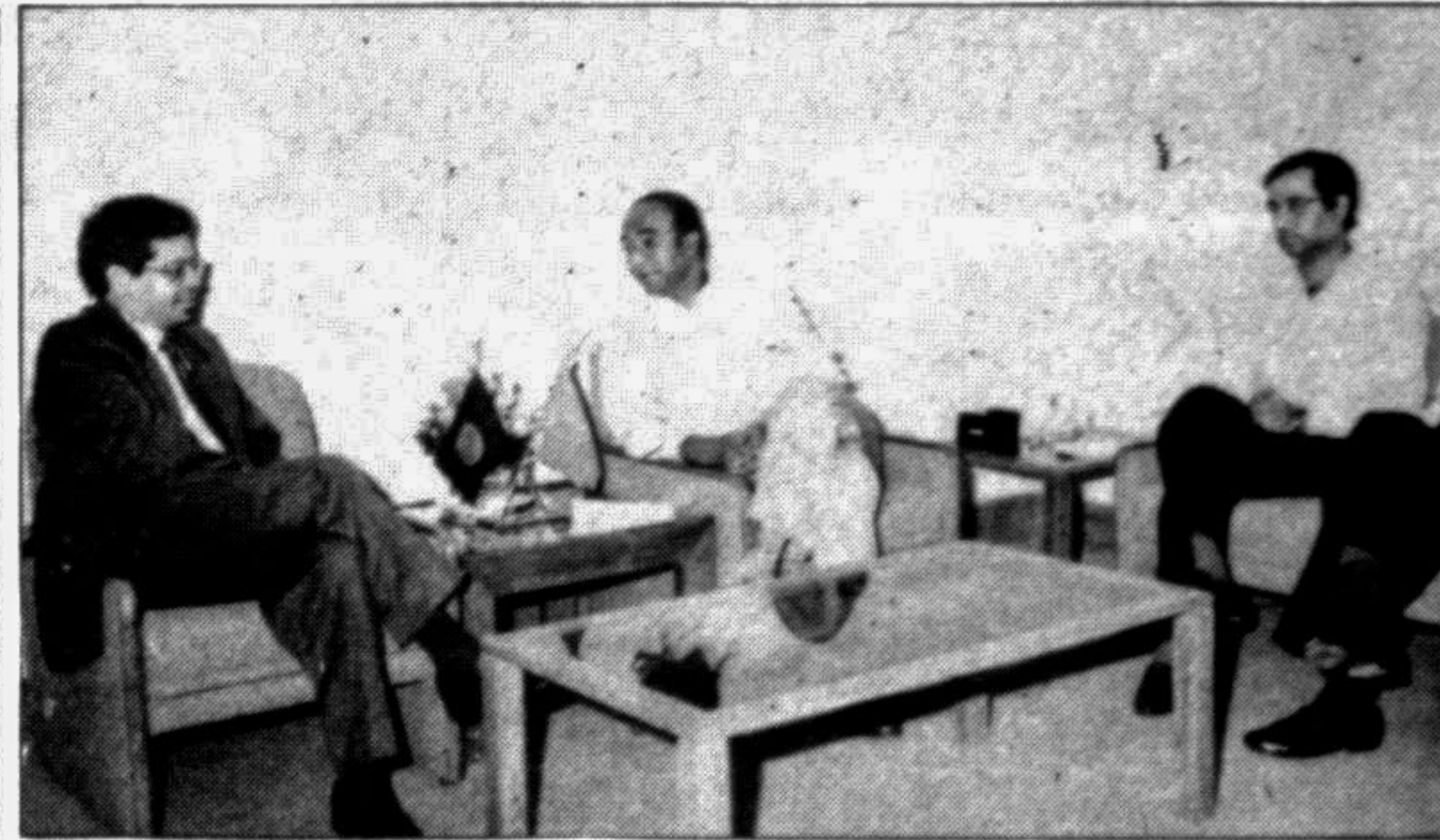
Models of vehicles for the internal Japanese market,

such as the Toyota Sprinter, are usually more expensive than those exported to developing countries like Bangladesh, such as the Toyota Corolla, a very similar model.

Meanwhile, reconditioned vehicle importers alleged that the Customs officials, by applying the new method, had resorted to price manipulation to discourage the import of reconditioned vehicles in the interest of the importers of new cars.

"In the name of Japanese home models the Customs are simply bluffing us," one aggrieved reconditioned vehicle importer said.

However, Customs officials denied the allegation.



Ahmad Fuzi Bin Haji Abdul Razak (L), High Commissioner of Malaysia in Bangladesh, called on A Rob Chowdhury (C), President, Dhaka Chamber of Commerce & Industry at the chamber office in the city yesterday. They discussed various issues relating to promotion of bilateral trade, possibilities of joint venture investment and economic cooperation between the two countries. Senior Vice President of DCCI Sajjatz Jumma is also seen in the picture.

ADB seminar
begins Saturday

The Asian Development Bank (ADB) will hold an eight-day Country Project Implementation Management Seminar from tomorrow (Saturday), says a press release.

Organised in collaboration with Bangladesh government, the seminar will be held at Sonargang Hotel in the city.

About thirty officials, mostly project directors, and managers, who are connected with ADB-assisted projects, will attend the seminar at which various aspects of project implementation will be discussed.

The inaugural session of the seminar will be addressed by M L Majid, Secretary, Economic Relations Division (ERD) and Geert Van der Linden, ADB Resident Representative in Bangladesh.



ASM Mostafizur Rahman, Foreign Minister, seen inaugurating the 46th branch of IFIC Bank Limited at Satkhira on Wednesday. F R Chowdhury, Additional Secretary, Ministry of Home Affairs and AHM Shawkat Ali Chowdhury, Managing Director of the bank, were also present.

BB seminar
from tomorrow

A two-day national seminar on Promotion and Linkages of self-help groups with Financial Institutions will begin Saturday at Bangladesh Bank, reports UNB.

The seminar has been jointly organised by the Bangladesh Bank and the Centre for International Co-operation and Training in Agricultural Banking (CICTAB).

Senior officials from government offices, Bangladesh Bank, scheduled banks and non-government organisations will take part in the seminar which will also be attended by eminent resource persons from home and abroad.

Call money rate

Money rates in the Call Money Market due the week ended on Wednesday ranged from 1.50 per cent to 6.00 per cent, reports UNB.

During the same week interest rates offered by the banks on Certificate of Deposits varied from 3.50 per cent to 8.25 per cent.

The bank rate, however, remained unchanged at 5.50 per cent, said a Bangladesh Bank press release yesterday.

Sweden's economic
crisis at core of
election campaign

STOCKHOLM, Sept 15: Sweden's worst economic crisis since the 1930s has been at the core of the campaign for Sunday's general elections amid a swelling deficit, an enormous debt, high unemployment, and runaway inflation, reports AFP.

A budget deficit at 13 per cent of gross domestic product (GDP), the highest of the Organisation for Economic Co-operation and Development (OECD) countries, and a public debt of near 100 per cent of GDP, what was a model welfare state is in deep trouble.

Opposition Social Democratic leader Ingvar Carlsson, favourite to win but not by much, says the country can return to the good old days, but only through sharp tax hikes.

Unemployment, almost unknown until the late 1980s, is currently around eight per cent, hitting primarily young people. Including those currently on job retraining programmes, the real figure balloons to 14 per cent.

The rate of inflation, although reduced from 9.2 per cent in 1991 to less than three per cent, is still out of control.

The current four-party centre-right coalition government, led by conservative Carl Bildt, has been widely blamed for the floundering economy, and public opinion polls have given the social democrats the majority of voters' sympathies since early summer.

Downward trend of tea
price continues in Ctg

By Staff Correspondent

The downward trend of tea prices continued for the third week in a row at the weekly auction sale held in Chittagong on Wednesday.

According to a Unity Brokers market report, the sale opened hesitantly with large withdrawals but prices settled at about one Taka or more per kilogram lower than last week's levels. The auction was delayed by a day because of a country-wide strike on Tuesday.

The major buyers at the sale were Russia, Poland, Pakistan and Sudan. The local traders were less active at the sale.

Total withdrawals at the sale stood at 38 per cent as against last week's 32 per cent.

In the leaf category, 25,361 packages were offered at the auction. Of which, the export buyers accounted for 46 per cent of the sale while the local traders purchased 16 per cent and the remaining 38 per cent was withdrawn.

In the dust category, 4,708 packages were offered. Of which, the local traders bought 38 per cent while the export buyers purchased 26 per cent

and the rest was unsold. Following is the category-wise market performance report as prepared by the Unity Brokers:

CTC: Larger Brokenes eased between Tk 1/2. Small made brokenes shed less. Medium and plainer types also declined by Tk 1/2. Selective best lines sold between Tk 43.50 - Tk 47.60.

Fannings were generally easier by about one Taka with the plainer fibrous sorts declining further. Few popular lines realised between Tk 44.50 - Tk 47.80.

GREEN TEA: 200 packages were offered for sale. Hysons and FYH's sold between Tk 71.00 - Taka 72.00 whilst the YH's eased and sold between Taka 90.00 - Taka 91.00.

DUST: Except for few selective lines which were about steady, most others depreciated by Taka 1/3. Powdery sorts lost more.

The next tea auction sale will be held in Chittagong on September 20 next and total offerings will consist of around 23,000 packages of leaf and another 4,000 packages of dust.

GCC to shelve
plan to decouple
currencies

RIYADH, Sept 15: Gulf Arab finance ministers meeting here yesterday decided to shelve a plan to decouple their currencies from the dollar and peg them to a basket of currencies instead, reports AFP.

Saudi Finance Minister Mohammed Abalkhalil said the plan was shelved because of regional and international developments.

He was speaking after a meeting of finance ministers of the Gulf Cooperation Council (GCC), which groups Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates (UAE) and Oman.

The plan has been on the drawing board since the signing of a GCC economic convention in 1982, but has made no progress due to the varying exchange rates of GCC member states' currencies and the opposition of certain members.

Kuwait is the only member to be linked to a basket of currencies, in which the US dollar has a dominant 40 per cent share.

Gulf economic experts argue that the GCC countries would find it hard to decouple their currencies from the dollar, because oil exports, which provide the bulk of their revenue, are calculated only in dollars.

Abalkhalil said progress was made toward implementing a plan to unify customs tariffs among the GCC members.

US Senate okays
bill lifting
restrictions on
interstate banking

WASHINGTON, Sept 15: The US Senate has given final congressional approval to a bill that lifts longstanding restrictions on interstate branch banking, according to a USIS press release.

Under the measure approved by a 94-4 vote on September 13, banks will be permitted to merge with one another across state lines beginning on June 1, 1997, subject to regulatory approval.

Even before then, adequately capitalized and managed bank holding companies will be permitted to acquire control of banks in any state, subject to certain restrictions.

The measure applies both to domestic and to foreign-owned banks operating in the United States.

The Senate action earlier approval of the same measure by the House of Representatives.

President Clinton welcomed the action in a statement issued later September 13, saying it would be a boon to the economy.

"Today this country took an historic step — one that has been delayed for much too long — to help American banks better meet the needs of our people, our communities and our economy," the president said. He said the new law will "eliminate barriers to the competitiveness and efficiency of our banking system while preserving essential prerogatives of the states."

The bill, as written, permits states to authorize mergers earlier than June 1, 1997 or, if they choose, to opt out of interstate branching by enacting legislation to that effect before that date.

The measure carries some special provisions with respect to foreign-owned banks: it stipulates, for example, that offshore branches or agencies of foreign banks managed by a foreign bank located in the United States would be able to conduct only the same activities that an offshore branch or subsidiary of a US bank could conduct abroad.

Poland signs accord with London Club

WARSAW, Sept 15: Poland on Wednesday signed a historic agreement that cuts almost half of its 14 billion dollar debt to commercial banks and restores normal financial relations with the West, reports AP.

The agreement with the London Club of banks culminates four years of tough negotiations. It is expected to improve Poland's credibility with its financial partners, allow it to enter the world capital markets and open a wider influx of much-needed foreign investment.

"We will be signing an agreement which is truly favourable and beneficial to Poland, and I think that's something that Poland has a right to be very proud of," Lloyd bank's E Michael Hunter, co-chairman of the London Club's Working Party negotiating group, told a news conference before the

signing ceremony.

"We are entering a time when Poland will be assessed according to its economic achievements and according to its improving development perspectives," Finance Minister Grzegorz Kolodko told reporters, praising Polish government and society for making the deal possible by pursuing economic reforms.

About 500 creditor banks — members of the so-called London Club — have agreed to scrap 49.2 per cent, or 6.6 billion dollars, of Poland's debt. Effective October 31, the plan is comparable to a 1991 agreement with the Paris Club of creditor governments, who cut half off Poland's 30 billion dollar debt to them.

Most of the loans were taken out in the 1970s by Poland's communist rulers, who ignored the economy's inability to service it, making the

amount grow with accumulating unpaid interest. The reduction deals help Poland shake off the communist-era legacy which hampered the free-market reforms of the past five years.

The new agreement lets Poland buy back its principal debt at 41 cents to the dollar and the revolving credit at 38 cent to the dollar. The agreement covers 24.3 per cent of the principal debt and 26.6 per cent of the revolving credits. Banks will be offered 30-year discount and parity bonds for the remainder.

In April, Poland will begin servicing the new debt and the 1.9 billion dollars in credits needed to implement the plan. Poland's payments on the commercial debt next year will be about 400 million dollars.

Credits will be drawn from the World Bank, the IMF and the National Bank of Poland.



Jalilur Rahman Chowdhury, Managing Director of Janata Bank, addressing the bank's branch managers of Dhaka city on the increase in profit and services to the customers of the bank on Wednesday.

World economy picking up slowly, UNCTAD declares

GENEVA, Sept 15: The United Nations economic agency UNCTAD forecast on Thursday that global output, party fuelled by Asia's boom, would expand by 2.5 per cent in 1994 — up from an estimated 1.7 per cent last year, reports Reuters.

In its annual trade and development report, it also called on the United States to be cautious in applying monetary brakes and warned that inadequate world demand might fuel trade conflict among countries competing for export markets.

"Slowly, the world economy is picking up," UNCTAD, the United Nations Conference on Trade and Development, declared.

But it add: "Prospects for a strong global performance de-

pend critically on whether and how far the developed world takes measures to remedy the persistent weakness of demand."

The upswing, the report said, would be led by a good performance from emerging economies in developing states, which headed by East and South-East Asia — could expect to maintain the nearly four per cent growth of 1993.

However, it added, this masked a "highly unsatisfactory performance in Africa" — largely due to the weakness of prices for its primary commodities and the fact that the continent remained "starved of external finance."

"Economies in east and south-east Asia that performed well in the past continue to advance rapidly Africa's stagna-

tion persists, and the resumption of growth in Latin America remains at a slack pace," it said.

Asia was expected to post 5.2 per cent growth in output this year, including 10 per cent in China, while Latin American countries would probably see their economies expand by 2.5 per cent and Africa by just 1.8 per cent.

UNCTAD said that given the severe situation in many developing and former communist transition economies a rethink of development policies — as promoted by big industrial powers and international institutions — was essential.

The pendulum had swung too far in pushing the model of unbridled free enterprise combined with a drastic reduction of the role of govern-

ment in the economy as a sure recipe for rapid and sustained growth.

The economic miracle of the past two decades in Japan, South Korea and Taiwan, it said, "was not entirely a miracle of the market" but was also due to effective government policies.

Urging Western Europe to bring down interest rates and the United States to loosen its monetary policy, UNCTAD said world trade expanded by 2.5 per cent in volume terms last year, down sharply from 5.4 per cent in 1992.

In the United States, recovery was gathering momentum and could reach 3.4 per cent growth this year, the report said.

Western Europe could look for collective expansion of

some 1.6 per cent, while Japan was likely to post growth in output of a mere 0.5 per cent this year.

UNCTAD said tighter US monetary policy, aimed at preventing the economy from overheating, must be checked.

Roger Lawrence, who heads the UNCTAD division which prepared the 173-page report, told a news conference such action could "stifle this recovery in investment and employment that is occurring."

The UNCTAD analysts said the Japanese economy still suffered from the "bursting of the bubble" in financial markets and investment.

"In Japan, recovery is not yet strongly in evidence, in spite of numerous policy packages to stimulate the economy, which continues to be plagued

by a combination of debt deflation and current appreciation," it said.

Tokyo's "extremely cautious" monetary policy was justified, according to UNCTAD.

Warning of rising unemployment, UNCTAD also suggested Tokyo adjust by redistributing income from profits to wages, and deregulate consumer goods and service sectors.

The report said interest rates in Western Europe had fallen only modestly and in real terms remained "exceptionally high."

Lawrence, whose news conference was held before Britain's rate hike on Monday, said Western Europe needed to increase domestic demand "by bringing down interest rates substantially."

"Workers have right to
join labour unions"

WASHINGTON, Sept 15: Workers have a "fundamental right" to organize themselves into labour unions — which can help improve working conditions and create a highly satisfied work force — an important part of the nation-building process, reports USIS.

A budget deficit at 13 per cent of gross domestic product (GDP), the highest of the Organisation for Economic Co-operation and Development (OECD) countries, and a public debt of near 100 per cent of GDP, what was a model welfare state is in deep trouble.

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The current four-party centre-right coalition government, led by conservative Carl Bildt, has been widely blamed for the floundering economy, and public opinion polls have given the social democrats the majority of voters' sympathies since early summer.

"Workers... are also interested by and large in nation-building," he stressed, "and even where the law does not exist, a stable work force is key to a developing nation."

To reinforce that point, Finner briefly recalled the history of American organised labour, noting that "the right to organise was not given to workers in this country. There were hard-fought battles to earn those rights, with many trade groups, like the coal miners, who formed the United Mine Workers of America union, engaging in long strikes to have their unions recognised."

Asked about the importance of waging a strike as a weapon of organised labour, Finner called the right to strike "fundamental," but cautioned that it is something to be used by labour only as a "weapon of last resort."

"Trade union leadership has a responsibility to analyse their environment to be sure of who their enemy is and what the nature of the controversy is," he reminded his audience. "To strike and not win does nothing to solidify your union."