



Dollar higher, stocks mixed in Tokyo

TOKYO, May 15: The dollar rose against the Japanese yen Monday following US moves to cut the trade and budget deficits. Tokyo stock prices closed mixed, reports AP.

The huge US trade deficit has been seen as a major cause of the dollar's weakness against the yen and German mark. The dollar also suffers from a high US budget deficit, which creates a large supply of American dollars abroad.

The dollar's most recent strength was prompted by the Clinton administration's efforts to force Japan's auto market open wider to foreign cars and auto parts in hopes of reducing the US trade deficit. The United States plans to file a complaint with the World Trade Organization, and publish a list of Japanese products that could be subject to punitive tariffs.

US congressional moves to cut the nation's huge budget deficit also prompted dollar buying, said Dai-ichi Kangyo Bank trader Okinori Shinoda.

At late afternoon Monday, the dollar was trading at 87.06 yen, up 0.74 yen from late Friday's 86.32 yen and also above its late New York level Friday of 86.70. The dollar ranged between 86.82 yen and 87.60 yen Monday in Tokyo.

"Players finally think the dollar has hit its bottom, and have begun to return to dollar investment," said Takeshi Miyata, a Tokai Bank trader.

On the Tokyo Stock Exchange, the 225-issue Nikkei Stock Average gained 188.94 points, or 1.15 per cent, closing at 16,609.70. On Friday, the average had slipped 40.97 points, or 0.25 per cent.

The Tokyo Stock Price Index of all issues listed on the first section was up 2.59 points, or 0.20 per cent, to 1,320.40. It had gained 1.36 points, or 0.10 per cent, on Friday.

The indexes advanced because market players were reassured by the dollar's stability against the yen, dealers said. Some automakers' stocks regained some of their recent losses.

Overall, however, declines edged out advances 516 to 458, with 171 issues unchanged.

Drought hampers tea production in Sylhet

SYLHET, May 15: Tea production is being hampered seriously in 133 tea-gardens of the greater Sylhet district due to prevailing drought and fertilizer crisis, reports UNB.

Concerned sources said, the production is unlikely to reach the target this year, which was fixed at 51.46 million kgs. Last year, a total of 50 million kgs tea was produced.

The collection of leaf and manufacturing tea is being done usually from late February to September every

year. The prime time for tea production is mid-March to mid-September.

Experts said, tea cultivation needs adequate rain in night and lower temperature in day-time. But tea leaves are becoming dried up due to this year's continued drought and high temperature.

Out of the total 178, there are 133 tea-gardens in greater Sylhet district and country's major portion of tea is being produced in these gardens.

ROK renews offer to give loans to DPRK

SEOUL, May 15: South Korean president Kim Young-Sam renewed an offer today to provide grain and other raw materials through cheap loans to the communist North in the interests of Korean unification, reports Reuters.

Addressing an annual meeting of the International Press Institute (IPI), Kim said the two halves of the divided Korean peninsula should adopt a gradual approach to reunification so that it could be achieved "in a harmonious manner."

"The stabilisation and orderly transformation of the North Korean regime, therefore, are of great importance to us," Kim said.

"It is for this reason I wish to declare once more we are ready to offer North Korea much-needed grain as well as other raw materials and commodities on a long term, low interest basis," he said.

Kim made a similar offer to the North when he visited Germany last March.

He said human rights conditions in North Korea deserved the special attention of the IPI, the people of North Korea "are cut off from the outside world and are forced to live regimented and repressed lives without knowing the meaning of human rights", he added.

Kim said the South was seeking to expand economic cooperation with the North

gradually despite a bitter row over North Korea's suspected nuclear programme.

Tensions over the North's nuclear programme eased dramatically last October when the United States and Pyongyang signed a nuclear deal.

Pyeongyang agreed to dismantle its nuclear programme in exchange for two light-water reactors, which produce far-less weapons grade plutonium, plus economic and diplomatic benefits.

But a dispute over North Korea's refusal to accept reactors from arch-enemy South Korea has stalled negotiations on implementing the pact.

North Korea said last week it had agreed to resume negotiations with the United States and would keep its reactors out of action until they ended. But it said there had no change in its position on the reactor issue.

South Korea's Yonhap news agency, quoting a diplomatic source, said today Pyongyang and Washington had agreed to hold the meeting in Kuala Lumpur from May 19.

A Seoul Foreign Ministry spokesman was not able to confirm the report immediately.

The United States insists the North must accept South Korean reactors if the deal is to survive, because only Seoul is to shoulder the bulk of the 4 billion dollars cost.

58th BB Bill auction held

Six bids for a total amount of Taka 185 crores were received at the 58th auction of the 91-day Bangladesh Bank bill held yesterday, a bank press release said, reports BSS.

Four bids having face value of Tk 35 (thirty five) crores were accepted.

The weighted average price of the accepted bids was Tk 99.23 per 100 taka. The corresponding yield is 3.12 per cent per annum.

Pakistan to set up 4 bodies to resolve trade problems

ISLAMABAD, May 15: Pakistan Prime Minister Benazir Bhutto announced to set up four committees to resolve the problems of the country's business community, says Xinhua.

The decisions were taken on the spot at a 150-minute government-business community meeting held here Sunday evening.

About 300 representatives from all over the country attended the meeting chaired by the Prime Minister.

The four committees are: resource mobilization, employment generation, implementation of textile policy and anomaly committee.

These committees will formulate suggestions to beef up the textile industry, to put an end to the declining trend in stock market and to sort out the issues of sales tax besides other issues of businessmen's concern.

However, the business community's demand to restore the former president of federation of Pakistan Chamber of Commerce and Industry and release of Karachi-based industrialist Riaz Shaifi were not accepted.

"She has assured the industrialists that all of their genuine demands will be accepted as the government wants to establish healthy working relations with the most powerful community of the country," said one official, after the meeting.

BUDGET '95-96: Business leaders speak out

Bus-Truck Owners Assoc chief warns

25 pc fare hike unless import duty on tyres, spares waived

The Chairman of Bangladesh Bus-Truck Owners Association, **Syed Mohammad Ziaul Huq**, has urged the government to waive all import duties on tyres and spare-parts to offset the rise in import prices due to the appreciation of the Japanese yen and other factors.

In an interview with The Daily Star, he warned that otherwise, the transport owners would be forced to impose a fare hike of at least 25 per cent.

He was interviewed by Rafiq Hassan.

Following is the text of the interview:

The Daily Star (DS): What is your sector's expectation from the next budget? Do you think the priorities in the last budget were implemented properly?

Ziaul Huq (ZH): We expect significant changes in the next budget as the priorities in the last budget regarding our sector have not been properly implemented.

DS: What is the recent trend in your sector? Is it growing? Declining? Why?

ZH: With the development of new roads and bridges in the country, our sector has maintained its growth despite all odds.

DS: What kind of problems did your sector face with the fiscal policies adopted in the last budget — VAT, tax structure and tariff duties?

ZH: At present about 70 per cent of all goods and passengers are carried by road transport. Recently, 20 per cent increase in the value of the Japanese yen and a considerable appreciation of the major currencies coupled with the withdrawal of export subsidies on quite a number of Indian products such as tyres, vehicles etc, has led to a tremendous increase in the import price of vehicles and spare-parts which has put the entire road transport industry in jeopardy.

To bring the price of tyres down, the government should withdraw all customs duty and VAT on tyres and spare-parts, otherwise I am afraid the transport owners will have to impose a 25 per cent rise in the fare or else all the buses will go off the roads in a very short time.

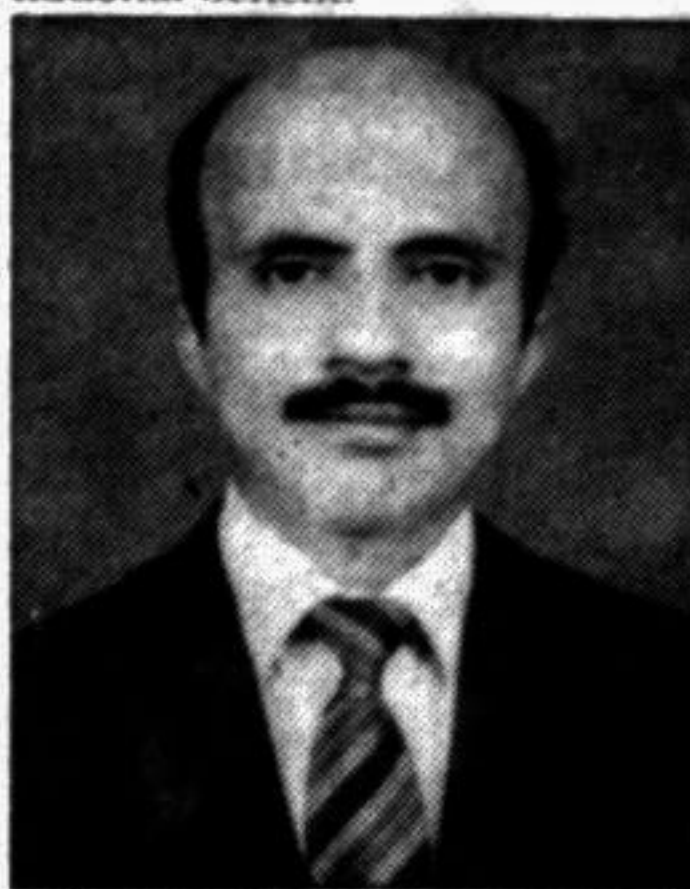
DS: What is your opinion on the ongoing economic reforms? What has been the impact of the reforms in your sector?

ZH: The ongoing economic reforms have made some good impact on our sector, specially it has created a lot of competition among major vehicle producers to supply quality vehicles at a reasonable price.

But the government is imposing punitive duties on local auto manufacturing and assembling industries compared to foreign imports. For example,

the duties on bus body building sector varies from 45 per cent to 60 per cent whereas complete built-up buses are allowed to be imported at 30 per cent duty.

This is not at all healthy for the road transport industry in our country. We urge the government to immediately rationalise the duty structure for national benefit.



S M Ziaul Huq

DS: Would you like to suggest any major policy changes to gear up the economy?

ZH: All government owned industries, banks, financial institutions, power generation and distribution, system and telecommunications should be privatised in order to make them more accountable and more efficient.

DS: What is your opinion about the current political situation? How is it affecting your sector?

ZH: The current political situation is not healthy for the nation. It is affecting our industry most. This year we have already lost more than 20 per cent of our revenue-earning. We would suggest that both government and opposition should immediately come to an agreement to resolve the political stalemate.

DS: How do you look at the over-all economic scenario of the country and what are your suggestions to improve it?

ZH: The over-all economic scenario of the country is not what it should be. The rate of growth should be much more than what it is now. We should first decide who is going to run the economy. Is it going to be state-managed or run by private sector? We suggest that a National Economic Council be immediately formed with experts to draw up a long term policy.

Besides, we should tremendously increase our investment in education and training of our population so that by the year 2010 we can achieve full literacy. This will help improve the quality of our human resources and bring us to the league of developed nations by the year 2020.

(Readers are invited to send their views on the next budget along with passport size photographs.)

Japan may try to settle auto trade row with US

TOKYO, May 15: Prime Minister Tomichi Murayama said today that Japan would try to settle its auto trade dispute with the United States through the World Trade Organisation (WTO), officials said, reports AFP.

Trade Minister Ryutaro Hashimoto, meanwhile, confirmed that he would be meeting US Commerce Secretary Ron Brown in Paris later this month to discuss the issue.

"We hope to discuss the issue in a cool manner under international rules," Murayama was quoted as saying in a meeting with a top business leader.

Washington announced last week it would lodge a complaint with the WTO over Japan's alleged unfair practices in trade of automobiles and auto parts and that it would soon issue a list of items targeted for possible sanctions.

Hashimoto reaffirmed at a news conference today Japan's plan to file its own complaint with the WTO as soon as the US list is out.

Hashimoto, who had two rounds of unsuccessful auto trade talks with US Trade Representative Mickey Kantor earlier this month, said he would be meeting Brown in Paris either on May 23 or May 24.

The minister added that his talks with Brown would cover more than auto trade row.

Hashimoto and Brown will be in Paris for a meeting of the Organisation for Economic Cooperation and Development (OECD).

Mexicans still reeling under severe economic crisis

MEXICO CITY, May 15: Five months after the peso's plummet pulled Mexico into a financial tailspin, the economy is looking better on paper but Mexican families are still feeling the squeeze, reports AP.

The government and investors — to some extent — are sounding more upbeat about efforts to lick the economic crisis that caused the peso to lose more than half its value against the dollar at one point.

The optimism is underscored by a rise in the value of the peso and steady gains by the stock market. The peso is now trading around six to the dollar, after plunging from 3.46 in December to low of 7.45.

Economic numbers also are positive. Last year's 18.5 billion dollar trade deficit has been replaced with 245 million dollar surplus; and the government has repaid more than half the high-interest, dollar-linked bonds it had used to attract foreign investment.

"Financially speaking, the worst is over," an upbeat Finance Minister Guillermo Ortiz told international lenders in April.

But Mexican families don't share that optimism. After all, they are paying heavily for government measures to shock the economy into stability. Inflation is expected to eat away one-third of their purchasing power this year even after pay raises.

"Things aren't getting better," says Ramiro Guzman, a 47-year-old gardener and father of two. "They're getting worse."

Guzman says price increases are making it harder to afford the meat — chicken scraps or pork — his family eats once or twice a week.

University clerk Elizabeth Estrada plans to strike with her university union later this month if the government doesn't raise wages 50 per cent. She says she can't feed her four children on a salary of 128 dollar a month.

Already some 750,000 Mexicans have been thrown out of work, according to official figures.

The middle class is being hit from several sides: inflation, tax hikes, layoffs, and higher interest rates," said economist Nora Lustig, a Mexico expert at the Brookings Institution.

Interest rates on credit cards have soared to more than 100 per cent a year and the sales tax is up five percentage points. The government predicts 42 per cent inflation for the year, though most experts say it will be higher.

Officially, the minimum wage rose by 24 per cent. But many say their pay rose by less than 10 per cent while benefits such as subsidized loans have vanished.

Even business leaders, historically loyal to the government, are starting to rebel. "The crisis has yet to hit bottom... and the next 16 to 18 months will be the worst," said Victor Manuel Terrones, head of the powerful Chamber of Manufacturers, in a television interview.

Some of Mexico's biggest

and most stable companies — construction giant Empresas ICA, truck and bus manufacturer Grupo Dina, and tourism conglomerate Grupo Situr — reported steep losses in the first quarter. Also struggling to hang on are thousands of small and medium-sized businesses.

"The improvement in the stock market, the stabilization of the peso, the declining interest rates are the result of a government policy of image designed to attract foreign investment," said John Soldevilla Canales, economic analyst with the Mexican Banco Internacional. "The real economy is something else."

Wheat production in Egypt may reach target this year

CAIRO, May 15: Egyptian Deputy Premier Yusef Wali said yesterday that his country's wheat production this year is expected to reach the set target of 6 million tons, says Xinhua.

Wali, who doubles as Minister of Agriculture and Land Reclamation, made the confident remarks when he was speaking to reporters who accompanied him on a tour of four governorates in the Nile River delta, the major grain produce of Egypt.

He also said that an area of 20,000 feddans (8,400 hectares) will be planted with high-yield seeds in 1996.

In 1997, high-yield seeds will be used in 1,200 feddans (504 hectares) and in 1998 they will be used in all areas planted with wheat all over Egypt, Wali said.

He also said 735,000 feddans (308,700 hectares) of land were planned for planting cotton this year, and there would be a good cotton harvest.

However, he said there was no restriction on importing cotton so long as it is brought in from pest-free areas.

Nevertheless, no seeds were imported for the main crops, namely, wheat, cotton, rice, maize and beans, he added.

Egypt enjoys very good agricultural conditions, with an annual sunlit time exceeding 5000 hours and sufficient irrigation weather from the Nile River, which is the second largest river in the world, however, its cultivated land is limited in only 4 per cent of its territories of more than 2 million square kilometres.



The Christmas markets in Nuremberg and Frankfurt are among Germany's biggest attractions. Millions of visitors are also expected this year. — IN photo

New cement production tech in China

GUIYANG, May 15: China has witnessed positive result in the technical research of producing cement by using waste residue, reports Xinhua.

Latest reports show that using the new technology, it can turn waste residue into high-quality cement.

This 'powder purification' technology is developed by Huang Guangang, Chief Engineer of the Beijing Qiankun Hit-tech Development Company.

According to Huang, by using the technology, cement production factories can decrease energy consumption by ten per cent, while raise the production by more than 20 per cent. His company has set up a building material factory in Guiyang, capital of Guizhou province, to use the technology on a trial basis.

BEIJING, May 15: China's major banks have responded to tightened monetary policies by paying back large sums of refinanced loans to the central bank, the People's Bank of China, the Xinhua News Agency reported late Sunday.

The Bank of China, the country's biggest foreign exchange bank, by last weekend had repaid 10 billion yuan (1.2 billion dollars), twice what the central bank had expected from the Bank of China in the first half of this year.

The People's Construction Bank of China paid back two billion yuan (238 million dollars) by the end of April, and says it will have no problems repaying three billion yuan (357 million dollars) more demanded by the central bank.

The Construction Bank last year cleared up 16 billion yuan (1.9 billion dollars) of its debts to the central bank, contributing greatly to the country's anti-inflation efforts, the report said.

Withdrawing refinanced loans from the state banks has become one of major means for the central bank to reduce money supply and cut money stocks built up over the past few years. It plans to withdraw 30 billion to 50 billion yuan (3.57 billion to 5.9 billion dollars) from refinanced loans in the first half of this year, the report said.

SEOUL: Daewoo Electronics Co said Monday it has completed expansion of its microwave oven plant in France, more than doubling annual output to 1.5 million units.

The expansion is part of Daewoo's plan to relocate its production bases abroad. It is looking to build a microwave oven parts plant as well in Europe.

The expansion at the Longwy plant, in northeastern France, is its second, having doubled its production capacity

from 300,000 to 600,000 earlier this year.

The expansion is expected to boost annual sales by Daewoo Electronics France SA to 150 million dollars this year, a Daewoo spokesman said.

Its 1994 sales came to 29 million dollars.

Last year, Daewoo microwave ovens were a top seller in Europe, scoring 1.1 million units. It targets 1995 European sales at 1.6 million ovens.

Daewoo Electronics Co, a unit of the Daewoo Group, is South Korea's third largest home electronics maker, producing some four million TVs, three million VCRs, 1.6 million computer monitors, and other goods a year.

Asia business briefs

SYDNEY: Investing in China is difficult but corruption and red tape are not insurmountable barriers to doing business in the world's fastest growing economy, Australia's industry minister said Monday.

Speaking in Beijing at the end of a three-day trip to China where he addressed a weekend Asia Society conference, Peter Cook said Australian investment in China could easily double in the next year when several major deals in the mining and heavy industry sectors were sealed.

Australian investment in China is now around two billion Australian dollars (1.5 billion US dollars).

"It is a hard slog but China is a growing economy and demand is the big issue because people will invest where there is a demand and a market for their services," Australian

Associated Press quoted Cook as saying.

"There are difficulties, but they are not complete barriers to success."

"We would like those barriers to be less obstructive. The trend in the medium term is for those barriers to be diminished," he said.

In a meeting with China's Trade Minister Wu Yi, Cook said China's commitment to APEC was being complemented by its determination to gain entry to the World Trade Organization and being fuelled by China's self-interest in gaining greater access to US and Asian markets.

MANILA: Japan's Sumitomo Bank Ltd and two local firms, Metropolitan Bank and Trust Co, and Gemland International Holdings Inc, have agreed to establish an investment house in the Philippines.

The one-billion-peso (40 million dollars) concern will be called Sumigin Metro Investment Corp. It will be 40 per cent owned by Sumitomo and 30 per cent each by Gemland and Metrobank.

Officials of the three companies told Central Bank Governor Gabriel Singson at a meeting Monday that the investment house will be operational within the year.

Metropolitan Bank and Trust Co is controlled by the family of George S-K Ty and is one of the largest commercial banks in the Philippines.

Metrobank established 45 new branches nationwide in 1993 and a branch each in Kaohsiung, Taiwan and in Shanghai, China. In 1994, the bank planned to open 40 to 45 new branches.