

US, Japan may go for another battle over air cargo operation

WASHINGTON, June 16: The United States and Japan, embroiled in a trade fight over cars, could be headed for another battle involving air cargo operations, reports AP.

Talks between transportation officials from the two nations have been broken off, a US official said Thursday, reportedly setting the stage for US sanctions on Japanese air cargo operations.

The official, requesting anonymity, would not say if the Clinton administration was about to impose penalties. But the Washington Post reported Thursday that the administration plans to adopt sanctions after a group of Asian transportation ministers leaves the United States on Friday.

The dispute is over the right of Federal Express to operate in Japan. The administration has complained that the Japanese refuse to let the courier service operate routes from a new transfer facility at the former US military base at Subic Bay in the Philippines to and from Japan.

Tokyo contends that giving Federal Express new routes would unbalance the air cargo market in the Pacific region.

Tensions between the two nations have been increasing as the United States threatens to impose 100 per cent tariffs on 13 luxury Japanese car models June 28 unless progress is achieved in trade talks resuming next week in Geneva.

Guidelines agreed for international futures industry

LONDON, June 16: Some 50 futures exchanges around the world have agreed on key common guidelines for the international futures industry, London Metal Exchange (LME) Chief Executive David King said, reports Reuter.

A futures industry association (FIA) task force set up after the collapse of the UK's Barings Bank has agreed on three key recommendations to be published in an interim report next week ahead of an annual FIA for derivatives conference here.

The recommendations cover agreed conduct for exchanges and clearing houses.

They further cover their members and others who form an interface with customers and these end-users of futures markets.

King — a member of the task force — said the LME accepted the recommendations.

Futures brokers and market regulations here agree that although expensive, a benefit of the Barings crash has been closer international co-operation between exchanges.

Differences in legal practices around the world effectively limit the task force to making recommendations rather than trying to agree on rules that could be applied internationally.

The task force was set up following the FIA annual meeting in Florida in March and consists of representatives of some 25 leading US, European and Asian exchanges and of clearing houses and brokers.

Michael Philipp, Management Director of Merrill Lynch Futures Inc, chairs the task force which met in London last week.

German economy in good shape

BONN, June 16: The German economy is in good shape, said an upbeat Finance Minister Theo Waigel before leaving Wednesday for the meeting of the Group of Seven leading industrial nations in Halifax, Canada, reports Xinhua.

We are very optimistic and can go to Halifax with heart at ease, Waigel said after attending a meeting of the Bundesbank Central Council in the eastern German City of Magdeburg.

The Bundesbank today decided to keep its key interest rates steady in line with its stability-oriented policies.

The discount rate remains at four per cent unchanged since March 30, and the Lombard lending rate is held at six per cent, steady since May 1994.

WB warns India of high government spending

NEW DELHI, June 16: The World Bank has warned that the Indian government was spending much more than it was collecting, leading to a high budget deficit that could hurt the nation's economic growth potential, says AP.

The bank doubted some of the assumptions of India's annual budget for the current fiscal year, indicating that the government may find it difficult to keep its promise of cutting spending just as it was preparing to contest elections.

The assumptions may be "overoptimistic," and India could fall short of achieving the target of containing its budget deficit under 5.5 per cent of gross domestic product (GDP) this year. The Bank

said in its annual Country Economic Memorandum on India, released Friday.

"The 1995-96 budget of the central government meets only very partially the major challenge of fiscal consolidation," the World Bank said.

A high budget deficit could lead to high inflation and interest rates that could make it more difficult for businessmen to borrow money for industries.

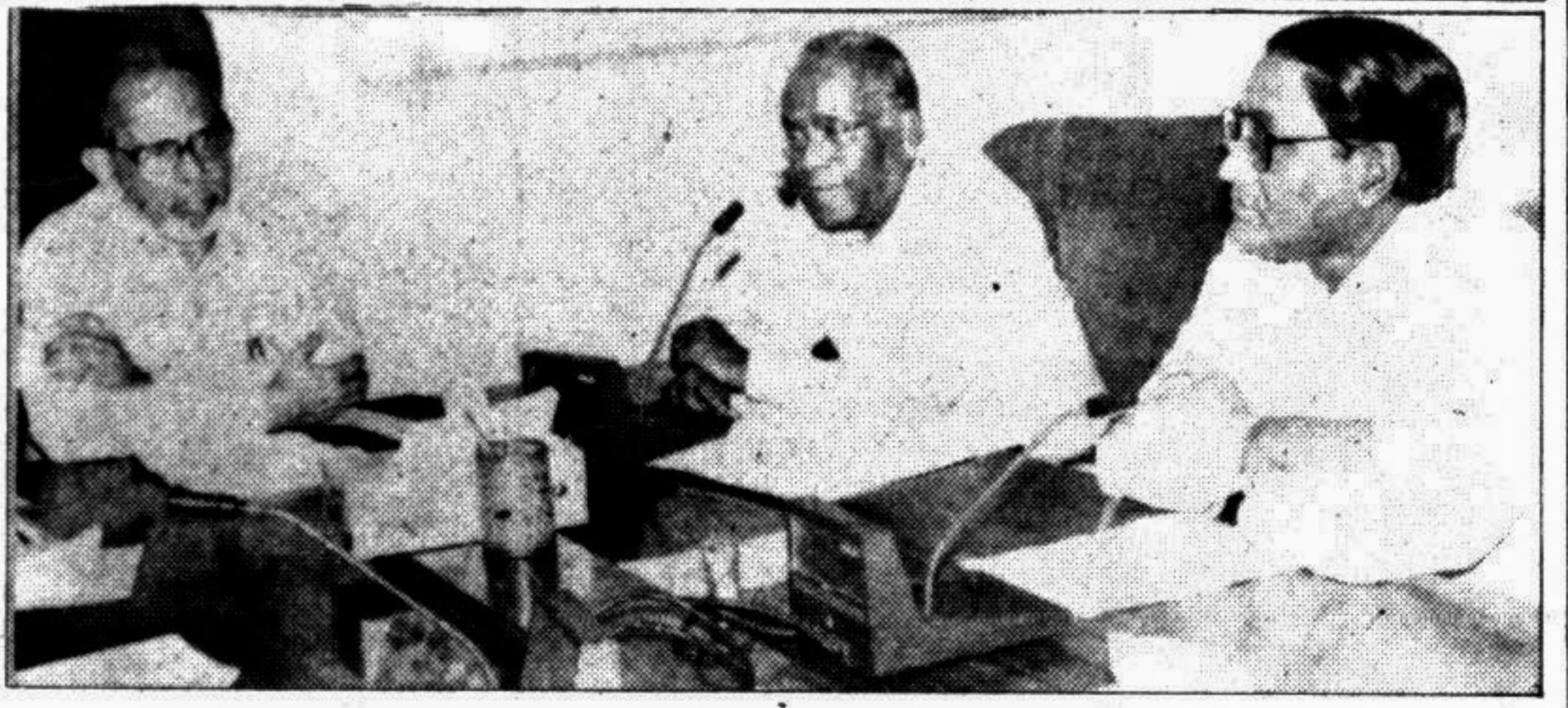
The government was unlikely to hold wages at present levels and cut back on money given to states in the months before the general elections in April 1996, it has not been able to meet the target it had set each year since then.

review committee won't recommend increased spending on wages and salaries of state and federal employees.

Last year's fiscal deficit was 6.7 per cent of the GDP.

The bank also warned that interest payments on government debt had risen alarmingly in the past few years, and accounted for some 70 per cent of the government's tax revenues, up from 50 per cent in 1990-91.

Although Prime Minister PV Narasimha Rao's government has brought down the fiscal deficit since it began free market reforms in 1991, it has not been able to meet the target it had set each year since then.



Sultan-uz Zaman Khan, Chairman, Securities and Exchange Commission, addressed as the chief discussant the Executive Development Programme of Islami Bank Bangladesh Limited on 'Capital Market Operations in Bangladesh' at the board room of the bank in the city recently.

Nepal's economy improves further

KATHMANDU, June 16: Macro-economic indicators during the first ten months of fiscal 1994-95, which ends in mid-July, show further improvement in fiscal and monetary sectors with moderation in the rate of inflation, the Nepal Rastra Bank said Thursday in a press release, reports AFP.

The central bank press release described the government's fiscal position as considerably strengthened due mainly to enhanced revenue mobilisation.

However, the imbalance in external trade continues to cause concern, it said.

Although deterioration in exports have been checked to a certain extent and growth in imports has somewhat moderated, the overall trade gap

sets have increased at lower rate of 7.9 per cent to 809.1 million US dollars compared to an increase of 25.2 per cent during the same period last year.

Domestic credit, which increased by 13.1 per cent last year, has further expanded by 16.1 per cent, due to private sector credit which increased by 30 per cent to 42,005.5 million rupees (8,401.1 million dollars).

Credit to the Nepalese government and its enterprises, however, have declined by 1.1 per cent to 464.4 million dollars and 4.4 per cent to 1938.9 million rupees respectively.

At the same time last year, credit to the private sector and government enterprises had grown by 28.2 per cent and 12.5 per cent respectively. Credit to the government had declined by 2.3 per cent, while growth in time deposits had slowed from 15.2 per cent last year to 13.6 per cent.

The government's budgetary position continued to climb because of significant improvement in revenue collections. Reduced spending with respect to the development budget that also helped to bring down the government's fiscal deficit.

While exports to India increased by 29.4 per cent to 2,725 million rupees, exports to third countries declined by 11.4 per cent to 247.26 million dollars.

20,000 illegal immigrants a year in China?

BEIJING, June 16: China's booming economy is attracting 20,000 illegal immigrants a year who come in search of work, marriage or quick profits from drug smuggling. The China Daily newspaper said yesterday, reports Reuter.

The number of illegal immigrants had been rising since the early 1980s, when economic reforms began to transform the economy, the newspaper said.

Most of the more than 20,000 came from neighbours such as Vietnam, Laos and Cambodia, but a few came from Africa and the developed nations, it said.

Police in the western provinces of Xinjiang, Ningxia and inner Mongolia had arrested hundreds of Pakistanis in 1995 for hunting rare animals for sale abroad, Zhu said.

The illegal immigrants were attracted by China's fast-growing economy and came in search of a better life, or at least cheap commodities, it quoted Zhu as saying.

Some came to attempt fraud, to hunt rare animals or to traffic in drugs, while a large number of women immigrated to China's southwestern provinces in the hope of marrying local residents, Zhu said.

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Asian stock markets close mixed

HONG KONG, June 16: Asian stock markets closed mixed Friday, with share prices falling in Tokyo after two days of advances, reports AP.

Tokyo's 225-issue Nikkei Stock Average lost 164.09 points, or 1.10 per cent, ending the week at 14,703.17 points.

The key index had gained 206.77 points, or 1.41 per cent, on Thursday following news that the government would release an economic stimulus package next week.

But market participants said expectations for the stimulus package were already beginning to decline. Other recent government initiatives, intended to stem the rapid rise of the yen and deal with bad loans at banks, have also been poorly received.

The Tokyo Stock Price Index of all issues listed on the first section of the exchange was off 4.36 points, or 0.36 per cent, finishing at 1,203.67 points.

Brokers said bargain-hunters stepped into the market following the overnight

closed lower in thin trading. The Korea Composite Stock Price Index fell 1.67 points to 879.24.

SYDNEY: Australian share prices closed mostly higher in hectic trading, spurred by a higher gold price and an upward push by the local currency. The All Ordinaries Index rose 13.3 points to 1,974.4.

SINGAPORE: Share prices closed lower in thin trading as investors took profits. The 30-share Straits Times Industrials Index fell 20.48 points to 2,133.31.

KUALA LUMPUR: Malaysian share prices closed mixed with interest focused on second liners and selected blue chips. The Composite Index rose 6.15 points to 1,064.59.

BANGKOK: Thai share prices closed higher in flat trading. The Stock Exchange of Thailand index rose 1.39 points to 1,382.96.

JAKARTA: The stock exchange's Composite Index fell 1.226 points, closing at 4,860.41.

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Indian Airlines looking for pilots

NEW DELHI, June 16: India's main domestic airline, Indian Airlines, has asked the Air Force to lend it pilots because many of its own fliers were protesting against senior stewardesses making more money than junior pilots, a company spokesman said on Wednesday, reports Reuter.

Eleven Indian Airlines pilots refused to report for work on Tuesday, forcing the state-run carrier to cancel nine flights and delay 18 others, he said.

The airline has cancelled scores of flights since the pilots, upset over the stewardesses issue, began their work action on June 8.

"Our managing director met Air Marshal Pratap Rao yesterday and asked them to give us some pilots temporarily to fly our Boeing 737s", the spokesman said.

Average basic pay of a copilot with less than three years experience is 3,200 rupees (103 dollars) a month, while average basic pay of a stewardess with more than 25 years of experience is 4,000 rupees (129 dollars) a month.

The striking pilots belong to the Indian Commercial Pilots Association, which has told members not to fly aircraft that have senior stewardesses on board who draw salaries higher than the lowest-paid pilot on the flight.

The union's 348 Indian air-lines' pilots are all participating in the work action.

Murayama, appearing afterward at a news conference with Clinton, appealed for the two sides to negotiate the auto dispute "in good faith" without "both of our fists raised." But he rejected conducting the talks scheduled for June 22 in Geneva on

US, Japan stand firm in trade dispute

the basis of American trade law.

"I asked for an expeditious removal of the unilateral measures since they violate the rules and spirit of the World Trade Organization," Murayama said.

"If the WTO decides the case, diplomats have said, the United States is likely to lose."

Clinton and Murayama said they hadn't talked about the auto dispute in detail, and hoped diplomats would reach an agreement in that talks in Geneva.

During their 90-minute meeting, they also discussed North Korea, Iran and international terrorism.

"We both agree that Japan-US relations are a bilateral relationship of vital importance, so much so that the auto issue ... should not be allowed to adversely affect the overall Japan-US relations," Murayama said.

Asked whether US Trade Representative Mickey Kantor and Japanese Trade Minister Ryutaro Hashimoto — both in Halifax — had met to discuss the dispute, Terada said, "I'm not really a spymaster. [But] to the best of my knowledge, there was no encounter."

In other areas that Clinton and Murayama discussed:

Murayama reiterated Japan's refusal to join a US-imposed embargo on Iran, designed to punish it for allegedly supporting international terrorism and trying to acquire nuclear weapons.

US dollar gains ground in Tokyo

TOKYO, June 16: The dollar gained ground on the Tokyo Foreign exchange market today on short-covering, with the dollar's support level edging higher, reports AFP.

"Some exporters are buying (the dollar) lightly now, but they will most likely turn sellers when the dollar is above 85 yen," said Masafumi Kurokawa, Head of Foreign Exchange Marketing at First National Bank of Chicago.

The greenback was quoted at 84.65-84.88 yen in late afternoon trading, up from the previous day's 84.40-84.42 yen here and from 84.55 yen quoted in New York late Thursday.

After being quoted at 84.60-84.65 yen in early morning trading, the dollar moved in a tight range between 84.52 yen and 84.80 yen.

The dollar's downside remained firm, with investors cautious about possible central bank intervention on comments anticipated at the G-7 Halifax summit.

But resistance is also strong and there is little chance of the dollar breaking the 85 yen level, dealers said.

"Although many think nothing (important) will emerge from the summit, investors are still cautiously waiting for the summit outcome before taking fresh positions," said a dealer with a European bank.

The mark was quoted at 1,4075-1,4078 to the dollar here, against 1,4009-1,4012 the previous day.

G7 trade ministers plan to meet in Halifax

HALIFAX, Canada, June 16: Trade ministers of the Group of Seven industrial nations were planning an unscheduled meeting here Thursday and Friday at the G7 summit, Canadian officials said, reports AFP.

The aim is to take advantage of the presence in Halifax of trade officials from the "biggest industrialised nations," a Canadian official involved in the summit organisation said.

But he stressed that the talks would be informal and would not officially be part of the three-day Group of Seven summit which starts Thursday evening.

The summit, the official said, was "a forum for heads of



Enam Ali, a pioneer of floating restaurant in UK and Secretary General of the Dine Bangladeshi Campaign in Great Britain, addressed a press briefing at a local hotel in Sylhet recently.

Exchange Rates

Following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective on 15th & 16th June:

Currency	Selling		Buying		(Figures in Taka)
T.T & OD	IC	TT</			