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HYUNDAI
CARS THAT MAKE SENSE

Cotton likely to boost Pak economy this year

KARACHI, Mar 6: An anticipated bumper cotton crop of over 10 million bales, after three consecutive years of crop failures, has brightened economic prospects in Pakistan, analysts said here today, according to AFP.

Officials at the Karachi Cotton Association (KCA) say this year's crop will probably touch the 10.5-million-bale mark after three successive annual crop failures due to floods and a devastating leaf curl virus.

Last year, Pakistan produced about 7.7 million bales. Each bale is about 170 kilograms (374 pounds). Cotton is the single largest cash crop for Pakistan comprising over 50 per cent of total agricultural and industrial output.

The new crop should boost Pakistani exports and lead to a decrease in the country's huge trade deficit of 2.25 billion dollars in the seven months to January 1996, analysts said.

Pakistan's prime textile exports took a hammering after the three successive

weak crops, forcing the government to place a ban on the import and export of cotton to help domestic manufacturers. The ban was finally lifted last year.

KCA chairman Maqbool Sadiq welcomed the government's decision to make cotton trade completely free. The KCA, he said, believes in maintaining an international rate for cotton and supports open exports and imports.

Pakistan exports cotton and yarn primarily to Japan and Hong Kong, but textiles have a far larger market with Pakistani textiles being sold to several Asian countries, Europe and Central Asia.

The improved crop will have a positive impact on the textile sector. Increased exports will be very beneficial in reducing the trade gap," a team of investment analysts at Crosby Securities said in a report.

The combination of a good cotton crop and last year's seven per cent devaluation of the Pakistani rupee, should

stimulate consumption and economic growth, the analysts said.

"With the rupee at current levels, textiles should be more competitive abroad," they say.

But not all textile manufacturers foresee a rosy future. Some say textile exports could continue to decline unless the government steps in with corrective measures. The rupee devaluation, they say, is not enough to boost exports.

The rupee devaluation is offset by regulatory duties and taxes," said Anwar Tata, the chairman of the All Pakistan Textile Mills Association (APTMA).

Total exports in the financial year to June 30, 1995 were around eight billion dollars, of which about 4.8 billion dollars were made up of textile exports. Tata said. This year, he says, textile exports may decrease.

"About 120 textile mills, about 20-25 per cent of total mill were forced to shut down in two years (because of the bad cotton crop). The industry

has slumped and the government has done nothing," Tata added.

APTMA wants a reimposition of restrictions on cotton exports, with only the surplus being exported, to protect the domestic textile industry. This year over one million bales have already been exported.

Domestic manufacturers will have to import cotton again this year, despite the bumper crop, Tata said. He maintains that high electricity tariffs and import duties on machinery make Pakistani textiles less competitive.

"APTMA is being contradictory," says one leading grower who asked not be named. "Prices are viable this year, but APTMA wants to keep the prices down and perhaps replenish their stocks. They only need about eight million bales."

Independent financial analysts maintain that Pakistan's economic prospects have improved considerably, despite the bickering between the manufacturers and the growers.

UK to upgrade fighter planes

LONDON, Mar 6: Britain will upgrade its Tornado fighter jets rather than lease US aircraft to replace them, the government said Tuesday, reports AP.

"We have decided to place with British Aerospace an order for Avro and Saab missiles to go on the F-3 Tornado," Defense Procurement Minister James Arbuthnott told Parliament.

"This will greatly enhance the capability of our F-3 Tornados, it will cost about 125 million pounds (187.5 million dollars) in 1996 from a budget 66.68 billion (8.034 billion dollars) in 1995. Liu said.

This represents an upgrade for the F-3s, to provide the Royal Air Force with a frontline aircraft until the Eurofighter comes into service in a few years.

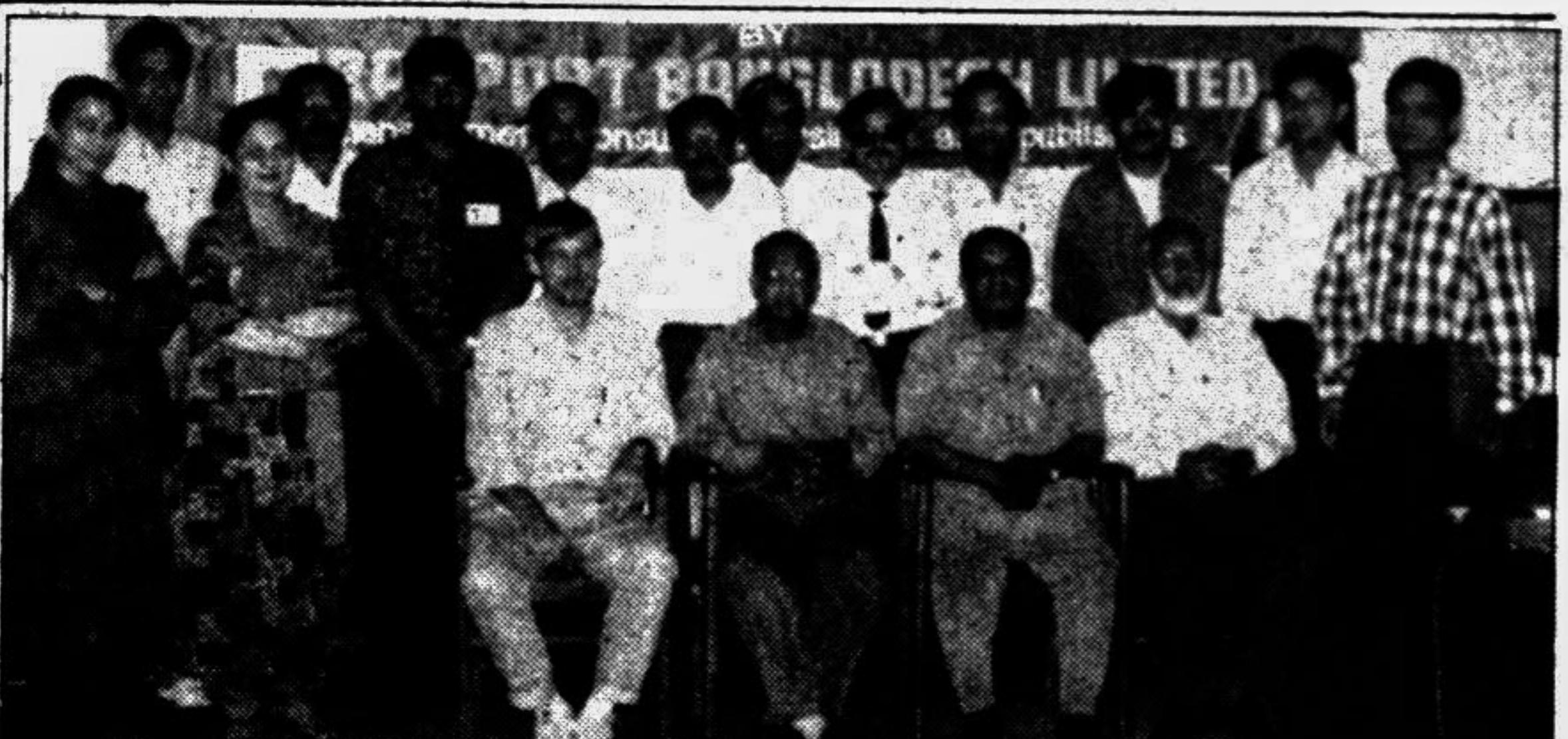
The deficit is equivalent to about 0.99 per cent of estimated total gross domestic product (GDP) for 1996.

annual percentage increase in military spending by saying the base figure is still low and inflation cuts purchasing power.

Premier Li Peng told parliament that China needed to develop a hi-tech army and its own new weapons "and take the road of fewer but better troops." Defence analysts say China may cut its three-million-strong army by 500,000 in the next few years.

Liu forecast difficulties for China in raising revenue in 1996 after its slashes import tariffs to an average 23 per cent from 35.9 per cent on April 1.

The cuts will "increase the difficulty of balancing the central budget and we need to



Participants of a management development workshop for Siemens' Bangladesh Limited are seen with M Mosarraf Hossain, Managing Director, Raport Bangladesh Ltd. Soren Rendal (sitting 1st from left) and Feroz Ahmed, General Manager of Siemens' (sitting 2nd from left), are also seen in the picture. The workshop was organised by Raport Bangladesh.

Several airlines announce spring fare sales

NEW YORK, Mar 6: Several major airlines announced spring fare sales Tuesday with savings of as much as 52 per cent, reports AP.

The non-refundable tickets must be bought at least two weeks in advance and carry certain restrictions such as a Saturday-night stay or a three-day minimum stay.

Northwest Airlines said its sale tickets, many with discounts ranging from 40 per cent to 50 per cent off, must be purchased by Friday for travel between March 20 and April 30 in the United States and Canada.

American Airlines said its

special fares will be available through March 15. The discounts apply to travel through June 30 in North America; May 23 to Mexico, Europe, Central and South America; and June 15 to the Caribbean.

The average savings on American will be 40 per cent off regular off-peak travel in the United States with a 21-day advance purchase. Discounts to international destinations will average 20 per cent to 30 per cent.

USAir moved to match its competitors' sales, saying it would reduce fares for tickets purchased before Friday by up to 40 per cent.

Sweden lowers interest rate

STOCKHOLM, Mar 6: Sweden's central bank lowered its main interest rate by 0.20 percentage points Tuesday, to 7.85 per cent from 8.05 per cent, the fifth rate drop this year, reports AP.

The announced cut in the two-week repurchase rate came a day after the central bank, or Riksbank, said the "outlook for inflation in line with the target is good" this year, and that "some scope may therefore exist for further easing of monetary policy."

The Riksbank forecasts inflation at around 2 per cent this year, down from a November forecast of between 2.5 per cent and 3 per cent.

IFC team calls on Saifur

The visiting IFC (International Finance Corporation) delegation led by its Vice President Jemal Uddin Kassam called on the Finance Minister M Saifur Rahman at his office yesterday, reports BSS.

They discussed various issues relating to private sector development, increased foreign private investment and local entrepreneurship in Bangladesh.

The IFC delegation showed interest to invest in gas, energy, power generation, T and T and other social sectors.

The finance minister said there are scope of large-scale foreign investment in energy and T and T sectors if reform programmes could successfully be carried out in these two vital sectors. He said foreign investment could also be profitably made in the medium and small-scale projects in Bangladesh.

Both the sides agreed that macro economic stability, political stability, as well as stability of the government are prerequisites for carrying out reform programmes.

Referring to the adverse political situation the leader of the IFC delegation said despite continuous betterment, country's economy is still trying to stay on the track, which is praiseworthy. He particularly lauded the government's efforts to contain inflation and maintain proper balance of payment situation despite political adversities.

British firm keen to invest in Bangladesh

Steve Holland, Managing Director of Albert Soden Limited, a construction company of the United Kingdom, called on the Housing and Public Works Minister Barrister Rafiqul Islam Mia at his secretariat office Tuesday, reports BSS.

Holland had shown keen interest to go for joint-ventures with Bangladeshi counterparts.

The Housing Minister said that he was happy to know that a reputed British firm was interested to invest for building exclusive apartments under joint venture in Bangladesh. He advised the UK investor to take any project if possible in the ambitious development project of Rajuk at Purbachal (Yusufganj) which had already been undertaken by the Rajuk for implementation.

BJSA for reforms in spinning sector

Bangladesh Jute Spinners Association (BJSA) has demanded that the government's jute sector restructuring programme also cover the spinning sector, reports UBN.

In a statement yesterday BJSA chairman Sabir Yusuf said that though the restructuring programme had benefited the jute mills, it had deprived the spinning sector which had earned for the country foreign exchange to the tune of Tk 283.75 crore in the last fiscal.

Jute mills other than the spinning mills were benefiting from interest-waiver and rescheduling opportunity as a result of the restructuring programme whereas, he said, the spinning sector was shouldering the interests of huge accumulated loans.

Yousuf welcomed the reported plan of the government to review and expand the restructuring programme, and urged incorporation of the spinning sector in the programme.

New gas field discovered in Myanmar

SINGAPORE, Mar 6: US-based petroleum company Unocal Corp announced here Tuesday that a "potentially significant" new gas field had been discovered near the existing Yadana field of Myanmar, reports AP.

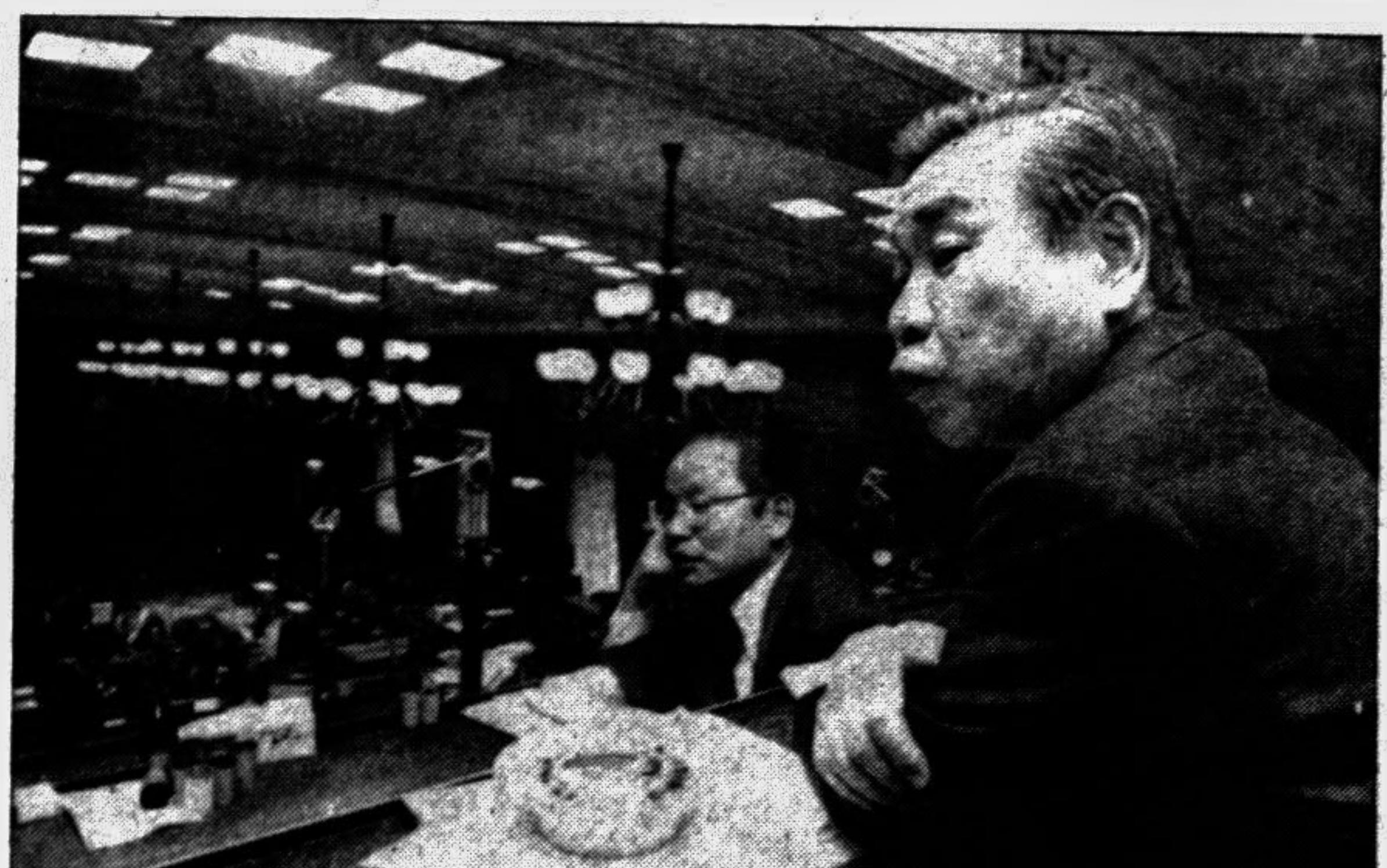
The discovery was made about 10 kilometres (six miles) south of the Yadana field in the Gulf of Martaban developed by a consortium led by French oil firm Total SA, a Unocal statement said.

Unocal is part of the consortium along with Burmese and Thai companies.

The new field has been named "Sein," meaning diamond. Further studies are underway to prove the commerciality of the offshore Myanmar discovery," a statement from Singapore-based Unocal Asia Pacific Ventures Ltd said.

It added that the gas field could easily be tapped through the Yadana platform complex.

The total gas reserves in the Yadana gas field are estimated at nine trillion cubic feet (254 billion cubic metres), according to Burmese officials. The Yadana gas will be sold to Thailand and for domestic consumption in Myanmar.



— AFP/UNB photo

Samurai bonds spread chaos into Australian dollar market

SYDNEY, Mar 6: Just as

Chaos Theory suggests butterflies flapping its wings in Beijing can cause a storm in New York, so can a small financial instrument called a Samurai bond have a dramatic effect on the Australian dollar, reports AP.

Chaos Theory says that a small difference in input can quickly lead to an overwhelming difference in output.

Samurai bond issues in Tokyo are often given as the reason for rises in the Australian dollar, even though they only occupy a small fraction of currency trade each day.

One source said the effect of such deals was more a result of anticipation created by rumours of such deals than actual demand for the currency.

"Our foreign exchange market certainly looks to use in hours of news of Samurai

bonds a good excuse for short term movement because that's how they make their money," the source said, speaking on condition of anonymity.

But others insist that a bond issue worth roughly US dollars 190 million (250 million Australian dollars) can affect the Australian dollar in a market that trades, on conservative estimates, around US dollars 16.7 billion (22 billion Australian dollars) daily in the spot and swap markets.

Commonwealth Bank senior foreign exchange manager Simon Frost said Samurai bonds were the reason the Australian dollar has been supported in recent months.

"Over the last five months there has been nearly 5 billion Australian dollars (US dollars 3.75 billion) worth of these issues and 5 billion dollars would be a conservative esti-

mate," Frost said.

A 15 billion yen issue on

Monday by lead manager Nikko

Securities on behalf of the

South Australian government

had created demand for about

US dollars 142 million (187 million Australian dollars) in the spot and forward markets.

Board of Directors

of ILFS meets

The first meeting of the

Board of Directors of International Leasing and Financial Services Limited (ILFS) was held in the city on Tuesday,

says a press release.

ILFS is a newly formed multinational joint venture leasing cum financial services company in the country. The sponsors of the company are Singer, Muslim Commercial Bank, Rupali Insurance Company Ltd, and Matiul Islam and his associates.

The meeting presided over by Matiul Islam, chairman of the company, was attended by Mahbub Jamil and Itrat Hussain of Singer, Jamaluddin Ahmed and Mustafa Golam Quddus of Rupali Insurance Co. Ltd and Hadi Ali Khan of Muslim Commercial Bank. The newly appointed Managing Director Mobassir Hossain was also present at the meeting.

In addition to wide range of leasing activities, the financial services of the company will include management, supervision or control of business, render technical consultancy and administrative services, acquisition, underwriting and disposal of shares in companies, involvement in the issue of shares and providing loans, investments and financial business etc.

The company will commence its operation very soon.

Iran to help

Bosnia recover

economy

SARAJEVO, Mar 6: Iran will

participate in the economic

recovery of war-torn Bosnia

through donations, an office

for economic cooperation and

possibly a joint bank, a Sarajevo daily reported Tuesday.

The announcement came after Bosnian Prime Minister Hasan Muratovic ended a two-day visit to Iran. He returned to Sarajevo late Monday.

The Bosnian delegation met Iranian President Akbar Hashemi Rafsanjani and other top Iranian officials.

Iran will establish a special

fund for employing disabled

people, demobilized soldiers

and relatives of those killed in

the three and a half year war,

the Oslobojenje daily reported.

সশস্ত্র সন্ত্রাসীদের বিচার চাই।
সোনারগাঁও হোটেলে শান্তি চাই।

গাঁও প্রান্ত মিহাতে শান্তি চাই।



Hotel Sonargaon Sramik-O-Karmachari Union held a press conference at its office in the hotel yesterday. M A Razzaque (2nd-R) President and Saiful Islam Khan (3rd-R), General Secretary of the Union, seen in the picture.

— Star photo

Most of the shops remained open during hartal hours yesterday in Gulistan area although customers' absence was visibly felt.

— Star photo