



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 to 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.

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 Bariur Rahman at his secretariat office Tuesday, reports BSS.

Holland had shown keen interest to go for joint ventures with Bangladesh 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 Purbachia (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 UNB.

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.

Yusuf 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 AFP.

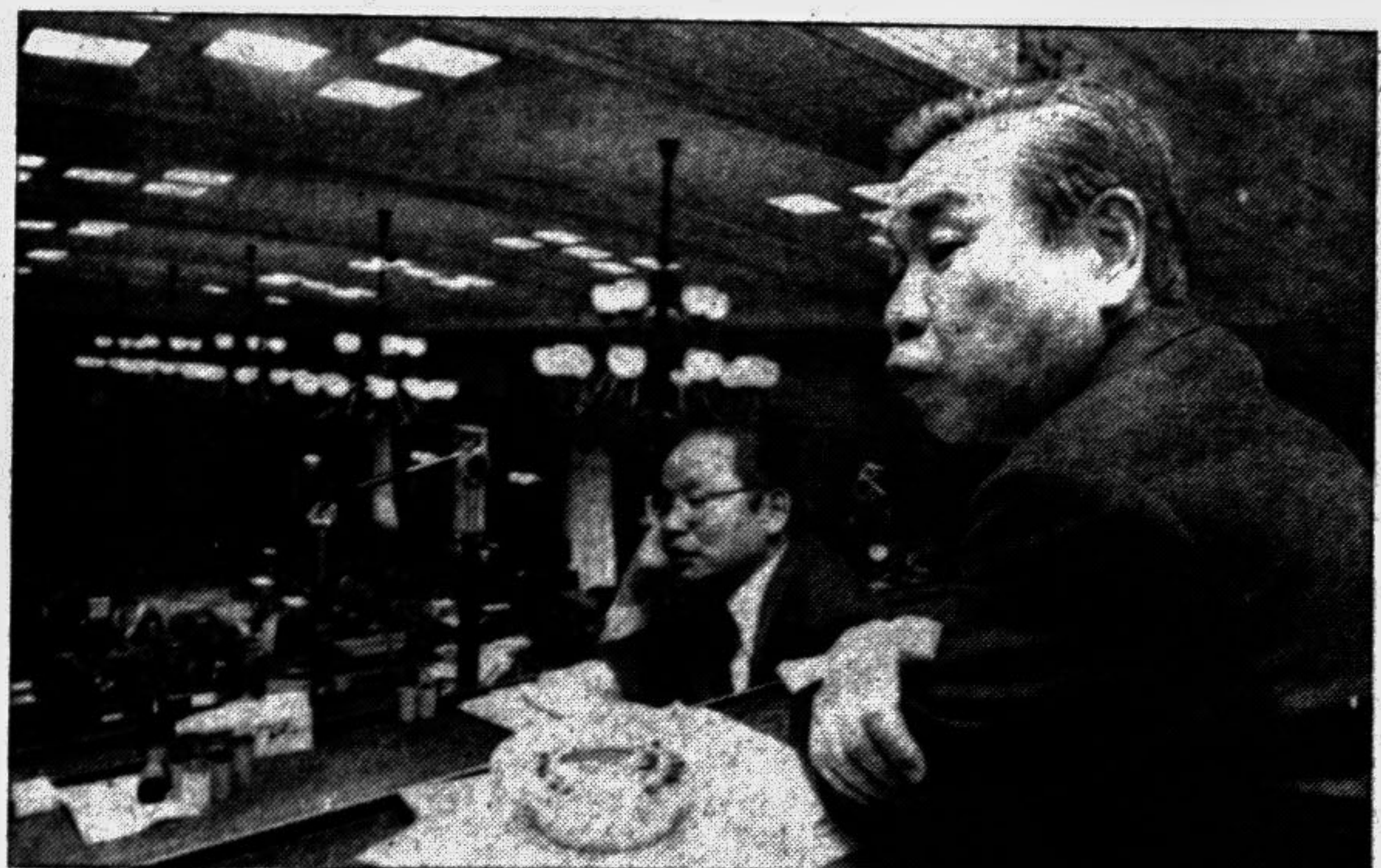
The discovery was made about 10 kilometres (six miles) south of the Yadana field in the Gulf of Moattama developed by a consortium led by French oil firm Total Sa, a Unocal statement said.

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.



Tsutomu Hata (R), former Prime Minister and a member of Japan's largest opposition New Frontier Party, inspects the vacant committee room of the lower house from a press seat yesterday. The opposition picketed the room as they demanded that the government omit a provision from the budget bills to earmark 685 billion yen (6.5 billion US dollars) in taxpayers' money to liquidate failed housing loan companies known as Jusen.

— AFP/UNB photo

Samurai bonds spread chaos into Australian dollar market

SYDNEY, Mar 6: Just as Chaos Theory suggests a butterfly 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 the 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 \$190 million (250 million Australian dollars) can affect the Australian dollar in a market that trades, on conservative estimates, around US \$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 \$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 \$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 Matul Islam and his associates.

The meeting presided over by Matul Islam, chairman of the company, was attended by Mahbubul Alam and Irat 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 Mobasser Hossain was also present at the meeting.

In addition to wide 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, reports AP.

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 Oslobodjenje daily reported.

Beijing plans to improve living standards

BEIJING, Mar 6: China plans to rein in economic growth, revamp its debt-laden state sector and do more to improve the lives of its 1.2 billion people by the turn of the century, Premier Li Peng said Tuesday, according to AP.

The outline Li sketched in a speech to the legislature was intended to move China toward its goal of providing a comfortable living standard for its people while establishing a modern, competitive industrial base.

"It will take decades of effort by the entire nation to realise modernisation," said Li, who said China would concentrate on upgrading housing, the water supply, the environment and welfare services.

The five-year economic plan — the nation's ninth — tops the agenda for the 13-day Congress at Beijing's Great Hall of the People which began Tuesday.

The economic plan is slated for formal approval by the largely rubber-stamp legislature.

Among top goals: Keeping inflation at 10 per cent and economic growth at 8 per cent this year, down from 14.8 per cent and 10.2 per cent, respectively, last year — so that the gross domestic product only doubles by 2010.

The GDP has quadrupled since 1980, reaching 5.76 trillion yuan — 693.96 billion dollars last year. The target had been to do so by 2000.

Transforming 1,000 key, state-owned firms into independently run, modern, competitive industries.

That could be China's toughest hurdle. State-owned

firms are the backbone of the economy, but most are mired in debt. Allowing the least profitable to go bankrupt could lead to massive layoffs and labour unrest.

Grow enough grain to support the population. The target is to produce 490 million to 500 million tons of grain by 2000. Last year's record harvest was 460 million tons.

China's farmers already appear unable to keep up with demand, but officials have said the government plans to improve farm technology and land use.

Saddam reviews oil talks at top level meeting

NICOSIA, Mar 6: President Saddam Hussein on Tuesday reviewed Iraq's oil-for talks with the UN Security Council at a top-level meeting in Baghdad, reports AP.

The official Iraqi News Agency said Saddam discussed the talks with top aides during a joint meeting of the Revolution Command Council and the regional leadership of his ruling Baath party, Iraq's highest legislative and political bodies.

"During the meeting, the outcome of the first round of (oil-for-food) talks and some of the positive results achieved so far have been discussed and the necessary instructions were given to the team to continue the dialogue in the second round of the talks due in March II," said the agency, monitored in Cyprus.

China's budget aims at slowing growth in defence spending

BEIJING, March 6: China's Finance Minister Liu Zhongli outlined a budget yesterday that slows growth in defence spending and tries to curb the deficit despite cuts in import tariffs that will make revenue raising more difficult, reports Reuters.

China's economic achievements in 1995 were striking, reining in its highest inflation since 1949 and reasserting macro-economic control. But Liu said its ambitious reforms were hampered by mounting debt to offset soaring spending.

"In recent years, losses and waste in use of financial expenditure have been rather serious," he added.

Many inefficient, long-codded state enterprises, a prime revenue source, have failed to keep pace with the shift to a market economy. They have often invested heavily in construction and fuelled inflation but contributed little to the state.

Defence spending in 1996 will be 70.227 billion yuan (8.461 billion dollars), an increase of 11.3 per cent or 7.13 billion yuan (\$858 million dollars) compared with the 1995 budget, Liu said in his budget speech to the national people's Congress, or parliament.

That was a smaller increase compared with 1995, when China boosted its defence budget by 14.59 per cent, and compared with a 22 per cent rise in 1994, but is slightly above forecast inflation of 10 per cent this year.

China has vowed to modernise the People's Liberation Army and defends its large an-

nual 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

take measures to increase revenue while cutting spending," he said.

Beijing will crack down on tax fraud and boost personal income tax — a recent innovation — to narrow a gap between rich and poor that has widened as reforms erode years of Maoist equality.

China aims to cut its budget deficit by 7.9 per cent to 61.442 billion yuan (7.403 billion dollars) in 1996 from a budget 66.68 billion (8.034 billion dollars) in 1995, Liu said.

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

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 Amraam and Asraam missiles to go on the F-3 Tornado," Defense Procurement Minister James Arbuthnot told Parliament.

This will greatly enhance the capability of our F-3 Tornados, it will cost about 125 million pounds (187.5 million dollars).

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.



Participants of a management development workshop for Siemens Bangladesh Limited are seen with M Mosharraf Hossain, Managing Director, Rapport 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 Rapport 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.

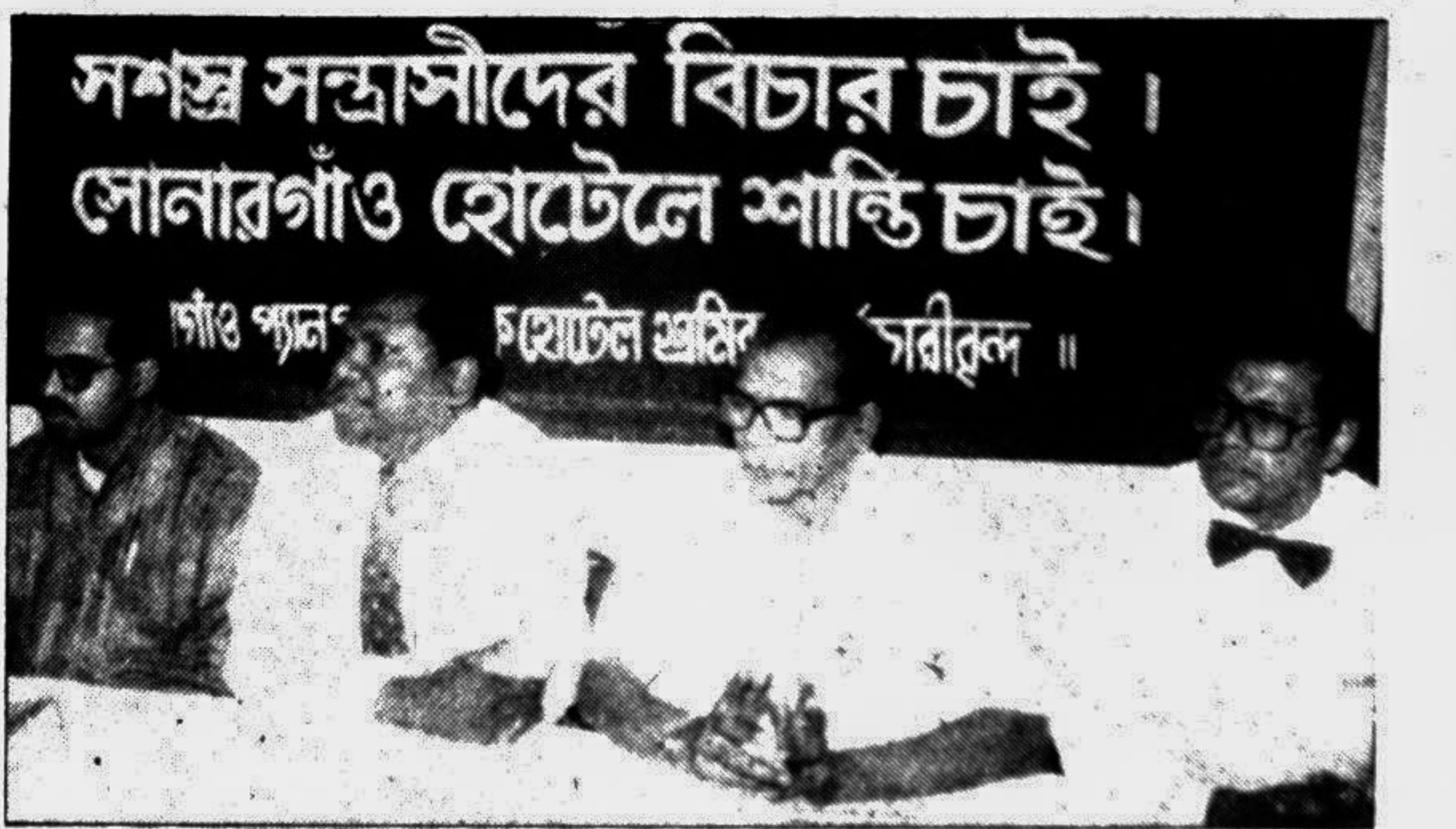
The announced cut in the two-week repurchase rate came a day after the central bank, or Riksbank, said the "outlook for inflation in line with the target is good" this year, and that "some scope may therefore exist for further easing of monetary policy."

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.



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

— Star photo



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