

Foreign investment hits record in Third World

WASHINGTON, Mar 13: More investment money than ever is flowing into Third World countries, but their debts also continue to grow, particularly in the poorest countries, the World Bank reported Tuesday. According to AP.

"International capital flows to developing countries proved resilient, and the recovery of emerging market investment after the Mexico crisis was faster than many expected," said Michael Bruno, the bank's chief economist.

But the poorest countries need to change their economic policies if they want to improve their situation, Bruno said in releasing the bank's annual World Debt Tables in two thick volumes.

Annual foreign direct investment — establishing new industries or buying up old ones — has more than tripled in the last five years worldwide, the report said. It rose to 90.3 billion dollars in 1995, 13 per cent over 1994.

At the same time, poor countries debt increased to 2.07 trillion dollars passing the two trillion dollars mark for the first time, the report said.

Countries must pay interest on their debts. Investors may or may not make profits to take out of the country.

Overall, Bruno described the situation as favourable, despite the Mexican debt crisis that led to significant declines in Third World stock markets. Most of those emerging markets have now recovered strongly with the international rescue effort, the report said.

"If you measure trends by the reform process, I think on the whole it's heading in a positive direction," Bruno said.

"Even in sub-Saharan Africa, there are some countries that are reforming, that are in relatively better shape."

The Bank assesses reform according to a country's austerity measure that move it toward a balanced budget, such as tougher taxes and cuts in gov-

ernment spending. In recent years, the bank has been pushing for cuts in spending on poor countries' armed forces, as well as on subsidies for consumers and for large numbers of government employees.

Such reforms encourage lenders and investors.

Critics see disadvantages in additional foreign loans and investment in poor countries. More debt means more interest payments: 78.45 billion dollars last year, up from 62.53 billion dollars in 1994. Many people in the developing world resent foreigners owning large portions of their countries' industries.

Money from private sources has been flowing into poor countries much more rapidly than official aid since 1992. Last year, official grants and loans amounted to 64.2 billion dollars, compared with private flows of 167.1 billion dollars.

The total flow of resources into developing countries — 231.3 billion dollars — was a 12 per cent increase over the previ-

ous year.

China got the biggest piece of foreign direct investment — 38 billion dollars.

The total of official aid also increased, to 64.2 billion dollars in 1994. But Bruno said the increase was due largely to the big rescue loans made to Mexico. Otherwise official aid was stagnant, he said.

The World Bank itself, with 140 potential borrowers among 179 member countries, is one of the biggest creditors. Lending over 20 billion dollar a year.

Though private investment in the Third World, especially the sale of stocks and bonds, dropped considerably after the Mexican crisis, Bruno said the markets have proved resilient.

"The continuing trend toward globalisation and active reform programmes in many countries suggest a good medium-term prospect for sustained private capital flows to developing countries," he said.



The Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) held a press conference at its office yesterday displaying black flag to find out an immediate solution to the current political stalemate. — Star photo

Pakistan to allow Iran-India oil pipeline through its territory

ISLAMABAD, Mar 13: Pakistan has agreed in principle to allow an oil pipeline through its territory from Iran to India, a government minister told parliament on Tuesday, reports Reuters.

Petroleum and Natural Resources Minister Anwar Saifullah was quoted by the official AFP news agency as telling the Senate he would allow the pipeline for Pakistan's arch-enemy India "provided it also benefits our country."

He said the route of the pipeline had not been decided but Iran had asked Pakistan to conduct a feasibility study.

Pakistan and India have fought three wars since their independence from Britain in 1947, two of them over the disputed Himalayan region of Kashmir, where tension between the two sides remains high.

'No change in KL-Canberra trade ties'

KUALA LUMPUR, Mar 13: The change of government in Australia is not expected to affect Australia-Malaysia economic ties, International Trade and Industry Minister Rafidah Aziz said Wednesday, reports AP.

Bilateral trade will continue as usual and Malaysia will continue to encourage cooperation between businessmen of the two nations and invite Australian investments, Rafidah said.

She said she will be leading a trade mission to Australia in June.

"We hope the new Australian government will try harder to get better acquainted with countries in the east like Malaysia and understand our ways," Bernama news agency quoted her as saying.

She said this when asked to comment on election of Liberal-National coalition on March 2.

Malaysia had many problems with the Labour Party government, especially former Prime Minister Paul Keating, who called Malaysian Prime Minister Mohammad a "recalcitrant" when Mahatir boycotted an Asia-Pacific Economic Cooperation forum summit in the United States.

E Asia, Pacific attract \$ 108b private capital

WASHINGTON, Mar 13: East Asia and the Pacific region attracted 60 per cent of private capital earmarked last year for low and middle income countries and nearly half of all capital flows, the World Bank reported here yesterday, says AFP.

The value of all capital invested in the region in 1995 came to 108.3 billion dollars, according to the bank.

In 1994, East Asia and the Pacific attracted only 49 per cent of private capital flows, and the bank said the increase in 1995 came at the expense of Latin America.

As a result, the region's external debt expanded 12 per cent to 473 billion dollars.

But with exports booming from the region, the debt burden was sustainable, according to the bank, which found that the debt to export ratio dropped to 83.3 per cent last year.

'US trade ban on Iran based on strong principle'

KUWAIT, Mar 13: A US trade official said on Tuesday American trade sanctions against Iran were based on strong principle and bore no direct comparison to Washington's willingness to do business with the giant China market, reports Reuters.

Jan Kalicki, counsellor at the US business losses caused by the embargo were "well worth" bearing to force Tehran to abandon its support of what he called terrorism.

"China is a different set of factors," Kalicki said in answer to questions. "I would not draw a one-to-one connection between Iran and China at all."

"No policy makes sense if it is a rubber stamp applied to the entire world uniformly," he added.

"It's a policy that obviously takes into account the circumstances, opportunities and realities of each region."

Kalicki, who has responsibility for trade and investment policy towards the Middle East and emerging markets including those of the former Soviet Union, was visiting the Gulf state of Kuwait to discuss economic issues with government

ministers.

The United States in 1995 banned US firms from trade and investment in Iran and gave US President Bill Clinton the authority to impose trade penalties against companies from third countries that conduct oil-related business with Tehran.

The aim is to force Tehran to moderate or abandon its opposition to the Arab-Israeli peace process and support for alleged armed action against US interests worldwide.

American ties with China are uneasy, fanned by disputes over arms transfers, trade and Taiwan. Some US congressmen have said Washington should review its trade links with China because of alleged human rights abuses and its policy on Taiwan.

After directly linking US trade benefits to China's human rights record, President Bill Clinton dropped that connection in 1994, arguing expanded trade would open China to greater interaction with the west and eventually, improved human and political rights.

Kalicki said the Clinton

administration acknowledged its policy on Iran was costing American firms potential business.

"But we think the cost is well worth the effect of having a strong, principled position, one that does we believe have an impact over time on Iran and we will be determined to sit with what we feel is the correct policy," he added.

Kalicki said he was pleased by a joint statement by the United States and its allies in the six-nation Gulf cooperation council this week that condemned Iran for what they called its involvement in disrupting the Arab-Israeli peace process.

"Iran has to change its behaviour because that behaviour is the reason there have been so many problems in the region," he said. "If it changes its behaviour we'd be more than happy to look at some suitable policy but the behaviour has to change."

Non-Arab Iran sympathisers with Palestinian Hamas, blamed for the recent spate of bombings in Israel which killed 58 people.

Polaroid planning to produce digital camera

NEW YORK, Mar 13: Polaroid corp., the leading producer of instant photography equipment in the United States, said Monday that it is planning to produce its digital camera, which, it says, is priced less than those of its competitors, reports Xinhua.

The product represents the company's ambition to capture the share of the emerging market, a newspaper reported today. The company wishes to offset part of its loss from its selling of instant photography cameras.

The PDC-2000, will be in three models that give users a choice in storing the images. Customers can select a model that stores either 40 images, 60 images, or a direct connect version that relies on a computer for storage.

The PDC-2000 camera system has combined professional-quality images with the ease-of-use features of a fully-automatic camera, according to a spokesman for the company.

The spokesman said that a megapixel sensor installed in the camera allows the capturing of 24-bit colour digital images that can be transferred to any computer or printed at a resolution level as high as 1,600 x 1,200 pixels.

Since PDC-2000 images aren't compressed, there isn't any loss of image data or visual quality, the company said.

BCCI creditors asked to submit remaining claims

ABU DHABI, Mar 13: Liquidators of the collapsed Bank of Credit and Commerce International (BCCI) have asked creditors to submit their remaining claims within three weeks so that compensation payments can be made, according to AFP.

In an announcement published in local newspapers on Tuesday, the UAE central bank said it had transferred the receivership of the Bank to three liquidators, which are carrying out the liquidation worldwide.

"We appeal for all BCCI depositors and other creditors who have not presented proof of debt forms to quickly provide such documents and send them to the liquidators. Such forms should be received by April 5," the central bank said.

Thousands of creditors inside the UAE have failed to submit their claims because they have left the Gulf country. This has forced the former court receiver to extend a deadline for sending "proof of debt" norms.

Compensation payments to more than 250,000 BCCI creditors worldwide are expected to start in the first half of 1996, drawing to a close the biggest case of banking fraud in modern history.

The UAE emirate of Abu Dhabi, which controlled about 77 per cent of BCCI, has offered 1.8 billion dollars in compensation to the depositors.

This sum will be added to funds raised from the liquidation of assets, but it is not yet clear how much the creditors will receive.

The announcement said liquidation of the Luxembourg-based BCCI and its branches in the UAE will be carried out "in accordance with a liquidation plan prepared by the central bank." It did not give details of the plan.

BCCI was one of the world's biggest financial institutions in the world before it was closed in July 1991. Most of its top executives are being tried in the UAE for fraud and other charges.

Only Cambodia and Vietnam now remain classified as 'heavily indebted'

WASHINGTON, Mar 13: Only Cambodia and Vietnam now remain classified as "heavily indebted," according to the World Bank, reports Reuters.

Malaysia and Thailand were the leaders in boosting their capital inflow, which in both countries increased 24 per cent last year. China was the leading beneficiary of direct foreign investment, which was valued at 38 billion dollars, or 42 per cent of all funds committed to industries and services in low-income countries.

Turkey, Israel pledge closer economic support

JERUSALEM, Mar 13: A recent wave of terrorist bombings should not discourage Israel from integrating more closely into the region, the Turkish president said Tuesday, reports AFP.

"We shouldn't stall or go back, we have to keep the momentum," President Suleyman Demirel told a red-carpet reception at the Israeli parliament.

Turkey and Israel pledged closer cooperation in economic development and fighting terror on the second day of the Turkish president's historic visit.

Demirel has discussed closer cooperation on combating terrorism with Israeli Prime Minister Shimon Peres during his visit. He agreed with the Israeli assessment that nations backing terrorist groups were the major threat to the region.

Israel has charged Iran with financing Hamas, the militant Muslim group behind a recent wave of suicide bombings that have killed around 60 people. Iran denies the charge, although it says it has a political relationship with Hamas.

Demirel joins other world leaders, including President Clinton, in Egypt on Wednesday for an anti-terrorist conference.

Peres said Turkey was a "pillar of strength" in a new Middle East where nations would cooperate closely on economic issues and fighting terror.

"Your country is evident that dark fanaticism is alien to the spirit of religion and human civilisation," Peres told Demirel.

The two governments are planning economic agreements on free trade, taxation, investments, water, sharing and industrial cooperation.

It was the first time a Turkish President visited Israel and underscored efforts towards promoting economic cooperation in the region as a result of the Middle East peace process.

Demirel plans to visit Azerbaijan on Thursday to meet Palestinian leader Yasser Arafat before returning home.

WWF attacks govts over forest destruction

GENEVA, Mar 13: Governments must take urgent action to save the world's forests or they will disappear within 50 years, the World Wide Fund for Nature (WWF) demanded yesterday, reports AFP.

The environmental group, attacking the international community for a lack of action since the Rio earth summit in 1992, warned that thousands of species face extinction along with the destruction of the forest.

Representatives of 53 countries began two weeks of talks here on proposals to put to a UN inter-governmental panel on forests (IPF), set up at the Rio summit.

"Four years after the Rio summit, the necessary action has yet to be taken to ensure that the relentless destruction of natural forests around the world is stopped," said Jean-Paul Jeanrenaud, the WWF's forest programme leader.

OOCL China christened

Orient Overseas Container Line (OOCL) Tuesday christened the OOCL China at the Kejo Shipyard of Samsung Heavy Industries in South Korea. The vessel has a capacity of 4,906 TEUs and is amongst the world's largest container vessels, says a press release.

The vessel was christened by Harriet Tung, wife of CC Tung, Vice President of Orient Overseas (International) Ltd., parent company of OOCL. "I name you the OOCL China. As a vital link of world trade, may you carry a cargo of peace, understanding and hope to all your destinations. Your mission and destiny is to promote trade and provide a safe journey for all those who sail with you," proclaims Tung.

Speaking at the christening ceremony, C. C. Tung said: "When the vessel is introduced into our service next month, it will provide that vital link to our total service network."

OOCL based in Hong Kong, is at the door-step of China, soon-to-be the biggest trading nation in the world. We are in a unique position in serving this vast market and it is ironic that OOCL China will help us to achieve this goal," he adds.

The OOCL China is the fifth of eight post-Panamax class container vessels ordered by OOCL with Samsung Heavy Industries and Mitsubishi Heavy Industries. The vessels will be delivered to OOCL on March 19 and will go into service in April this year.

Europe dominates tourism world

PARIS, Mar 13: Europe remains the world's top tourist destination, but the multi-billion-dollar industry is growing at a markedly slower rate, a report released Tuesday warned, according to AP.

Tourism was a factor in a drop in visitors to France in 1995, and a general economic malaise curbed growth in other countries, the 26-nation Organization for Economic Cooperation and Development said.

"Tourism was undoubtedly affected by the slower economic growth and, especially in Europe, by persisting high unemployment which continued to sap consumer confidence," the OECD said.

In 1996, it said, "a more encouraging economic outlook could revive confidence," along with continuing efforts to make sure tourists feel safe and secure.

"The success of Europe as a tourist destination cannot be taken for granted any more," the European Union's statistics office, Eurostat, said in a similar report issued last week.

Tourism hauled in the equivalent of 161 billion dollars in 1995, up from 140 billion dollars a year earlier, the Paris-based OECD said.

It measured tourism in 1995 in several ways, including time spent overnight in hotels, arrivals at border crossings and actual cash receipts.

The agency found that hotel stays — generally considered the best way to measure tourism — rose by a modest 2

per cent overall across Europe last year. By contrast, hotel stays jumped by 11 per cent in 1994.

Visits to some European countries soared in 1995 and dropped in others, the OECD said.

Hotel stays fell by 7 per cent in Switzerland and by 6 per cent in Austria, it said. One factor was a decline in visitors from neighbouring Germany, stung by 11.1 per cent joblessness, the OECD said.

Hotel stays 'dropped by 4 per cent in Greece, by 3 per cent in France and Norway and by 1 per cent in Finland.

If France, Islamic extremists whose bombs killed eight people and wounded 60 others last summer and fall frightened away Americans and others, the OECD said, France also is wrestling with a jobless rate of nearly 12 per cent.

"Hotel stays soared by 16 per cent in Sweden and Ireland; by 14 per cent in the United Kingdom; by 10 per cent in Italy and Turkey; by 9 per cent in Iceland and Portugal; by 4 per cent in Spain; and by 2 per cent in Germany."

The OECD said progress in peace initiatives between Britain and the IRA in 1995 "had a significant impact" in Ireland's sharp increase in tourist visits.

It didn't predict how the IRA's return to violence last month might affect tourism in 1996.

Pakistan allocates \$ 85 m for Karakoram highway

ISLAMABAD, Mar 13: The Pakistani government has allocated three billion rupees (about 85 million US dollars) for the renovation of the Karakoram highway in the country's northern areas, a senior official said here yesterday, reports Xinhua.

Presiding over a special session at the Pakistan National Highway Authority (NHA) headquarters, NHA Chairman Shahid Aziz Siddiqui said the project would be a milestone in the uplifting of the country's economy.

The highway is a major part of the trade route under a quadrilateral transit trade agreement signed last year by Pakistan, China, Kazakhstan and Kirgistan.

The Pakistani government is giving top priority to the renovation of the Karakoram highway, the official stressed.

He said Pakistani Prime Minister Benazir Bhutto called for an early start of the trade-traffic among the four countries, which he said, would lay strong economic foundations for Pakistan.

The Karakoram highway, built by Chinese engineers and workers from 1966 to 1978, mainly passes through mountainous areas with complicated geological structure.

Home of former president raided

TOKYO, Mar 13: Authorities raided the home of the former president of a failed credit union Wednesday, looking for evidence of alleged illegal loans by his company, newspaper and television reports said, according to AP.

Prosecutors and 200 police officers joined in raiding the Osaka residence of Minoru Kagiya, former president of the Kizu Credit Union, as well Kizu's Osaka headquarters, said Osaka police spokeswoman Hiroko Senba.

Senba declined to say what was confiscated in the raids or what exactly was sought, but national broadcaster NHK showed film of prosecutors carrying sealed packages out of the headquarters building.

Prosecutors also raided several related companies and some of the financial institution's main borrowers in the first raids carried out against Kizu, the reports said.

An official with the Osaka Public Prosecutors Office refused comment on the raids.

Kizu Credit Union, formerly the nation's largest credit union, was one of five Japanese financial institutions.

The collapses helped trigger doubts about the stability of Japan's financial system. Japanese financial institutions are believed to hold at least 40 trillion (390 billion dollar) yen in non-performing loans, most of them left over from the speculative, easy-credit economy of the late 1980s.

The Bank of Japan said in November that Kizu had 960 billion yen (9.1 billion dollars) in bad loans. The central bank estimated at the same time that only about a quarter of that debt was recoverable.

European Parliament says Tomato ketchup should be clearly labelled

STRASBOURG, France, Mar 13: Food products such as tomato ketchup which contain traces of genetically modified ingredients, should be clearly labelled, the European Parliament said on Tuesday, reports Reuters.

But it rejected all other demands by socialists and members of the green group to change a proposal by the European Commission on health and safety standards for genetically engineered novel foods.

"Let's not create problems where there are none," EU industry commissioner Martin Bangemann told the EU assembly.

Bangemann said that putting too much detail on labels would result in "absolute gobbledygook" which would confuse and mislead consumers.

The parliament supported the view of the European Commission and EU ministers that only major changes to a foodstuff should appear on the final product's label.

Socialist meps had tried to insist that consumers should have the right to be fully informed about what they eat, partly due to fears that some genetic modifications could be dangerous for people with allergies.

"The alternative is quite simple: if genetically altered food is not harmful — and it is not — then it can be comprehensively labelled," he added.

The parliament's amendments will now go to EU ministers as the basis for a possible compromise.

Consumer organisations demand comprehensive labelling

Consumer organisations said they were dismayed by the parliament's failure to press for stricter controls.

"We are very disappointed because only the absolute minimum of information would be provided to consumers," Kee De Winter, food expert at the European consumers' organisation BEUC, told reporters.

"Consumers have the right to know about the food they eat," he added.

Part from better labelling, BEUC wanted new protein engineered enzymes to be included in the proposal, he said.

Consumers also wanted all member states and the European commission to be given the opportunity to comment before a new genetically modified product was marketed.

German science minister Juergen Ruetters also called for clearer labelling of genetically modified foods.

"I favour consumer protection... because this of course is a question of ensuring that anyone eating something knows what he is eating," Ruetters told German radio.

"The alternative is quite simple: if genetically altered food is not harmful — and it is not — then it can be comprehensively labelled," he added.

The parliament's amendments will now go to EU ministers as the basis for a possible compromise.

Exchange Rates

Sonali Bank

The following are the dealing rates to public for some selected foreign currencies with Bangladeshi Taka as on March 13, '96. (Figures in Taka)

Name of Currency	Selling		Buying	
	T.T. & O.D.	B.C.	T.T. Clean	O.D. Sight Export Bills
US Dollar 1 = Tk	41.1610	41.2010	40.8650	40.7055
GB Pound 1 = Tk	62.8862	62.9473	61.9262	61.6845
D Mark 1 = Tk	28.0796	28.1068	27.5909	27.4832
F Franc 1 = Tk	8.2053	8.2132	8.0620	8.0305
C Dollar	30.2499	30.2793	29.7118	29.5959
S Franc	34.7825	34.8163	34.1600	34.0267
JP Yen	0.3952	0.3956	0.3842	0.3827

A) TT (Doc) US Dollar Spot Buying Tk 40.7852

B) Usance Rate, 30 days 40.4660, 60 days 40.1425, 90 days 39.9190, 120 days 39.4955, 180 days 39.8484

C) US Dollar sight export bill 3 months forward purchase. Same as O.D

Indicative Rates (B Tk for one unit of foreign currency)

Currency	Selling		Buying	
	T.T. & O.D.	B.C.	O.D. Sight	O.D. Transfer
S Riyal	Tk 10.9754	Tk 10.8281		
UAE Dirham	Tk 11.2070	Tk 11.0572		
Kuwait Dinar	Tk 137.6852	Tk 137.6253		
D Guilder	Tk 24.9566	Tk 24.6169		
S Krona	Tk 6.0547	Tk 5.9697		
Malaysian Ringgit	Tk 16.1962	Tk 15.9743		
Singapore Dollar	Tk 29.2607	Tk 28.8506		

The following are the dealing rates to public for some selected foreign currencies with Bangladeshi Taka as on March 13, '96. (Figures in Taka)

Name of Currency	Selling		Buying	
	T.T. & O.D.	B.C.	T.T. Clean	O.D. Sight Export Bills
US Dollar 1 = Tk	41.1620	41.2150	40.8660	40.7026
GB Pound 1 = Tk	62.8748	62.9510	61.9252	61.6681
D Mark 1 = Tk	28.0855	28.1195	27.9542	27.4796
F Franc 1 = Tk	8.2067	8.2166	8.0627	8.0292
JP Yen 0.3958	0.3963	0.3963	0.3845	0.3835
C Dollar	30.2789	30.3155	29.7374	29.6140
S Franc	34.7791	34.8214	34.1537	34.0119

Janata Bank's selling and buying rates in cash currency for public

	US DLR	GBP	S Riyal	UAE DH	Kuw Dinar
Selling	42.3500	62.8383	11.9600	11.7600	116.8000
Buying	41.7500	60.6083	11.0000	10.7600	111.8000