


SANYO
Micro Computer Controlled Automatic Washing Machine ASW-40MT



The Daily Star BUSINESS

DHAKA FRIDAY, MARCH 29, 1996



HYUNDAI
CARS THAT MAKE SENSE

Business briefs

India to ease imports of consumer goods

NEW DELHI, Mar 28: India will ease imports of consumer goods during the next five years after ensuring it has a sufficient cushion of foreign exchange reserves, a minister said in remarks published yesterday. Minister of State for Commerce Palanippan Chidambaram told the business standard newspaper that New Delhi was not bound by any International Monetary Fund (IMF) deadline in this regard. Chidambaram's comments came after his ministry announced Tuesday that certain luxury consumer goods such as cellular phones, pagers and walkie-talkies could henceforth be freely imported, reports AFP.

Japan's quota of vehicle exports to EU cut

TOKYO, Mar 28: Japan and the European Union (EU) agreed today to cut Japan's quota of vehicle exports to EU countries to 1,066 million vehicles in calendar 1996 from 1,071 million last year. A reduction had been expected because Japan did not exhaust its 1995 quota. The cut also reflects an expected fall in demand in the EU along with an adjustment for the enlargement of the bloc to 15 countries, when Austria, Finland and Sweden joined last year, a trade ministry official said on Wednesday, reports Reuters.

Resignation of Thai bank governor sought

BANGKOK, Mar 28: A leaflet circulated by employees of the Central Bank Wednesday called for the resignation of its governor, already the target of criticism and a lawsuit for his role in ousting a colleague and alleged ethical lapses. The unsigned leaflet said Government Viji Supinit was too tainted by scandal to carry out his duties, reports AP.

200 African immigrants occupy Paris church

PARIS, Mar 28: Some 200 African immigrants, ousted from two places in four days occupied buildings belonging to a Paris church Tuesday, in the latest twist in a saga which is increasingly testing the authorities. The immigrants, who have no legal papers, broke into the church building in the French capital's 15th district, an AFP reporter on the scene said. The local curate said agreement had only been given to take in 50. The group, including men, women and children, had been seeking refuge for the last four days, after being ejected from a church last Friday and then from a gymnasium a few days later, reports AFP.

Aussie-Saudi livestock trade won't resume

DUBAI, Mar 28: Australia has suspended efforts to resume its lucrative livestock trade with Saudi Arabia until exporters can meet the kingdom's strict health regulations, an industry official said yesterday. "The decision has been made at the government level. Until we can meet the exact requirements of the Saudis it is better that we not try to export to them," said Neil Buchanan, the Australian Meat and Livestock Corporation's principal Middle-East veterinary officer, reports Reuters.

Banks must slash workforce by half

LONDON, Mar 28: Many large retail banks in Europe and North America will have to cut their workforces by up to half within the next five years, according to a report to be published here next week. They should do it quickly rather than gradually if they want to maintain the commitment of their employees and the reputation of their brand names, says the report by the economist intelligence unit and management consultants Coopers and Lybrands. Banks will have to cut the costs of their existing operations if they are to be able to pay for big investments in new products and services, argues the study, which is entitled "Building tomorrow's leading retail bank," reports AFP.

Apple Computer may lose \$700m

NEW YORK, Mar 28: Apple Computer Inc. said Wednesday it expects to lose about 700 million dollars in the current quarter after writing off millions of dollars in unsold inventory and paying for job cuts. Apple had already warned it would lose money in the quarter, but the figure released Wednesday far exceeds Wall Street's most dire expectations. The loss underscores the company's continuing struggle to bolster a brand name that is seen in decline amid a sluggish market for personal computers, reports AP.

Battle over future shape of EU gets underway today

TURIN (ITALY), Mar 28: After months of shadowboxing, the battle over the future shape of the European Union finally gets underway here on Friday, reports AFP. EU leaders will meet in the home of Italy's car industry to launch an inter-governmental conference that will decide the next steps in European integration and pave the way for the EU to open its doors to the new democracies of Eastern Europe.

The reform of the Union's institutions to prepare for enlargement strengthening its common foreign policy and security policy and better cooperation in the fight against crime and unemployment are all set to figure highly in negotiations, that are not expected to be concluded before the middle of next year, if at all. So profound are the differences between Britain, which is fiercely opposed to any further transfer of power to Europe, and the other 14 EU states.

The differences are most acute over the issue of majority voting, where Britain has

voted to block any move to restrict the scope of national vetoes.

The other 14 do not have identical positions but they all regard a curtailment of the power of the veto as crucial if the union is to avoid decision-making paralysis as it expands from 15 to 25 or more with the entry of the former communist states, Malta and Cyprus.

Prime Minister John Major is expected to reiterate London's tough line in Turin. But a more flexible British attitude is expected to emerge during the negotiations. "We have yet to see what the real bottom line is," said Solvito Fagiolo, the senior Italian diplomat charged with preparing the Turin summit for the EU's Italian presidency.

Britain has also been warned that blocking an extension of majority voting could delay enlargement, a goal to which London is profoundly attached.

The Benelux countries are not willing to address the enlargement unless we first resolved the question of majority

voting," warned Luxembourg's Foreign Minister Jacques Poos.

Werner Hoyer, Germany's Minister for Europe, described the British position as "profoundly contradictory."

Britain has also been put under pressure by a warning from France. Germany that they will not tolerate one country blocking further integration if a large majority of countries want to go ahead.

Germany has taken this a stage further with a controversial call for a "flexibility" clause in the revised treaty on European Union which would allow smaller groups of countries to pursue further integrating without the consent of all EU members.

Bonn is also at the forefront of moves to give the EU the ability to carry out its own peacekeeping or humanitarian missions through a merger with the Western European Union, the only solely European defence body.

"What kind of political union is it that restricts its principles of solidarity to the economic sphere?" asked Hoyer.



Bangladesh Ambassador to the Kingdom of Saudi Arabia Mir Mohammed Nasir Uddin and Acting President of Islamic Development Bank (IDB) seen signing an agreement providing 7 million Islamic dinar (ID) to Bangladesh at the IDB headquarters recently.

Clinton admn firm to renew MFN status for China

WASHINGTON, Mar 28: US Assistant Secretary of State Winston Lord said yesterday the administration will "fight" to renew favourable trade benefits for China and that recent tensions over Taiwan strengthened support for the US role in the Pacific, reports Reuters.

Lord, addressing the Overseas Writers Association (OWA), also predicted "an extremely positive outcome" from next month's US-Japan summit in Tokyo with agreement on a long-awaited security declaration. He spoke a day after Clinton's top advisers discussed at the White House key policy decisions involving China, including the government's annual review of extending Most-Favoured-Nation (MFN) trade status — and the favourable tariffs those countries enjoy on sending exports to America.

MFN for China expires in June and the administration is pondering a one-year extension.

Lord, the administration's most senior China expert, conceded it would be difficult to get Congress to support MFN renewal, given differences with Beijing over

Taiwan, arms sales, trade and human rights. But he said, the United States "remains committed to building the most constructive relationship you can have with China and we will fight to extend" MFN.

"I think we can prevail on this. Obviously, China can make it easier or harder for us by what they do in certain areas," he added.

Lord said he was encouraged that China and Taiwan, which Beijing considers a renegade province, seem to be backing off the confrontation that preceded Taipei's recent elections. Beijing's provocations, including military exercises in the Taiwan Strait, seem to have back fired by helping increase Taiwan president Lee Teng-hui's victory margin and fanned regional concerns about China's emerging power, he said.

To the extent that China raised concerns with its actions, it does reinforce throughout Asia, not just in Japan, a sense that we (the United States) provide a stabilising presence and even a warmer welcome for our (military) presence," he said.

Lord said that at their Tokyo summit, the United States and Japan would take care not to appear to be "ganging up" on China, but would re-emphasise the need for restraint by both China and Taiwan.

EU boycotts British beef

LONDON, Mar 28: The European Union barred Britain from exporting its beef while the government agonized over slaughtering older cattle to calm fears about mad cow disease, reports AP.

Greek authorities seized more than 50 tons of British beef from suppliers' warehouses as an international boycott spread. Britain's beef production ground to a halt and thousands of abattoir workers were laid off. Piles of unwanted carcasses grew.

"Cool-rooms are full of meat and the yards are full of cattle and the whole thing has come to a stop overnight," said Terry Lee, exporting chief of the Meat and Livestock Commission, an industry body.

Prime Minister John Major's office said he was considering a cull, but a leading food researcher said mad cow disease is unstoppable.

"The damage has been done. Burning cows on television screens is not a solution," said Peter Cox, who has written a history of the disease. He said the entire British herd should have been slaughtered when the illness broke out in

1986. In a unanimous decision Wednesday, the EU voted to ban all British beef exports worth dollars 520 million pounds (780 million dollar) a year worldwide.

"We have to restore confidence. We have to restore markets. Those should be the paramount considerations," EU Agriculture Commissioner Franz Fischler said.

All 14 of Britain's EU partners have barred British beef since last week, when Health Secretary Stephen Dorrell told Parliament that scientists believe mad cow disease is the "most likely" source of 10 cases of a new type of Creutzfeldt-Jakob disease, a similar illness in humans. At least eight victims have died.

As domestic sales tumble, the National Farmers Union has suggested that frightened consumers would be reassured if Britain destroys older cows — up to 15,000 per week — that are most likely to have been exposed to the fatal brain-wasting disease bovine spongiform encephalopathy. A major beef supplier on Wednesday demanded

"draconian" measures, including the destruction of entire herds.

"In any herd where there is the slightest sign of a strain in the animals, the whole herd should be destroyed," said Fred Duncan, chairman of Grampian Country Food Group Ltd of Aberdeen, Scotland.

Major rules out quick slaughtering

AFP adds, Prime Minister John Major, under fire over his handling of the burgeoning "mad cow" crisis, yesterday ruled out any quick decision on destroying large numbers of high-risk cattle.

Health Secretary Stephen Dorrell, who assured the House of Commons on Monday that British beef was safe and no extraordinary measures were necessary, on Wednesday appeared on the verge of a U-turn.

Pakistan plans to build new city

KARACHI, Pakistan, Mar 28: Pakistan plans to build a new city — partly on land to be reclaimed from the Arabian Sea — in partnership with a Singapore-based developer, officials said on Wednesday, reports Reuters.

They said the state-owned Karachi Port Trust was exploring the idea of developing at least 1,100 hectares (2,718 acres) of land for a new city for the next century.

A recent letter of intent from KPT to promote engineering's Pvt Ltd gave the Singapore firm permission to reclaim land in the Mauripur city area for "development, sale and lease."

It said the deal was subject to negotiations and the signing of an implementation agreement between the company and KPT.

KPT officials declined to put a price tag on the project, but one said it could run into several billion dollars.

National Tubes declares dividend

National Tubes Ltd declared 25 per cent dividend to its shareholders for the financial year 1994-95, says a BSEC press release.

The declaration came at the ninth annual general meeting of the National Tubes, an enterprises of Bangladesh Steel & Engineering Corporation, held yesterday in the factory premises at Tongi.

This is the highest dividend that ever given by the enterprise.

OOCL, PIL launch new service today

Orient Overseas Container Line (OOCL) and Pacific International Lines (PIL) will launch their new Australia Express Service (AES) today, says a press release.

The weekly service will be served by four 1,000 TEU container vessels and will be calling at Sydney, Melbourne, Adelaide, Fremantle, Port Klang and Singapore. The service will be inaugurated in Port Klang with the maiden voyage by Kota Harta, a PIL's new building, calling Sydney, Melbourne, Adelaide, Fremantle. She will be joined a week later by OOCL Accord delivered in 1995, and followed by Kota Berani and OOCL Alliance. Kota Hasil, sister ship of Kota Harta, will replace Kota Berani after one voyage.

The Australia Express Service will offer customers fast transit time and reliable connection in Singapore to the extensive network of the carriers. From Singapore to Sydney requires just 10 days, Melbourne 12 days and Adelaide 15 days. The round trip voyage takes just 28 days.

All vessels have ample reefer capacity to meet the market demand. The new buildings, Kota Harta and Kota Hasil will have 200 reefer points and the two OOCL vessels will have 120 points.

10-yr girl earns \$40000 for each painting

BUCHAREST, Mar 28: A 10-year-old Romanian-born artist, compared with Picasso by her publicists, returned on Wednesday as a goodwill ambassador to a country her parents fled in the dark days of communism, reports Reuters.

Alexandra Nechita, who now lives in Los Angeles, has been seized upon by Romanian authorities as a "friendly face" for a country trying to project a better image of itself beyond overcrowded orphanages, AIDS babies and beggars.

Her father fled the harsh rule of communist dictator Nicolae Ceausescu in 1985, leaving behind his pregnant wife. Alexandra and her mother followed two years later.

The precocious painter has blossomed in the United States, holding her first exhibition at the age of eight. Her parents say she has sold more than 250 paintings for up 40,000 dollars each.

She was little known to Romanians before Romania's Los Angeles counsel saw her on a television programme. "It was then when we started planning a European tour for Alexandra together with her agents," Foreign Ministry State Secretary Stefan-gafia told Reuters.

The child has used space in Romanian embassies in London, the Hague, Paris, Rome and Geneva before coming to Bucharest.

"Romania is the country where I was born and which I will never forget... where I drank a bit of red wine and ate my grandma's pie and pork," the self-proclaimed child told a news conference in the old communist-era "children's palace".

The task of reviving economy

By Wahiduddin Mahmud

A future government will have an enormous task at hand in averting an economic downslide and putting the economy back on track. This task becomes increasingly difficult day by day as the political confrontation is prolonged. A 'damage management' strategy for the economy will need to address a number of immediate policy concerns, such as reactivating the export sector, stabilising the foodgrain market, replenishing the supply of essential imports, restoring the fiscal and trade balance, ensuring the viability of financial institutions and strengthening income-generating programmes for the poor.

The export sector, particularly the garment industry, will need every possible support — infrastructural, logistic and financial — to tide over their losses and retain foreign markets. Other sectors including small entrepreneurs and traders will also need credit support in order to replenish their working capital and remain in business. Ensuring uninterrupted supply of fuel, power and imported industrial inputs will also be crucial for reactivating the economy.

Much of the business losses caused by the economic turmoil will have to be borne by the country's banking system, at least in the short run. The banking system is already too fragile to withstand a fresh wave of loan defaults on top of the existing large overhang of bad loans. The central bank will have to devise a policy package for maintaining the liquidity and profitability of the banking system without at the

same time jeopardising financial discipline and macroeconomic stability.

The macroeconomic stabilisation already looks fragile with increasing inflation, dwindling foreign reserves and growing strains in the government's fiscal and monetary management. Agricultural stagnation, rising fiscal deficits and a slowdown in export growth underlie these macroeconomic strains that may become more severe in the coming months, unless strong remedial measures can be put in place.

The level of forex reserves, which peaked at 3.5 billion dollars in April '95, has been depleted by more than 1 billion dollars since then. This unprecedented depletion of reserves has been caused by an import boom that is not sustainable, particularly in view of the declining trends in export earnings. The current disruptions in export will exacerbate the balance of payments problem, thus making the policy options even more difficult.

A substantial devaluation of Taka would be needed to increase export competitiveness and restore that trade balance, but this would also add to the domestic inflationary pressure. There are other less attractive alternatives such as to undertake contractionary monetary and fiscal measures or even to reintroduce quantitative import controls. Contractionary macroeconomic policies can jeopardise the prospects of an economic revival.

There are worrying signs of fiscal strains that can have a destabilising effect on the

macroeconomy. The domestic public debt has been increasing in the current fiscal in the face of increasing budgetary deficits and lagging foreign aid disbursement. While there is a need for belt-tightening by the government in respect of current spending, the implementation of development projects will have to be geared up to support income and employment generation.

The demand-supply balance for foodgrains will remain precarious at least until the next Aman harvest. Because of the disruptions in the supply of fertiliser and fuel in the current Boro season, total foodgrain production during 1985-86 may be even lower than the previous year's extremely poor harvest of 18 million tons. The import target of about 2.5 million tons for 1985-86, which is slightly lower than the actual of the previous year, may thus be inadequate.

Although the government's present foodgrain stocks of about 1 million tons may seem adequate, the stocks held by farmers and traders are likely to have been severely depleted by successive bad harvests. In the face of declining food aid availability and uncertain prospects for grain imports by private traders, much will depend on the government's ability to make timely arrangements for import and distribution of foodgrains.

(The author is President of the Bangladesh Economic Association (BEA) and Chairman of the Department of Economics, Dhaka University.)

World trade growth slows, but still healthy: WTO

GENEVA, Mar 28: World merchandise trade volume rose by eight per cent in 1995 and value of trade in goods and services went over 6,000 billion dollars for the first time, the World Trade Organisation (WTO) reported today, says Reuters.

Although the advance was down from the 9.5 per cent of 1994 and in 1996 would slow further to seven per cent, the WTO said, it was still healthy, keeping well ahead of the three per cent growth in world output.

The United States remained the world's leading single goods exporter, with a growth rate of 14 per cent and a global share of 11.6 per cent, and the top importer, raising purchase value by 14 per cent for a share of 15 per cent.

But together the 15 members of the European Union, excluding the trade among themselves, were the top exporter with a 20 per cent

global share although second to the United States in terms of import values, the watchdog body said.

According to the WTO's annual spring interim report, the transition economies of the former Soviet bloc, which saw export and import values both up by one quarter, were the world's most dynamic region for trade, easing out Asia.

Asian import growth — at 13 per cent only slight down from the 13.5 per cent of 1994. WTO officials argue that the "robust" trade surge reflects business confidence in the new climate created by the 1994 world trade treaty which slashed tariffs by over one third and opened up the global service sector.

The report said other factors were increased regional integration through trade accords between smaller groups of countries, economic globalisation and the spread of market reforms in former communist countries.

Power cuts introduced in Sri Lanka

COLOMBO, Mar 28: Sri Lankan electricity consumers were yesterday told they face a month of darkness unless they cut their electricity usage, reports Reuters.

The Ceylon Electricity Board, which last week introduced daily four-hour power cuts, said it was exploring the possibility of extending cuts "or other strategies... to prevent a total blackout."

The board introduced the power cuts on Friday after the failure of monsoon rains allowed hydro-reservoirs to fall to dangerously low levels.

The move had been widely expected by businesses and manufacturers, which had time to find other sources of power in a country where the threat of cuts is the norm.

But the board on Wednesday said consumers had merely adjusted their electricity use around the four-hour cuts and not enough was being saved.

"If this is allowed to continue, the country will be in total darkness from about April 28 until rains come somewhere in late May," it said in a statement.

Sri Lanka has a power generating capacity of about 1,250 megawatts, 80 per cent of which come from hydroelectric plants and the balance from diesel-run plants, CEB officials said.

No new power plants had been built in Sri Lanka in the past six years, despite a steady 10 per cent annual rise in demand for electricity, they said.

Pharmaco declares 11.50 pc dividend

The 15th annual general meeting of Pharmaco International Ltd was held on Wednesday in the auditorium of Federation of Bangladesh Chambers of Commerce & Industry, says a press release.

The company declared 11.50 per cent dividend at the meeting.

A large number of shareholders attended the meeting which was presided over by the company's Chairman and managing director A K M A Matin.

The discussion was held on audited accounts of 1994-95 financial year and various decisions were taken.

'S'pore has most secure banking system'

NEW YORK, Mar 28: Singapore has the most secure banking system in the world's newly industrialised economies, with Hong Kong second, financial rating agency Standard and Poor's said yesterday, reports AFP.

Singapore's system is "at par with or better than that of many mature industrialised countries," said Standard and Poor's Managing Director Roger Tallon in a report.

Hong Kong has "slightly more economic and industry risk" but the agency does not expect the reversion to China in 1997 to have "significant repercussions".

Chile, Malaysia and Israel were emerging economies with solid banking systems, said the report.

Tallon warned however that "risk of sudden banking industry deterioration or individual bank collapse, even where banks are doing well, is still much higher in an emerging market or newly industrialised country than in a mature, industrialised country's economy."



Kazi Fazlur Rahman, Advisor to Delta Life Insurance Company Ltd, recently handed over a cheque for Tk two lakh to Beauty Begum, wife of late Abdul Motaleb, to settle the death claim. Motaleb paid only Tk one thousand as premium under the Group Insurance policy of the company for overseas Bangladeshis. M Sariful Islam, VP of Delta Life and father of the policy-holder were also present.