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HYUNDAI

CARS THAT MAKE SENSE

World economy to grow by 3.8 pc in '96, forecasts IMF

WASHINGTON, Apr 20: The International Monetary Fund said here that it has shaved its forecast for world economic growth this year as a slowdown has appeared through Europe, but added it sees better times ahead in 1997, reports Reuters.

In its semi-annual world economic outlook, the IMF said subdued global inflation, low long-term interest rates, buoyant stock prices and a stronger dollar all point to "relatively solid" world economic growth in the months ahead.

Overall, there do not seem to be grounds to expect a prolonged or generalised slowdown, and global growth is projected to pick up, it said.

The IMF expects the world economy to grow by 3.8 per cent this year. That is faster than last year's pace of 3.5 per cent, but slower than the 4.1 per cent growth rate projected by the fund for 1996 last October.

Growth is forecast to pick up to 4.3 per cent in 1997. Much of the expected sub-par performance of the world economy this year is blamed on a slowdown in Europe, particularly in Germany, France and other countries whose currencies are closely linked

to the German mark.

The IMF expects Germany's economy to grow by a mere one per cent this year, and France's 1.3 per cent. Growth in 1997 is expected to pick up to 2.9 and 2.8 per cent, respectively.

The fund sees room for further reductions in interest rates by those countries to spur growth and offset the drag on their economies from budget cuts as they strive to meet the tough criteria for entry into the European Monetary Union.

The slowdown has raised questions about the ability of Germany, France and others to meet the budget-cutting requirements for the launch of EMU starting in 1999.

The IMF though argued that the EMU fiscal targets were feasible, provided economic growth picks up as expected. But it admitted it won't be easy. Qualification by a sufficiently large number of countries is by no means assured, it said.

It suggested that some of the fiscal targets might be interpreted liberally, perhaps by focussing on structural, rather than actual, budget deficits, to ensure the EMU launch.

European countries whose currencies are not linked to

the mark have performed better than Germany and France, partly because the weakness of their exchange rates has boosted their exports by making them more competitive on world markets.

They include Britain, where growth is expected to be 2.2 per cent this year and 2.7 per cent next, and Italy, with growth of 2.4 per cent in 1996 and 2.7 per cent in 1997.

The IMF though had some words of warning for both nations, saying it saw room for little, if any, further cuts in British interest rates, while calling Italy's recovery "unbalanced".

It also suggested there was some scope for an appreciation of the British pound and the Italian lira.

In contrast to the mixed picture it sees in Europe, the IMF forecast steady US growth in the period ahead — 1.8 per cent this year and 2.2 per cent next, after two per cent in 1992. While US long-term interest rates have recently climbed, they remain well below levels seen in early 1995, it said.

The fund though warned of a "significant risk" to the US expansion if the Clinton administration and Congress fail to reach an agreement to bal-

ance the federal government budget.

IMF gave an upbeat assessment of the outlook for the Japanese economy after years of a virtual recession. The fund expects Japanese growth of 2.7 per cent this year and 3.1 per cent next, compared with just 0.9 per cent in 1995.

The Japanese economy has been aided by a steep fall in the value of the yen, after its rise to record levels a year ago.

Exchange rate movements... have brought the currencies of the three major countries (the United States, Japan and Germany) into better alignment, relative to fundamentals, the IMF said. The correction of the overshooting of the yen has been particularly helpful, it added.

Japan's economy has also been aided by sharp cuts in short-term interest rates. The IMF said though that those will need to be raised, once the recovery is well established.

The fund also saw brighter times ahead for Canada, with growth accelerating to 2.9 per cent in 1997 from 1.9 per cent in 1996 and 2.2 per cent in 1995. Canada has "some flexibility" to cut interest rates further if needed to boost growth.



StanChart executive due today

Standard Chartered Bank's Regional Treasurer for Africa, Middle East and South Asia (AMESA), Claude Lobo, arrives in the city today on a 4-day visit, says a press release.

During his stay in Bangladesh he will meet the Adviser for Finance and Planning, senior officials in Bangladesh Bank, commercial banks and valued corporate clients.

5000 line digital tele exchange being set up in Barisal

BARISAL, Apr 20: Work on setting up of the five thousand line digital telephone exchange is going on in full swing in this divisional headquarters, reports BSS.

According to an official source, Italian experts in collaboration with Russian engineers have been working on the project.

Meanwhile, laying of cables and the establishment of exchange have been completed in the old T and T Bhabar.

Altogether 2,200 analogue telephone and 600 container lines have been in operation in the old telephone exchange.

About 2,000 applications for new telephone connections are pending with the authority.

IDLC Board meet held

The meeting of the Board of Directors of IDLC of Bangladesh Limited was held on Wednesday at the registered office of the company, says a press release.

Apart from the regular business of the Board, the Board also reviewed the performance of the company for the FY 1995, and expressed their satisfaction on the results it achieved.

IDLC, in spite of uncertain economic scenario of 1995 maintained its growth both in terms of business volume and profitability. In 1995 company contracted a total 181 number of leases valuing Tk 701.86 million which is about 48.49 per cent higher than the last financial year and earned a net profit of Tk 69.42 million i.e. about 19.60 per cent over last year.

The Board of Directors recommended a dividend of Tk 35 for every share of Tk 100 for the financial year ended 31st December, 1995 representing a steady growth over the last 7 years. The Board of Directors also decided to hold the 11th Annual General Meeting of the company on 12th May, '96. The meeting was presided over by Mr C M Alam, Chairman of the Board and it attended by the directors representing all the sponsor shareholders.

IDLC since its incorporation in 1985 has been providing lease finance to the productive enterprises of the country in line with the industrial policy of the government, developing the leasing industry in the country and thus contributing to the capital assets of the country.

WB sees food crisis in South

WASHINGTON, Apr 20: About 700 million people in developing countries cannot feed themselves sufficiently, a World Bank official said today, reports AFP.

The time has come for us to send a wake up call to governments worldwide, said Ismail Serageldin, World Bank Vice President for sustainable development.

They must realize that agricultural growth and broad-based rural development are crucial and that these issues must be put back at the top of national agendas, he added.

Most developing countries produce less food per capita today than at the beginning of the 1980s, according to the World Bank.

The world population is expected to increase by 2.5 billion people by 2020, 90 per cent of which will live in developing countries and the demand for food is expected to double by the same year, he said.

Serageldin spoke at a video conference from Walt Disney world's Epcot Centre in Florida, where the World Bank set up exposition on world food supply.

China to send buying mission this year

China will send a buying mission this year to boost the present Sino-Bangladesh trade relations and remove the existing trade imbalance between the two countries, says BSS.

Chinese Ambassador Zhang Xu Jiang told this to Chief Adviser Muhammad Habibur Rahman when the envoy him yesterday.

Zhang conveyed Chinese Premier Li Peng's felicitation to the Chief Adviser and his caretaker government and support to its objectives.

The Ambassador said the Sino-Bangladesh trade volume had doubled during the last two years. He said the buying mission would look for avenues to remove the trade imbalance which is heavily in favour of his country.

He urged the Chief Adviser to take initiative in expediting the formalities of the two Sino-Bangladesh joint venture projects — fourth friendship bridge project and Shahjalal Fertiliser Project.

The Chief Adviser assured the Chinese government through the envoy of all possible steps to expedite the work of the two joint venture projects. He requested the Chinese envoy to convey his greetings to the Chinese President and the Premier.

Syed Ahmed, Principal Secretary to the Chief Adviser, was present on the occasion.

Pharmacies asked not to use gelatine from British beef

LONDON, Apr 20: A European Union advisory agency said Friday the pharmaceutical industry should not use gelatine derived from British beef because of the risk of "mad cow" disease, reports AFP.

The European agency for the evaluation of medicinal products said manufacturers of gelatine for pharmaceutical use should not use tissues derived from bovine animals slaughtered in Britain because of the danger of bovine spongiform encephalopathy (BSE).

The agency is the EU's body dealing with pharmaceutical products. A statement from its London headquarters also gave an assurance that no medical products on sale in the EU contained gelatine of British origin.

Gelatine is derived from bones and skin of animals and used in food products, cosmetics and pharmaceuticals.

Dollar rebounds on new sign of German decline

NEW YORK, Apr 20: The dollar rallied Friday, strengthening on a new report of German economic malaise and uncertainty over the outcome of high-level finance minister meetings this weekend in Washington, reports AP.

As of 4 pm in New York, the dollar traded at 1.5120 marks, up from 1.5015 at the same time Thursday. The dollar traded at 107.36 yen, up from 106.65 yen at the same time Thursday.

The advance largely erased the dollar's losses the day before, which came despite a half point cut in interest rates by Germany central bank aimed at stimulating the largest economy in Europe.

German rate reductions have tended to weaken the mark against the dollar and other important currencies, but the decrease Thursday had been widely expected so it already had been factored into foreign exchange rates.

Dealers said the dollar advanced against the mark Friday after a monthly report from the Ifo Institute for Economic Research, a prominent group in Munich, Germany, showed a sharp drop in business confidence in March.

The report compounded fears that Germany may be sliding into a recession and aroused speculation that the Bundesbank may have to follow up the latest rate reduction with another cut soon.

Traders reasoned that Germany's central bank has little choice in the matter because the German government cannot increase spending to stimulate the economy. Doing so would raise Germany's deficit and risk violating terms of the European Union pact aimed at economic integration by century's end.

The German economy is weak, and there has to be some mechanism German authorities have that can counter act that, said Seth Cohen, Director of Foreign Exchange Sales at Merrill Lynch and Co.

"It means more of the brunt of stimulating the economy is falling on the Bundesbank's shoulders."

Others attributed some of the dollar's strength Friday to the uncertain outcome of a finance ministers meeting this weekend by the so-called Group of Seven nations in Washington.

Some said Japan's G-7 counterparts — Britain, Canada, France, Germany, Italy and the United States, would plead with the Japanese not to raise interest rates because that would put pressure on them to do likewise.

There has been speculation in recent weeks that Japan would increase rates in response to an economic upturn there, an important source of the yen's recent strength.

The market will be a little bit interested to see if there's pressure on Japan to keep rates low, said Bob Near, a vice president at the Bank of New York. "That would help the dollar."

Other late dollar rates in New York, compared with Thursday: 1.2275 Swiss francs, up from 1.2177; 5.1218 French francs, up from 5.1000; 1.566.25 Italian lire, down from 1.567; and 1.3620 Canadian dollars down from 1.3633.

The British pound traded at 1.5140 dollars, down from 1.5185 dollars.

Elsewhere, the Mexican peso rose sharply, benefiting from a big rally in the Mexican stock market and widespread optimism of lower interest rates at the government's weekly Treasury auction next week.

Although lower rates tend to weaken a currency, a reduction last week is seen as another sign of rising confidence in Mexico's economic recovery. In late New York trading, it took 7.3850 pesos to buy a dollar, fewer than the 7.4150 peso exchange rate Thursday.

BGMEA seeks steps to ensure unhindered power supply

Redwan Ahmed, President, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) expressed his deep concern about the dislocation caused in the production activities of garment sector due to unusual loadshedding of electricity, says a press release.

He mentioned that recently load-sheddings for unusually long period are taking place in the industrial areas of Dhaka, Chittagong and Narayanganj. Even loadsheddings are occurring continuously for 10 to 12 hours or 8 to 10 times every day in certain areas.

Redwan Ahmed stated that at a time when the garment factories were making relentless efforts to tide over the losses sustained during the period of political unrest, this unusual loadshedding was tremendously affecting the production process. A medium-sized factory is sustaining a financial loss of approximately Taka 4 thousand every day caused due to loadshedding.

The President of BGMEA drew the attention of the concerned authorities and appealed to them to take effective necessary steps for unhindered supply of electricity to the commercial and industrial areas on priority basis. In this respect, in order to ensure improvement in the supply of electricity in the productive sectors, he requested to restrict supply of electricity to the less important sectors, such as, shopping areas upto a time limit and to completely stop illuminations and games and sports at night.

Besides, he felt that the huge number of unauthorised electric connections causing shortage in the supply should also be disconnected.

British cos losing contracts due to political tension with S Arabia

LONDON, Apr 20: Some of Britain's largest civil engineering companies have claimed they lost multi-million pound contracts because of the political tension between Britain and Saudi Arabia, the Financial Times reported today, according to AFP.

John Brown Engineering, Davy and Babcock International were among the companies which told the paper that the authorities in Riyadh had withdrawn their favourite contractor status on some projects and eliminated them from the bidding process on others.

The Saudi action followed media criticism of the country's human rights record and the British government's decision this week to allow Saudi dissident Mohamed al-Massari to remain in Britain for a further four years, the FT noted.

It added that British defence-related companies were initially expected to be hardest hit by the tension between the two countries, but none have lost contracts so far.

The documentary, broadcast on April 1, detailed human rights abuses in Saudi Arabia including a public decapitation by sword.

In the same programme, the Saudi ambassador in London, Ghazi al-Gosali, said the continued presence in Britain of Massari risked impairing economic and trade relations between London and Riyadh.

Spilled fuel oil poisons Russian river

VLADIMIR, Russia, Apr 20: About 30,000 gallons of diesel fuel have leaked into a Russian river, turning the water orange as it flowed down toward towns and other rivers on Friday, officials said, reports AP.

The contaminated water in the Sudogda River was expected on Saturday to reach Sudogda, a town 185 kilometers (115 miles) east of Moscow with a population of 30,000, the ITAR-Tass news agency said.

The diesel fuel leaked into the river on Tuesday after a pipeline was damaged by thieves, said Igor Bogomazov, of the civil defense and emergency department of the Vladimir region.

He said the thieves, who have not been caught, removed a bolt from a valve in the pipeline to create two-centimeter (one-inch) hole so they could steal the fuel oil. It is used for home heating and diesel engines.

Workers were driving the fuel into four reservoirs, from where they were pumping it out.

The fuel that reached the river, however, was nearing Sudogda and within a week would flow into the Klyazma River, ITAR-Tass said.

In another Russian region, a pipeline broke Thursday and spilled about 150,000 gallons of crude oil in a swampy forest, the Interfax news agency reported.

China seeks to play down 9 pc drop in exports

BEIJING, Apr 20: China sought Friday to play down an 8.7 per cent drop in exports during the first quarter of 1996, blaming what it termed a "temporary" downturn on last year's rush for export tax refunds, reports AFP.

More difficulties than ever confront China's foreign trade, but we have anticipated them, Ministry of Foreign Trade and Economy Cooperation (MOFTEC) spokesman Hu Zhaoqing was quoted as saying by The China Daily.

China registered a 1.15 billion dollars foreign trade deficit in the first quarter with exports dropping 8.7 per cent from the same 1995 period to 28.25 billion dollars, while imports soared 23.2 per cent to 29.4 billion dollars.

Nevertheless, Hu said the state goal of balancing imports and exports this year on a targeted volume of 281 billion dollars was still "achievable". Pointing out that abnormal seasonal fluctuations last year had been caused by planned cuts in export refund rates.

"In their rush last year to get more refunds, exporters scrambled to sell more goods overseas before the switch and, as a result, many used up supplies planned for early this year."

Hu's analysis was backed up by state Statistics Bureau spokesman Ye Zhen, who told a press briefing Friday that the fall in exports was a "temporary phenomenon".

"The base figure last year for exports was quite high," he said, pointing to a 61.9 per cent rise in exports in the first quarter of 1995.

"The government will adopt various measures to promote exports while enterprises have to adjust after the fall of the rebate," he added.

Ye also revealed that once seasonal factors were taken into consideration, exports actually grew slightly in the first quarter of this year compared to the last three months of 1995.



San Amalan, General Manager of Dhaka Sheraton Hotel, inaugurated a tour desk of the guide Tours Limited to promote tourism at the hotel lobby yesterday. — Star photo

'Historic' business opportunities for US in Pakistan, India

WASHINGTON, Apr 20: The liberalising economies of India and Pakistan present "historic" opportunities to US businesses that barriers to trade remain in both countries, a senior US official said yesterday, reports AFP.

Assistant Commerce Secretary for Trade Development Raymond Vickery told a congressional panel that American exports to India and Pakistan rose by 30 per cent and 44 per cent respectively in 1995.

"The United States is at a historic moment with regard to South Asia," Vickery said. "All of the countries in the region have embarked on economic liberalisation programmes that are opening doors previously closed to US trade and investment."

Bilateral US-Indian trade increased by 19 per cent last year to 7.6 billion dollars in 1995 to nine billion dollars in 1995, he said.

US trade with Pakistan meanwhile halted a slide that began when Washington sanctioned Islamabad several years

ago under a nuclear non-proliferation law, he said.

Other South Asian countries — Bangladesh, Bhutan, Nepal, and Sri Lanka — are also emerging economically, Vickery said, with plans for commercial expansion.

Total US exports to Pakistan rose by 30 per cent in 1995, from 718 million dollars

in 1994 to 934 million dollars last year, he said.

While New Delhi is implementing market-oriented reform, "Barriers Remain, and India remains a difficult market for US companies," Vickery said.

He noted, however, that recent months have seen some gratifying breakthroughs in the power sector in India.

Islamabad, meanwhile, is implementing economic reforms "that have created new and significant opportunities for commercial cooperation," Vickery said.

"Although market barriers are coming down in South Asia, we still need to work vigorously to reduce the obstacles to market access," he said, noting that Asia and Europe are fast gaining a foothold in these two emerging markets.

In its dealings with South Asia, the United States has historically focused more on giving aid and trying to prevent a regional arms race than on opening markets and seeking business opportunities.

Meeting near the palace of Versailles, where queen Marie Antoinette supposedly said of the Paris mob "let them eat cake," delegates prepared to discuss fears that food scarcity will rise.

VERSAILLES (France), Apr 20: Top farm officials from around the world began gathering on Wednesday for a conference aimed at finding new answers to the problem of feeding the world's expanding population, reports Reuters.

Meeting near the palace of Versailles, where queen Marie Antoinette supposedly said of the Paris mob "let them eat cake," delegates prepared to discuss fears that food scarcity will rise.

Officials are trying to track down criminal profits that get invested in legitimate financial markets that in turn help fund

the operations of crime rings that also engage in murder, torture and extortion.

The Interpol president wants the FINCEN to help create a worldwide network of financial intelligence units with about two countries a year joining the web.

In the past two years, Portugal, Ireland, have set up

with almost 1,400 workers. Many of the picketed firms were shut down, along with bus service, post offices and liquor stores. Exams at Waterloo's two universities were postponed.

Ontario's conservative government has announced 8 billion dollars (6 billion US dollars) in cuts over three years to social programmes, school boards, hospitals, municipalities and services in order to balance its budget.

Experts look for ways to crack down on global money laundering

SAN FRANCISCO, Apr 20: Law enforcement and banking officials from around the world gathered for the first time in the United States yesterday to collaborate on cracking down on global money laundering, reports AFP.

Some 150 international criminal police organisation (Interpol) representatives, police and banking officials gathered to explore computer tracking and other methods for stopping the flow of criminal profits.

Money laundering knows no borders," Raymond Kendall, Secretary General of Interpol, said during the two-day conference. "We used to think of money laundering as a third world problem, but now we know it is with all of us."

This conference has been held since 1991 in Lyons, France where Interpol is headquartered but was moved to the United States this year to highlight worldwide problem and the fact that so much of the laundering is done here.

Tens of billions of dollars from drug trafficking profits are funnelled back into the economy via laundering schemes, said a spokeswoman for the US Treasury's Financial Crimes Enforcement Network

(FINCEN). "We are really good at pointing the finger, but the United States is one of the largest money laundering countries in the world," said spokeswoman Sheri Wassenaar. "We are not proud of that."

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Ontario's conservative government has announced 8 billion dollars (6 billion US dollars) in cuts over three years to social programmes, school boards, hospitals, municipalities and services in order to balance its budget.

A similar protest in Hamilton on Feb 24 drew 100,000 people while about 10,000 turned out in bitter cold in London on Dec 11.

FINCEN Director Stanley Morris asked the US Senate subcommittee to approve 23 million dollars to devise ways to stop money laundering over the computer. FINCEN collects data on criminal financial transactions and shares it with federal and local police.

It recently created a computerised database for ferreting out check scams, embezzlement, money laundering, credit card fraud and tax fraud. US officials are urging more countries to invest in similar systems.

Workers go on strike in Canada protesting budget cuts

KITCHENER, Ontario, Apr 20: Thousands of workers walked off their jobs Friday in a tri-city region of southern Ontario to join the third in a series of mass protests against the provincial government's budget cuts, reports AP.

Union leaders estimated the turnout for the main rally in Kitchener at 40,000 while police said it was no more than 20,000. Protests also took place in neighbouring Waterloo and Cambridge.

Union members manned picket lines at more than 100 companies, including Budd Automotive Co, the area's largest, unionised employer

and almost 1,400 workers. Many of the picketed firms were shut down, along with bus service, post offices and liquor stores. Exams at Waterloo's two universities were postponed.

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