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The Daily Star BUSINESS

DHAKA TUESDAY, JUNE 18, 1996

HYUNDAI
CARS THAT MAKE SENSE

Bangladesh trade fair in US in Sept

By Staff Correspondent

United States-Bangladesh Chamber of Commerce (USBBC) is going to organise a single country 'Bangladesh Trade and Investment Fair in America' in September this year.

A USBBC leader told The Daily Star at least 5,000 buyers and investors would be invited in this fair which will be held in the city of Los Angeles from 20 to 22 of September.

This will help Bangladeshi garments and apparel exporters to communicate directly to the US buyers, said USBBC's Bangladesh chapter Director Sadek Ali.

He said there are numerous trade bodies in the country who want to promote US export in the country. But USBBC would promote Bangladeshi export in the market and encourage to flourish small-scale industries in the country, Ali said.

Talking to The Daily Star a leader of the BGMEA said the fair might beget new business partners in the USA. He said, USBBC would organise the fair in a local hotel at Los Angeles where it might erect some 40 stalls.

Indian govt aims at 8 pc economic growth

NEW DELHI, June 17: Indian Prime Minister Deve Gowda today said that his government would give high priority to increasing the inherent strength of the economy and the process of economic growth would be reinvigorated, reports Xinhua.

In his first address to the nation over radio and TV here this evening since assuming office on June 1, the prime minister said our economy in the last two years has grown by six per cent a year this is not enough. We have to aim at seven to eight per cent of growth rate if we want to create adequate number of jobs for our growing work force. We will rework our economic policies to achieve this objective.

Special efforts would be made to attract foreign investment in infrastructure and in areas where technology upgradation was specially needed, he added.

Explaining that the removal of poverty was the top priority of his government he said he has committed himself to removal of poverty in ten years that is by the year 2005.

Referring to corruption free and clean administration, Gowda said that his government would initiate a series of steps to check corruption, reduce the scope of arbitrary decision-making and bring in necessary reforms in dealing with deficiencies in the country's political, judicial and administrative process.

US dollar easier against yen in Tokyo

TOKYO, June 17: The dollar was easier against the yen in quiet trading here today afternoon, dealers said, reports AFP.

The mark extended gains against the US dollar on news that Boris Yeltsin had a lead over the Communist opponent Gennady Zyuganov in Russian presidential polls, they said.

The dollar fell earlier against the yen as Japanese traders said the country's imports were lower than had been expected, one City Bank dealer said.

The earlier fall in the dollar and the mark's strength 'kept dollar-yen trading quiet,' the dealer said.

Toward the end of trading, the dollar was quoted at 109.00 yen, down from 109.17 yen in New York late Friday, but up from 108.55 yen here Friday afternoon.

Even if the dollar starts to rebound, upside resistance around 109.20 yen will push it back down in Tokyo, the dealer said.

The US unit also traded at 1.5195 marks, down from 1.5273 in New York late Friday and from 1.5255 in Tokyo Friday afternoon.

The dollar was weak against the mark, as investors bought the German unit on news of Yeltsin's lead in the first round of the election, dealers said.

Dealers said the Russian election did not change the dollar's underlying tone against the yen but that an absence of fresh trading incentives left the currency caught in a narrow range.

Investors focussed on the interest rate differential between the United States and Japan, providing strong support for the dollar.

A Japanese bank dealer noted that Bank of Japan Governor Yasuo Mutsushita had affirmed there would be 'no immediate hike in interest rates,' and that the finance ministry had started purchasing government bonds, both of which pointed to low interest rates here.

Action plan to boost foodgrain output soon

An action plan will be formulated for boosting production of foodgrains to 2.5 crore metric tons by the year 2000 through necessary changes in the country's agriculture policy, reports UNB.

It was decided by a high-level meeting in the conference room of Agriculture Ministry yesterday, officials said.

A technical task force has been formed with renowned agricultural scientists, experts and government officials for framing the action plan in light

of the changed situation.

The meeting decided to prepare a short term action plan and recommendations within a month for the consideration of the new government.

Presiding over the meeting, Agriculture Secretary M Akhtar Ali said it was imperative to grow more foodgrains for meeting the demand of growing population of the country.

"For increased production, necessary changes are needed

in the existing agriculture policy and programmes in light of the Uruguay Round trade treaty and open market economy," the Agriculture Secretary told the meeting.

He said the important sectors should be identified and concerted efforts made, including higher investment, for increasing farm produce.

High officials of the Ministry of Agriculture and heads of different research and extension organisations were present at the meeting.

Dutchmen keen to set up joint venture in Bangladesh

The visiting Netherlands Delegation on Sunday met FBCCI representatives at the federation office here, an FBCCI press release said, reports BSS.

Welcoming the delegation led by W De Vries, Director of commercial affairs, City of Groningen, Alhaj Kh Rashiduzzaman Duda, Vice President of FBCCI said that Bangladesh had undertaken extensive reforms in trade and economic policies and provides liberal incentives for promotion of domestic and foreign investment.

Reciprocating the warm invitation W. De Vries, said that trading can take place rapidly and efficiently between Bangladesh and Groningen. In this way Bangladesh's interest in expansion of market opportunities goes hand in hand with the interest of Groningen.

He also said that they are interested to set up joint venture project in Bangladesh in the field of telecommunication and power sector and exchange of information and frequent visit of delegation for promotion of trade and investment.

The country now enjoys an excellent environment for trade and investment and foreign private in-

vestment is welcome in almost all sectors of the economy, said Duda.

He said the volume of trade of Bangladesh with Netherlands stood at US dollar 197.22 million in 1994-95 showing a positive balance of 74.74 million US dollar in favour of Bangladesh. He also said that there is vast scope for increasing the volume of trade substantially in ready-made garments, frozen food and shrimp and leather as exports from Bangladesh and import of machinery and capital goods from the Netherlands, besides joint venture in manufacture of consumer durables and light machinery and equipment in Bangladesh.

Members of the executive committee of the FBCCI A. Rob Chowdhury, A. M. Subid Ali A. Kamal, Saifullah Chowdhury, Niaz Rahim, Nazbar Rahman and Vice-President, SAARC Chamber of Commerce and Industry, A. K. M. Shamsuddoha, president, Narshingdi Chamber of Commerce and Industry, Ramizuddin Fakir, President, Bangladesh Sugar Merchants Association, Moslemuddin Ahmed, and Secretary General, FBCCI SM Al-Husainy also part in the discussion.

Int'l review on rainfed lowland rice research consortium begins

A three-day long international review meeting of the BRRI-IRRI Rainfed Lowland Rice Research Consortium (RLRRC) was inaugurated on Monday at a local hotel.

In all, twenty-five scientists from Thailand, Indonesia, India, Philippines, Madagascar, Cambodia and Bangladesh are participating in the meeting, says a BRRI press release.

Dr Z Karim, Director General of the Bangladesh Rice Research Institute, attended the meeting as chief guest. Dr S. B. Siddique, Director (Admin) of BRRI, presided while Consortium Coordinator Dr R S Zeigler (IRRI) spoke on the objectives and progress.

In his inaugural speech, Dr Karim mentioned the problems and prospects of rice production of the South Asian countries in general and Bangladesh in particular. Dr Karim stressed the need for international collaborative research programme for attaining self-sufficiency of food grains and mentioned that in different seasons, rainfed rice alone contributes about 65 per cent of the total rice production of Bangladesh.



Khairul Huda (C), Chairman of South Asian Development Fund, speaking at the first meeting of the Fund's Governing Board in the city yesterday, first day of the two-day meeting. —Star photo

Sumitomo scandal: Fraud squads zero in on Mr 5pc affair

LONDON, June 17: Fraud investigators zeroed in on the scandal of disgraced Japanese copper mastermind Yasuo Hamanaka, scenting a web of malpractice at the heart of the worldwide trade in the metal, reports Reuters.

Agencies in the United States, Britain and Japan were set on Sunday to step up inquiries into whether Tokyo's Mister Five Per Cent was a one-off maverick.

If accomplices in any unlawful activity are found, vowed David King, Chief Executive of the London Metal Exchange, we will hang them high and publicly.

The giant Sumitomo Corp Metals Combine of Japan had last week fired Hamanaka, 48, saying that he had confessed to making losses of 1.8 billion US dollars in unauthorised trades in copper.

Asahi Shimbun newspaper on Sunday quoted the firm's President, Tomochi Akiyama, as saying that a hitherto secret book kept by Hamanaka suggested that he may have carried out unauthorised trades worth a staggering US dollar 20 billion a year.

His confession, in what now looks like the biggest scandal yet to hit the late 20th century global market place, was triggered when US and British regulatory watchdogs began sniffing at suspicious aspects of trading in copper on the LME.

Inquiries date from last June when the LME's king and his board at the 120-year-old London exchange began to be worried at what looked like a squeeze on the market, marked by a sudden surge in the premiums demanded for copper for prompt delivery.

Dubbed Mister Five Per Cent, because of the proportion of the market that he controlled, Hamanaka had been seen before to buy up and hoard chunks of the world stockpile of copper that is held in recognised warehouses.

His argument was that, far from squeezing the market to keep prices artificially high he needed metal in hand to cover

deliveries if Sumitomo hit snags in its production of copper.

Sumitomo is not a bank like Britain's blueblooded Barings, brought down last year by rogue trader Nick Leeson, where investors' savings might have been gambled away.

But copper wiring is crucial to the global economy. Its price helps to decide what the consumer pays for the whole range of electrical goods — even for cars and homes.

Britain's Serious Fraud Office (SFO) said on Friday it had now begun its own inquiry: "Into the affairs of, and surrounding, Hamanaka" after discussion with the Securities and Investments Board (SIB).

The SIB is the leading London market regulator. In turn, it had been investigating the trade in copper in liaison with the US Commodities Futures Trading Commission (CFTC). Inquiries may also be redoubled into the scandal that hit Chile's state copper giant Codelco in 1995.

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'Mahakali Treaty ensures Nepal's power market in India'

KATHMANDU, June 17: Nepal's accord with India on the development of a border river has ensured its power market in India, Nepal Water Resources Minister Pashupati Shumsher Rana said, reports Xinhua.

The Mahakali Treaty was a watershed in Nepal-India co-operation on water resources development, setting a guiding principle for future projects in the field. Rana said here Sunday at a programme on Nepal's water resources development.

The treaty, signed by Nepal Prime Minister Sher Bahadur Deuba and his Indian counterpart P V Narasimha Rao in New Delhi last February has also opened door for foreign investment into the power sector in Nepal, he added.

According to the minister, Nepal had forced India to make some major concessions in the treaty on the integrated development of Mahakali river, which lies on Nepal's western border.

He said the treaty had established the rights of Nepal in the utilization of the waters of the border river.

Under the treaty, Nepal could receive irrigation water from India's already-completed Tanakpur project on the river plus the payments for 70 million kilowatt-hours of power every year.

The Mahakali Treaty will take effect only after being ratified by the Nepali parliament which is to open its new session later this month.

It is uncertain whether the treaty would be approved by the parliament as the biggest party in the parliament and the main opposition Communist Party of Nepal (UML) has not announced its final stance over the treaty.

Inflation rate rises in India

NEW DELHI, June 17: India's annual rate of inflation increased 0.63 per cent points or 4.77 per cent for the week ending June 1, reversing its two-week declining trend, the Financial Express said today, reports Xinhua.

The rate had stood at 8.3 per cent during the corresponding period of the previous year.

The rise in inflation comes in the wake of new records of decline set for the year during the previous two weeks while maintaining the below five per cent level for the 18th consecutive week.

Higher prices of commodities such as rice, wheat and maize contributed to the rise in inflation.

Japan's trade surplus drops sharply in May

TOKYO, June 17: Japan's overall trade surplus dropped for the 18th consecutive month in May, falling 60.5 per cent on burgeoning imports, the Finance Ministry said Monday, reports AFP.

The overall trade surplus fell to 231.68 billion yen (2,125 billion dollars) in May from the previous year, down from 586.99 billion yen (5,385 billion dollars at current exchange rates) in May 1995, the Finance Ministry said.

Among the overall import leaders were computers, office equipment, and crude oil, whose import value jumped by one-fourth because of rising oil prices.

Japan's politically sensitive trade surplus with the United States fell 39.6 per cent in May for the 15th consecutive monthly decrease to 167.68 billion yen (1,538 billion dollars).

A ministry official briefing reporters said the trend of a declining trade surplus is expected to continue. He added that imports were expected to continue to rise at a faster pace than exports.

The trend was also boosted by reverse imports, those coming from overseas production site of Japanese manufacturers, the official said on the condition of anonymity, as is customary in Japan.

In trade with the United States, imports of semiconductors and other electronics parts rose 40 per cent, meat products rose 63 per cent and computer products were up 61 per cent from the previous year.

Japan's trade surplus with the United States has long been an irritant, and sometimes has caused the yen to surge on the belief that Washington sought a weaker dollar to help American manufacturers improve their competitiveness abroad.

Following the easing of trade surplus, the dollar has recovered to 109 yen Monday, up from the low 80-yen range last summer.

Japan's trade figures are measured on a customs-clearance basis, and are not adjusted for seasonal factors.



Alhaj Kh Rashiduzzaman Duda, Vice-President of the Federation of Bangladesh Chambers of Commerce and Industry, welcoming W de Vries, Director of Commercial Affairs, City of Groningen, The Netherlands, and members of his delegation at a meeting with FBCCI at the conference hall on Sunday. A Rob Chowdhury, Member, Executive Committee, FBCCI, also seen in the picture.

Asian currencies gain against greenback

HONG KONG, June 17: The early impact from Sumitomo Corp. announced losses of up to 1.8 billion dollars Friday showed up in a weakened Australian dollar, most other Asian currencies gained slightly against the greenback, reports AFP.

JAPANESE YEN: The Japanese yen tested its near term bottom early in the week, but firmed toward the week's end as the dollar lost recent upward momentum, dealers said.

The Japanese unit was quoted at 108.55 to the dollar late Friday, compared with 108.69 a week earlier.

The yen eased on Monday as the dollar was pushed up above 109 yen on buying encouraged by strong US employment data signalling a possibility of a rise in US interest rates, dealers said.

But the Japanese currency firmed later in the week as the dollar failed to consolidate earlier gains, they said.

SINGAPORE DOLLAR: The Singapore dollar closed barely changed at 1.4080 to the greenback from 1.4085 at the previous weekend. Analysts said the currency was poised to weaken this week, adding that any upside in the US unit will be met with some resistance at the 1.4200 level.

HONG KONG DOLLAR: The Hong Kong dollar closed the week at 7.7435-7.7445 to the US dollar, weakening from the previous week's level of 7.7495-7.7405.

INDONESIA RUPIAH: The Indonesian currency closed on Friday at 2,338 rupiah to the dollar, 18 rupiah stronger than at closing the previous week.

On Thursday the central bank, Bank Indonesia, almost doubled the band in which it allows the rupiah to fluctuate, the new fluctuation band is 118 rupiah against the dollar, compared to 66 rupiah previously.

MALAYSIAN RINGGIT: The ringgit strengthened 14 points against the US dollar to close at 2.4952 from 2.4966 a week earlier, in generally tight range trading.

The Malaysian currency was also stronger against the Singapore dollar at 1.7712 from 1.7721.

However, the ringgit was weaker against the yen, easing 70 points to 2.3027 from 2.2957 last week.

PHILIPPINE PESO: The Philippine peso depreciated slightly against the US dollar on Friday, closing at 26.195 pesos to the greenback, from 26.188 June 7.

SOUTH KOREAN WON: The won weakened from 786.70 won per US dollar a week ago to 796.80 won to the greenback on Saturday as South Korea's trade deficit increased.

TAIWAN DOLLAR: The Taiwan currency advanced to close Friday at 27.625 Taiwan dollars against the US dollar, up 10.7 Taiwan cents from the previous week's finish of 27.732 dealers attributed the appreciation of the local unit to an influx of foreign funds.

THAI BAHRT: The Bank of Thailand's exchange Equalisation Fund Friday fixed the official mid rate at 25.35 baht to one US unit, compared to the previous week's close of 25.36 baht, a dealer at Thai farmers bank said.

AIDS likely to slow economic growth in Asia, Africa

WASHINGTON, June 17: AIDS is likely to slow economic growth in Asia and southern Africa, resulting in lost investment, production and labour and high health care costs, according to a study released today, reports AFP.

As more and more people grow sick and die from HIV and AIDS the economies of Africa and Asia are likely to suffer, said per Pinesrup Andersen, director of the International Food Policy Research Institute (IFPRI) which conducted the study.

Using UN and World Bank population forecasts, the study concluded that per capita economic growth in Sub-Saharan Africa could plunge by as much as 1.4 per cent as a result of AIDS, crippling a region where the average per capita growth rate was -0.8 per cent from 1980 to 1992.

The selective impact of AIDS, largely on the population in its most productive years, combined with an initial disproportionate effect on the most productive members of the society, has the potential not only to reduce economic growth but also to alter the economic structure, the report said.

All signs indicate that several countries in Asia may be set to follow the same path, the report said.

Experts believe that by 2000 most of the world's new HIV infections will occur in Asia. New AIDS cases quadrupled in Thailand, tripled in Myanmar and doubled in India between 1992 and 1993, the IFPRI said.

Training course on pisciculture begins in Mymensingh

MYMENSINGH, June 17: A three-day training course on Improved Pisciculture and Management began at the Fish Research Institute auditorium here today, reports UNB.

Fisheries and Livestock Secretary Ershadul Haque inaugurated the course, organised by the Fish Research Institute, Mymensingh.

Presided over by Institute Director Dr M A Majid, the function was also addressed, among others, by Fisheries Department Director General M Liaquat Ali, Agriculture Research Council Director (Fisheries) Dr Nuruzzaman.

Some 25 district correspondents of national dailies are attending the training course.

Foreign businessmen have to be in touch with Myanmar people: Suu Kyi

YANGON, June 17: Doing business in Myanmar amounts to involvement in the country's affairs, according to pro-democracy activist Aung San Suu Kyi who has called for "sympathy and understanding" from foreign businessmen, reports AFP.

In a public appearance Sunday at the gate to her compound, she held that foreigners could not remain aloof from Myanmar politics as long as they were doing business in the country.

"In Myanmar, there are many foreign entrepreneurs who say they are here only to conduct their business and not to interfere in our affairs," she noted.

But, she said, "in doing business here they have to be in touch with its people....

they have to adapt themselves to our country's system."

Fielding a question on foreign investment, Aung San Suu Kyi said that while every nation deplored interference by others, there was also a good side to foreign involvement.

What I want to say with compassion to our neighbours is that we want to maintain warm relations," the National League for Democracy (NLD) leader told the crowd.

"When you look at our country, do not just see it as a land of economic possibilities... look upon our people as well with sympathy and understanding... understand that we also want to live peacefully," she said.

A peaceful existence implied change, not only economic but also social and political, Aung San Suu Kyi held.

Budget unacceptable: Pak opposition parties

ISLAMABAD, June 17: Pakistani opposition parties denounced the 1996/97 budget yesterday as unacceptable and pledged to hold a top-level meeting to devise a strategy to oppose it, reports Reuters.

A joint statement by a rare gathering of left-wing, right-wing and religious parties said the government must withdraw the tough (July-June) budget and introduce steps for the welfare of the ordinary people.

The conference declares the budget as anti-people and destructive for the country," it said. "The whole budget should be revised and made useful for the people and the country."

The meeting's convenor, Jamiat Ulema-i-Pakistan (JUP) leader Shah Ahmed Noorani, said party leaders should hold a meeting before June 25 to chart a strategy against the budget.

By and large the budget has been rejected by all schools of thought in Pakistan," main opposition leader Nawaz Sharif told the conference.

"The government has proven that it is not capable of running the country. It asks for sacrifices from the people, but is it willing to give sacrifices?" asked Sharif, leader of the right-leaning Pakistan Muslim League (PML).

The government unveiled an austerity budget on Thursday, saying the country had to swallow "bitter medicine" to bring the budget deficit down to four per cent of gross domestic product.

The 500-billion-rupee (14.3 billion dollars) budget aims to collect 40.8 billion rupees in new taxes. Excise duty was raised on many items, while sales tax was imposed on imports and manufacturers Ajmal Khattak, head of the left-wing Awami National Party and an ally of PML, said politicians should remove the government and overhaul the political system.

It is the considered view of my party that politicians should not just sit and talk, but have to do things practically," Khattak said. "This country's main problem is not a change of government, but a change of the system."

Itikhar Nagvi, Secretary General of the Pro-Iranian Shi'ite Muslim Tehrik-e-Fiqh Jafria Movement, urged religious groups to unite to resolve fundamental problems which he said included Pakistan's dependence on the International Monetary Fund (IMF), the World Bank and the United States.

"Iran is surviving very well without the assistance, rather with the opposition, of these fronts. Why can't we?" he asked.

WB for liberalisation of Pak rural credit markets

ISLAMABAD, June 17: Bank's South Asia region country department 1, said rural credit markets must be liberalised to improve performance in the rural economy and efficiency in financial institutions.

It recommended four reforms, which it said the Pakistani government must initiate:

Produce and price controls must be replaced by prudent regulation and supervision, combined with policies to stabilise the economy.

Commercial banks must operate in a competitive environment and be allowed to set interest rates for rural lending that cover their lending costs.

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