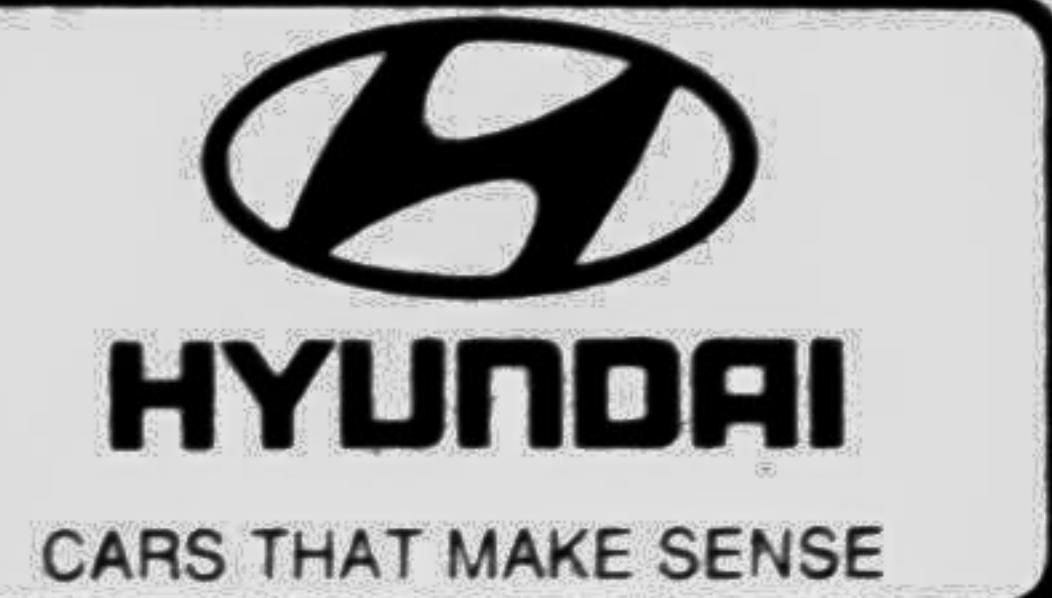




The Daily Star BUSINESS

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Consensus among IGC officials, traders in London

South importers to feel pinch of tight global food market for 1 yr

LONDON, June 20: Better harvests are set to bring grain prices down from historic highs set in 1996, but third world importers will feel the pinch of a tight global food market for at least another year, reports Reuter.

That seemed to be the consensus among officials and traders at this week's London conference of the International Grains Council (IGC), an agency that monitors the trade in grains.

Key producers made soothing remarks that the worst could be over for cash-strapped importers. Supply would overtake demand and gradually prop up stocks, currently down at 20-year lows.

"We are not in a crisis situation," said Eugene Moos, Undersecretary of Farm and For-

ign Agricultural Services at the US Department of Agriculture (USDA).

"Weather permitting, grain production will expand to meet growing demand and today's prices will begin to moderate," he told the meeting on Tuesday.

Wheat prices hit a record above 250 dollars per tonne in April and while they have since fallen around 20 per cent, there remain at more than twice the amount poorest countries paid two years ago.

But despite scarce supplies at home, the United States gave assurances that its exports would continue, Moos said.

The United States has worked long and hard to build its reputation as a reliable supplier on the world market and

we are committed to trade," he said.

But traders doubted the world's biggest supplier could open its floodgates at a time when its wheat crop had been shaved by bad weather.

Although the maize harvest is expected to be a record, there may be a supply gap as it's not due before September.

Moos appeared to refer to the way that the European Union squeezed its sales by 25 per cent in the current season ending in June to protect its own millers and livestock industry.

"We believe export restrictions in any form, including export taxes... distort markets and are contrary to the spirit of the (GATT) Uruguay Round," he said.

Legras, Director General for Agriculture at the European Commission said the tax would remain intact for the time being, although it could fine tune export tonnages now that an extra five million tonnes of wheat is likely to be harvested this year.

"We will remain careful," Legras told the conference.

Legras said that once harvests in Europe, Australia and Argentina came onto stream, the supply situation would become easier but not much because we are starting from very low stocks."

11000 tons of Indian sugar reach Ctg

Pearl One, a cargo vessel carrying 11,000 tons of sugar from Haldia, Calcutta, got berthed at Chittagong Port yesterday, reports BSS.

This is the second consignment of the total value of one lakh 21 thousand tons of sugar to be imported by Bangladesh Sugar and Food Industries Corporation (BSFIC) within September this year.

Meanwhile, "Dubai Glory" which arrived in Chittagong with 12,500 tons of sugar earlier on 3rd of this month had already left Chittagong after discharging its cargo, the corporation source said.

Two more ships, namely Captain Peter and Kaveri which are now being loaded in Bombay and port Santos, Brazil respectively are expected to set sail by the last week of current month carrying 12,500 tons of sugar each.

2 training courses end at BIBM

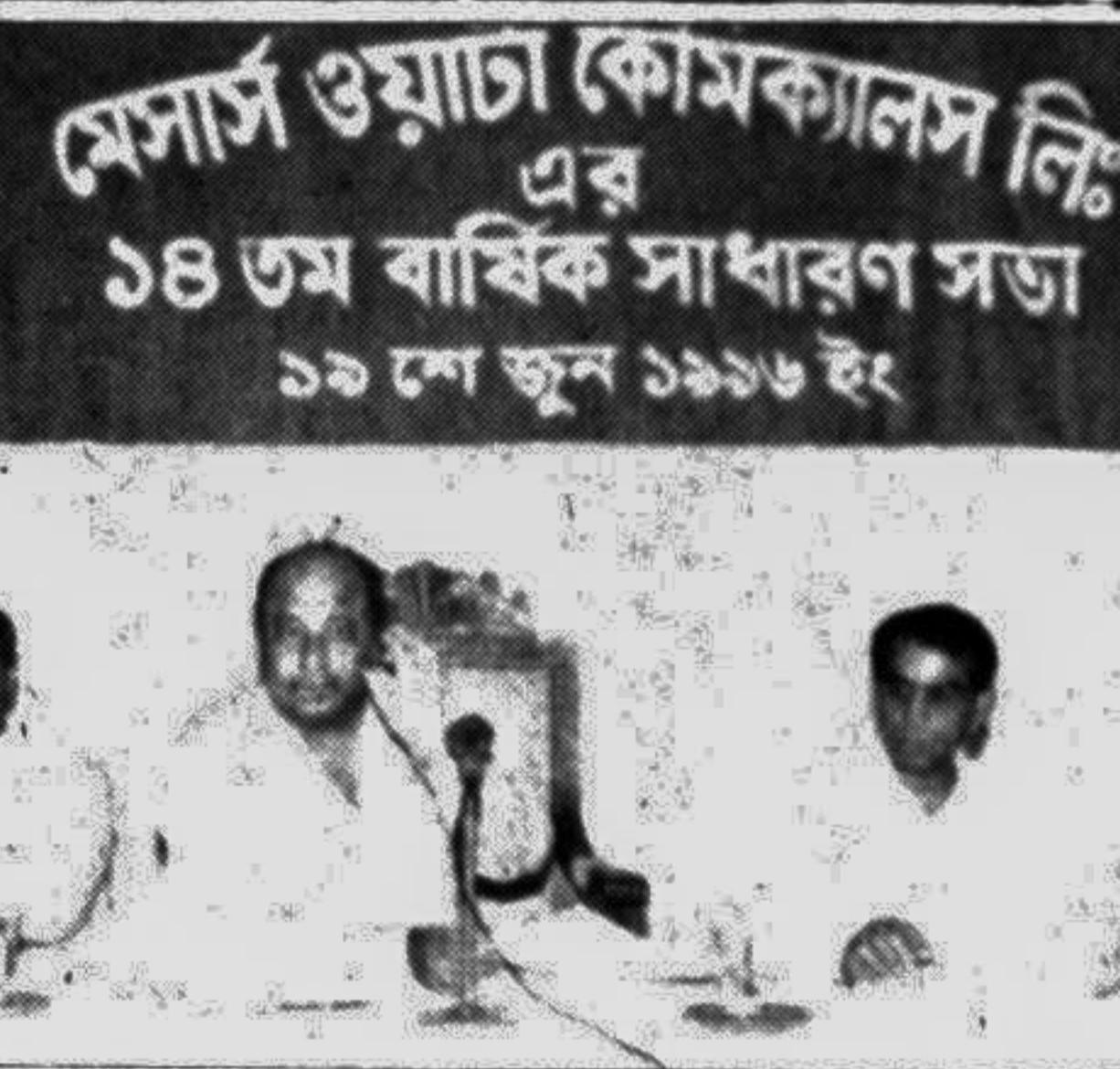
Two training courses — one on "Security Market Operations" and the other on "International Trade and Foreign Exchange" — concluded yesterday at Bangladesh Institute of Bank Management (BIBM), says a press release.

The 6-day course on "Security Market Operations" covered discussions on various segments and instruments of security market, operational procedures of primary and secondary markets, legal and financial infrastructure for security market, role of SEC for the protection of investors' interest and security market development and interlinkage between banking and security market.

The 18-day course on "International Trade and Foreign Exchange" aimed at familiarising the participants with the techniques, laws, principles, documents and procedures adopted in financing foreign trade of Bangladesh. The course also dealt with different foreign exchange market operations, exchange rates determination, managing foreign exchange risks and positions and operation of different foreign currency accounts.

Kobayashi said the government has a good chance of reaching its target of 2.5 per cent GDP growth this year.

Economists said the January-March growth had exceeded their expectations, but



The 14th annual general meeting of Wata Chemicals Limited was held at a city hotel on Wednesday under the chairmanship of Fazul Hoque, Chairman & Managing Director of the company. The other directors are also seen in the picture. Twenty per cent dividend was declared at the meeting for the year 1995.

Japan's economic recovery picking up steam

TOKYO, June 20: Japan's economy broke out of three years of near-zero growth with a January-March surge that exceeded any first quarter in the last 23 years, the government said Tuesday, but economists said some special factors were involved, reports AP.

The Economic Planning Agency said the nation's gross domestic product grew by three per cent from the October-December quarter, an annual rate of 12.7 per cent.

With that, growth for the fiscal year ended March 31 reached 2.3 per cent after three years of expansion of 0.5 per cent or less.

Makoto Kobayashi, an agency vice minister, said that with business and consumer spending on the rise, Japan's recovery had picked up enough momentum to be self-sustaining and he doubted that the government would need to budget any more economic stimulus packages.

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Jobless issue may figure prominently at EU summit

FLORENCE, Italy, June 20: Amid growing hopes of a breakthrough in the "Mad cow" crisis at this weekend's EU summit, concern for Europe's 18 million unemployed may yet return to the top of the assembled leaders' menu, reports AFP.

French President Jacques Chirac, in particular, is hoping to push the jobs issue and the idea of a Europe-wide social model to centre stage at the summit at the Fortezza Da Basso citadel in Florence on Friday and Saturday.

"Jobs are a major concern for the citizens of Europe. They should also be a major concern for its leaders," said presidential spokeswoman Catherine Colonna, setting out Chirac's personal agenda.

Chirac was to arrive in the northern Italian city Thursday evening, ahead of the formal start Friday morning of the biennial meeting of the EU's 15 heads of state and government.

Officially the summit agenda will be organised around talks on the Inter-Governmental Conference (IGC) launched in Turin in March to map out the EU's future architecture.

Employment, and how to maintain Europe's world competitiveness while at the same time protecting workers' rights, is widely seen as an integral part of this debate. In particular, there is growing concern that the requirement for governments to cut budget deficits is seen as a cause of

unemployment.

Sweden has led the drive to ensure the union's 18 million jobless are not forgotten as the EU grapples with the more problems of institutional reform during the IGC.

France and the Benelux countries have also expressed support for integrating a chapter on employment into the new treaty and making job creation a central goal of the union.

But the move faces fierce opposition from both Germany and Britain, who argue that employment policy should remain the preserve of national government. Britain negotiated an opt-out from the social chapter of the Maastricht Treaty.

Sceptics also lament its impact on European competitiveness in world markets, where they face an increasing onslaught from Asian countries where labour costs are often much lower.

Chirac, whose own record on fighting France's chronic unemployment is less than impressive, has nevertheless made a show of pushing for a "social model" promoting job creation and workers' rights.

The French president is adamant he will make jobs a key issue again in Florence, seeking to develop further his social model idea. "We will be assessing what has been done to strengthen the social dimension," said Colonna.

UNITED NATIONS, June 20: Civil strife and political upheavals have destroyed the fragile economies of 15 countries described as the poorest of the poor, reports IPS.

The United Nations says political turmoil is a major factor in these countries' inability to improve their economic condition.

Some of the major political problems are in the world's least developed countries (LDCs). Khalil Rahman of the United Nations Conference on Trade and Development (UNCTAD) says.

Of the 48 countries categorised as LDCs, about one-third are afflicted by political turmoil: Afghanistan, Angola, Burundi, Cambodia, Ethiopia, Haiti, Liberia, Mozambique, Rwanda, Sierra Leone, Somalia, Sudan, Togo, Yemen and Zaire.

The instability has worsened the economic woes already faced by these countries, Rahman told reporters, as he introduced a 113-page report, "The least developed countries, per capita output in the 15 countries fell by 1.0 per cent per annum in 1980-1990 and 5.7 per cent per annum in 1990-1993."

"But these figures probably understate the economic damage caused by civil strife in these countries," Rahman says. "Infrastructure has been de-

stroyed, causing severe problems for transport, communications and utility supplies."

Agricultural production has collapsed in many countries as the rural population flees war-affected areas, undermining food supplies and creating refugee problems for neighbouring nations. Wars have been the dominant influence on the economic performance of this group of LDCs.

A country is designated LDC based on its population (less than 75 million) and per capita income (less than 699 US dollars).

These countries should also score a value of 47 or less on the United Nations' "augmented physical quality of life index", and a value of 22 or less on the "economic diversification index".

The 48 LDCs — 33 of which are in Africa — have a total population of more than 555 million people.

Rahman says the aggregate gross domestic product (GDP) of the African LDCs increased to 2.2 per cent in 1995, compared with 0.6 per cent in 1990-94. "This is a very significant development for Africa."

He attributed the improved performance to better economic policies, favourable weather and improved commodity prices leading to higher export earnings. Most LDCs remain dependent on exports of such

primary commodities as coffee, copper, cotton and tea, to generate foreign exchange earnings.

The United Nations Development Programme (UNDP) last year pointed to what it said was a "widely held myth" that the developing world was on the upswing because of the remarkable economic performance of East Asia.

This is not true, argued UNDP Administrator Gus Speth, because 48 of the LDCs in the developing world are fighting a losing battle for survival.

The high-performing East Asian economies — including South Korea, Taiwan, Malaysia, Hong Kong, Singapore, and China — registered average per capita income growth of about 5.5 per cent per year between 1965 and 1990.

"This does not mean the developing world is doing pretty well, and that things are basically on track," said Speth.

With 10 per cent of the world's population, Speth said, the 48 earn only 0.1 per cent of the world's income. And for more than two decades, their per capita income on average has declined, not grown.

Today the per capita income of LDCs stands at 350 US dollars. By contrast, the per capita income of Japan is about 27,000 US dollars, Germany 24,000 US dollars, and the

United States about 22,500 US dollars.

The LDCs' share of world trade has also declined: From 0.6 per cent in 1980 to 0.2 per cent in 1992.

"These facts, and others, should shock us, and must continue to shock us," Speth said. He pointed out that over the last three decades, the gap between the richest and poorest 20 per cent of the world's people had doubled, from 30-fold to 60-fold.

While there were only about 26 LDCs in the 1970s, the number had increased to 48 by 1994. Only one country — Botswana — has graduated from the ranks of the "least developed" to a "developing" country.

Economic growth of the LDCs has also been hampered by rising debts. The total outstanding external debt of the 48 LDCs amounted to 127 billion US dollars at the end of 1993, compared with 117 US dollars in 1990.

At the social summit in Copenhagen in March last year, Western nations refused to approve a proposal to cancel the debts of all LDCs. Any debt cancellations, donors said, should be on a case-by-case basis. The only two countries to agree to outright cancellations were Denmark and Austria.

and said tax culture has not been developed in this country.

The president appreciated the role of the press in the restoration of democracy in Pakistan and said the journalists and intellectuals had worked side by side with the politicians, peasants and workers for the cause of democracy.

Sumitomo Corp. may suffer net loss of \$ 1.4b

TOKYO, June 20: Japan's Sumitomo Corp. is likely to suffer a net loss of 150 billion yen (1.4 billion dollars) in the year to March 1997 as a result of unauthorised copper trading, the Nihon Keizai Shimbun said Thursday, reports AFP.

It would be the first time the major trading house suffers a net loss since it was listed on the stock exchange in 1949, the leading business daily said.

Sumitomo has decided to write off totally in the current fiscal year its 196 billion yen of trading losses from unauthorised copper dealings over a period of 10 years, the paper said.

The losses have been bla-

med on the former head of its non-ferrous metal section, Yasuo Hamanaka.

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