

IMF considering steps to ease debt burden of poorest states

WASHINGTON, July 16 The International Monetary Fund (IMF) is considering either an expansion in its loan repayment periods or the provision of grants in order to lighten the debt load of the world's poorest countries, an IMF official has said, reports AFP.

Jack Boorman, head of the Fund's development policy unit, said in an interview appearing in the publication IMF survey that the fund was considering two options.

"One is to extend the maturities of IMF claims... for example, by extending the maturity of such claims from the current ten years and five years grace to 20 years and the ten years grace.

Another possibility is to provide a grant to the country to help it service its obligations to the IMF."

The fund, in conjunction with the World Bank, has identified eight countries where the external debt is considered 'unsustainable' and 12 others that are classified as 'possibly stressed' by their debt burdens. Most of the 20 states are in Africa.

But the debt relief will not

be forthcoming unless countries adhere to economic reform policies for at least three and possibly six years.

"If the IMF is the major creditor to a country, it will provide relatively more assistance to the country than other multilateral institutions," said Boorman.

A country's debt would be deemed sustainable, according to the IMF and the World Bank, if interest payments represent between 20 and 25 per cent of export revenues or if the total debt does not surpass 200 to 250 per cent of

export earnings.

But other factors will be taken into account, according to Boorman. Such as 'the country's reserve position, its dependence on a single or small number of commodity exports and the impact of debt service on its fiscal position.'

"But it is important to keep in mind that these indebted countries will continue to require bilateral and multilateral assistance... indeed even if the debt of a number of these countries were totally written off the would remain heavily dependent on aid."

Afghanistan to import food, oil

ISLAMABAD, July 16 Afghanistan's new Prime Minister Gulbuddin Hekmatyar told the finance and commerce ministries on Monday to arrange early imports of food and oil for the war-shattered country, the official Kabul Radio said, reports Reuters.

The broadcast, monitored in Islamabad, said Hekmatyar issued the orders during a meeting of the State High Commission in Kabul, where it said three more people were killed by overnight rebel rocketing.

It quoted him as saying that oil, sugar, rice, wheat flour and other necessities for daily use must be bought abroad and supplied to local markets for sale at reasonable prices.

The broadcast did not specify which countries might supply the imports. Food and other items are scarce in Kabul with prices sky-rocketing because of the reach of ordinary citizens.

Pakistan has been the major source of supplies to Kabul and eastern and southern Afghanistan since Islamic Mujahideen guerrillas took over from a collapsed communist government in April 1992 after 14 years of civil war.

Pakistan unveils new trade policy to achieve \$ 10b export target

ISLAMABAD, July 16 Pakistan has set its export target at ten billion US dollars during the fiscal year of July 1996 to June 1997, said Commerce Minister Chaudhry Ahmed Mukhtar here yesterday, reports Xinhua.

Announcing the trade policy for the new fiscal year, the minister said, we are planning major initiatives towards export promotion and are confident that we will achieve this target due to better crops and higher economic and industrial performance.

He said the new trade policy would facilitate trade and boost export through streamlining of procedures and waiving certain restrictions.

He said that it would help create the environment for industry to be more competitive to meet challenges of free trade and increase Pakistan's share of trade in the international market.

The policy, he explained, would diversify exports and commodity and help meet the country's obligations toward globalisation of trade under the World Trade Organisation and

to prepare Pakistan for emerging challenges and opportunities.

The minister said the new policy would achieve quantum jumps in exports through value additions, aggressive marketing and by making 'made in Pakistan' label more sought after.

The trade policy will promote eco-friendly and child-labour free environments and make export procedures, rules and regulations more transparent and simpler to apply, he continued.

Another important objective of this year's trade policy, he said, was to realize further outward orientation of the country's economy.

The minister said that in accordance with the prime minister's 'look east' policy, Pakistan was closely following the developments in the Asia-Pacific Economic Cooperation (APEC) and the Association of South-East Asian Nations (ASEAN).

We are working towards joining APEC and also establishing a full dialogue partnership with ASEAN. It is

hoped that Pakistan would be invited to the forthcoming ASEAN European summit next year.

Pakistan's exports in 1995-96 was about 8.6 billion dollars, 600 million dollars short of its original target.

He said, 'as a result of export promotion initiatives taken by the government, the exports during the January-June 1996 period achieved an impressive growth of 14.9 per cent over the corresponding period in 1995.'

Exports in the previous six months from July to December 1995, however, had shown a negative growth rate of 5.4 per cent, he added.

On the other hand, Pakistan's imports during 1995-96 were 11.7 billion dollars as against 10.7 billion dollars during last financial year resulting in an increase of trade deficit to three billion dollars.

The over all increase in imports for the full year was contained to 12.5 per cent as against an increase of 21.4 per cent in the import bill during the previous year.

Bangladesh Leasing Corp formed

M M Ispahani Limited, Delta Life Insurance Company Ltd and Green Delta Insurance Company Ltd have signed a joint venture agreement with Pakistan Industrial Leasing Corporation Ltd (PILCORP) to form Bangladesh Leasing Corporation Limited, says a press release.

The agreement was signed at a local hotel yesterday.

Fair Trade Commission takes off today

The newly established Fair Trade Commission (FTC) will be launched at a function here today, reports UNB.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) set up the FTC with an objective to protect the interest of the consumer as well as to ensure a balanced trade system.

The FBCCI has organised the launching ceremony of FTC at Shilpakala Academy auditorium at 7 pm. FBCCI President Salman F Rahman will attend the function as chief guest while the German Ambassador to Bangladesh as special guest.

BRDB disburses Tk 70 lakh loan in Bhola

BHOLA, July 16 Bangladesh Rural Development Board disbursed Taka 70 lakh among its samity members in sadar thana under its self-employment programme in the last fiscal year, reports UNB.

According to BRDB sources, the loan was disbursed among 3,000 landless members of its samities for raising poultry, setting up dairy and fish farms and raising plant nursery.

Meanwhile, BRDB distributed prizes among the successful field workers and samities at a function held last week.



Mirza Mehdy Ispahani, chairman of M.M. Ispahani Ltd, and Rashid Ahmed, Managing Director of Pakistan Industrial Leasing Corporation Ltd, signed a joint venture agreement to form Bangladesh Leasing Corporation Ltd in the city yesterday.

Chirac rules out change in French econ policy

PARIS, July 16: President Jacques Chirac told the French people Sunday that the path to economic recovery lay in cutting deficits, interest rates and taxes, not in extra public spending, reports Reuters.

Ruling out a change in economic policy, Chirac said in a television interview that French and German interest rates were too high and there was ample room for rate cuts to stimulate business investment.

"I don't want to interfere in the affairs of the Bank of France, which as you know is independent, but my opinion is that interest rates today in any case in France, and I think also in Germany, are too high far too high and there is big room for a reduction," Chirac said.

He said growth was not as strong in France as in other European countries because its deficits were too high, requiring better management and belt-tightening by individual citizens. He declined to say when French growth would start to pick up.

The country must keep reducing public spending to allow the economy to grow productively, he said.

"France has paralysed itself. It has lived on credit, it spent without thinking, without evaluating the profitability or the efficiency of its expenditure," Chirac said.

"If there are too deep a deficit, we must put our public finances in order. There can be no growth founded on disorder in public finances, on deficits or on excessive debt."

Prime Minister Alain Juppe's plans to reform the economy and out spending to keep France on track to meet tough criteria in the Maastricht Treaty for a single European currency, have sparked protests and made him deeply unpopular.

Chirac made clear France needed to shake itself free from bad economic habits to revive sustained growth.

"We have been immobile for too long. We have refused reforms... this creates a situation which must be improved and which can be. We intend to get France back on the move and that is possible," the President said.

WB to lend Philippines \$ 270m in '97

MANILA, July 16: The World Bank has committed about 270 million dollars to the Philippines next year to fund projects already in the pipeline in connection with the government's development goals, it was reported Tuesday, reports AP.

Economic Planning Secretary Celito Habito told the independent Business World newspaper that the loans would be used to finance a major water sector project, an elementary education project, the further development of the Subic Bay freeport area and a support program for agrarian reform.

The newspaper also said the National Economic and Development Authority, which Habito heads, reported the government is also negotiating an additional 200 dollars from the World Bank.

It also quoted Pinky Esquerro, the economic planning office's director for investment, as saying that the government is looking to borrow a total of 1.5 billion dollars for a period of three years.

ACI Formulations, IPDC sign loan agreement

ACI Formulations Limited, a fully owned subsidiary of ACI Limited, has signed an agreement with the Industrial Promotion and Development Company (IPDC) of Bangladesh for a long term loan to finance a formulation and repacking plant of agrochemical products, says a press release.

The production capacity of the project will fulfil the agrochemical requirements of the country and help export to other countries, the press release added.

M Anis Ud Dowla, Chairman and Managing Director of ACI Limited and Chaklader M Alam, Managing Director of IPDC signed the agreement on behalf of their organisations.

Intiyaz joins

ACI Board

Another press release says Intiyaz Husain, Chairman of Dhaka Stock Exchange Limited and Managing Director of Intiyaz Husain and Co, has joined the Board of ACI Limited.



M. Anis-Ud-Dowla, Chairman and Managing Director of ACI Limited and Chaklader M Alam, Managing Director of IPDC signed a loan agreement on behalf of their organisations in the city on Monday.

Central Insurance opens branch at Agrabad

The Agrabad branch of the Central Insurance Company Ltd has been opened at its new premises at Agrabad Commercial Area in Chittagong, says a press release.

The branch was inaugurated by the Chairman of the company Alhaj Md Abdul Maleque on Sunday.

The branch is likely to render better services to the company's clientele. Members of the Board of Directors, Md Hashmat Ali, Managing Director (Incharge), Md Nurul Hoque, Chittagong Zonal Incharge, Syed Ahmed Chowdhury, Incharge of the Agrabad Branch, a good number of local industrialists, elites and prominent businessmen were present on the occasion.

The Managing Director (Incharge) in his speech, invited the inhabitants of Agrabad to receive better services of CIC Ltd. He said that the company can cater all the modern insurance needs.

Md Nurul Hoque hoped that the inhabitants of Agrabad will co-operate to run the branch smoothly.

Syed Ahmed Chowdhury, in his speech, urged the local business community to render all-out co-operation to the branch for gearing up its prosperity.

BIBM workshop on int'l banking concludes

A four-day workshop on 'International Banking' concluded at the Bangladesh Institute of Bank Management (BIBM) yesterday, says a press release.

AHM Nurul Islam Choudhury, Director General of BIBM, presided over the concluding session.

The workshop mainly dealt with international banking and trade financing techniques, foreign exchange market and dealing room operations, implication of convertibility of taka on financial and real sector of Bangladesh economy, recent de-regulatory measures regarding taka convertibility by Bangladesh Bank, exchange rate calculations and foreign exchange risk management.

In his speech, Choudhury said international financial markets are becoming globalised and dynamic rapidly. To cope with the present situation, our financial institutions should be well-equipped with requisite knowledge and expertise for international operations, he added.

The concluding session was marked by distribution of certificates among the participants.

A total of forty-one bankers from different banks and financial institutions participated in the workshop.



Alhaj Md Abdul Maleque, Chairman of the Board of Directors of Central Insurance Company Ltd, opening the Agrabad Branch of the company at its new premises in Chittagong on Sunday. Immediate past chairman Alhaj Md. Shafi, Director Alhaj Md. Yousuf Chowdhury, Chittagong zonal incharge Md. Nurul Hoque, Director Md. Tayabur Rahman, Vice Chairman Md. Nurul Islam, Managing Director (incharge) Md. Hashmat Ali and Director Tulu Kalimullah are seen in the picture.

Delhi won't slash hiked prices of petroleum products

NEW DELHI, July 16: Prime Minister H D Deve Gowda Monday threw out appeals for a roll back in the hiked prices of petroleum products saying the additional revenue would be ploughed in to help India's poor farmers, says AFP.

Deve Gowda's rejection of the demands of his United Front government's partners is likely to further strain the centre-left coalition which assumed office on June 1, analysts said.

Deve Gowda, a farmer-turned-politician from the southern state of Karnataka, told parliament his government would not slash the pre-budget hikes aimed at mopping up 3.44 billion dollars.

The unpleasant decision has been taken to facilitate allocation of more funds for the upliftment of the rural population, Deve Gowda said after MPs cutting across party lines demanded a reduction in the prices.

Defending his decision, the 63-year-old Prime Minister said the 'urban elite' will have to share the burden of shooting deficits in fuel subsidies.

"This deficit is expected to be to the tune of 3.34 billion dollars by March 1997," Deve Gowda told the Lower House, or Lok Sabha, and added his government was committed to generate additional revenue for welfare projects.

The United Front on July 2 pumped up the price of petrol by 25 per cent and those of diesel and cooking gas by 30 per cent but then said the ad-

ditional revenue would be used to meet future imports of petroleum products.

The coalition halved diesel prices on July 6 amid countrywide protests, which were led by its main leftist ally, the Communist Party of India (CPI) and the Congress (I) Party of former premier PV Narasimha Rao.

The United Front, which has less than 200 MPs in the 545-seat Lok Sabha, survives because of the legislative support of the Congress.

Earlier Monday members cutting across party lines pummeled the United Front

for the hike saying the drastic step would fuel inflation and hit the uncounted millions who live below the poverty line.

"Revision in the petroleum prices will result in the prices of essential commodities shooting up," said Muslim League Party member E Ahmed. "It would also push up freight and industrial costs," he added.

CPI leader Geeta Mukherjee also demanded a roll back in the prices.

The steep hike in cooking gas has severely hit the common man," she said during a heated debate in Lok Sabha.

Deve Gowda's refusal to cut back the costs came a day after Home Minister Indrajit Gupta, a top CPI leader, said the United Front would slash prices of cooking fuel.

"Price of cooking gas might be reduced and an announcement in this regard would be made in a couple of days," he told a bankers forum, Gupta, is the only communist in Deve Gowda's 39-member cabinet.

National parties have warned the issue could destabilise the United Front and finally result in mid-term elections. The United Front assumed power when a minority administration of Hindu nationalists bowed out of office after governing India for 13 days.

Imports of petroleum products hit 16.7 million tonnes in March 1996 compared with 10.6 million tonnes in March 1995 on the back of higher domestic demand.

Netanyahu's economic policy faces test as general strike looms

JERUSALEM, July 16: Israeli Prime Minister Benjamin Netanyahu yesterday faced the first test of his harsh economic policy, only a month after taking office amid spiralling inflation, high unemployment and calls for a general strike, reports AFP.

The Israeli parliament was Monday to vote on three motions of non-confidence brought by the opposition against the new rightwing government's austerity plans to slash 1.5 billion dollars from next year's budget.

They are the first motions of no-confidence since the May 29 elections to be debated by the new 120-seat Knesset, led by Netanyahu's coalition of rightwing and Jewish religious groups.

With most of the economic indicators in the red, the Tel Aviv stock exchange plunging and a call by the powerful central trade union body Histadrut for a 10-hour general strike on Wednesday, Netanyahu could face a bumpy ride.

Since the elections in which he narrowly defeated former Prime Minister Shimon Peres and his labour-led government, the Mishman index, one of the stock exchange's main indicators, has fallen eight per cent.

The fall translates into a loss of almost three billion dollars in the exchange's capital and on Monday the market was again swamped with sell orders. In another sign of an increasing loss of confidence, Israelis are cashing in pension

funds, with 330 million dollars withdrawn in June alone.

Uri Witzberger, Director of the Tefahot Bank, said he believed withdrawals would total a billion dollars in July and August.

According to a poll by the Gallup Institute, 34 per cent of savers are planning to cash in their pension funds by the end of the year.

Such a haemorrhage of cash threatens to destabilise the Israeli financial system with an estimated 33 billion dollars in capital invested in pension funds.

Meanwhile, Histadrut has

urged the government to hold talks on the planned public spending cuts in the 1997 budget or risk a strike which could paralyse the country on Wednesday.

The cabinet wants to reduce the country's budget deficit from 3.2 per cent of Gross Domestic Product this year to European levels of 2.8 per cent in 1997 and 1.5 per cent in 2001.

In its plan put forward last week, the government notably decided to axe child benefits for the first two children in a family, impose payments for visits to doctors and bump up

public transport fares.

Analysts say hardly a family in Israel will remain unaffected by the cuts. Shaul Amor, Chairman of Parliament's Social Lobby and Likud member accused the government of hitting 'the sick, the elderly and children.'

The number of jobless has also increased 7.1 per cent in June to reach 116,000, the highest since November 1993.

The figures are in stark contrast to the economic record of the previous labour government which cut unemployment from 11.5 per cent of the active population in 1992 to 6.6 per cent this year.

Paradoxically a record number of immigrant workers from Thailand, Romania, Turkey and China have been brought in to replace the Palestinians barred from entering Israel from the territories since the end of February.

Some 103,000 foreign workers were officially registered in June compared with 93,000 in May.

According to the labour ministry, the true figure however is likely to be more than 200,000 including illegal workers, representing 10 per cent of the active Israeli population.

Meanwhile, inflation has reached an annual rate of almost 15 per cent, compared with eight in 1995 and the country's balance of payments has hit an unprecedented 4.5 billion dollars this year against four billion in 1995, according to treasury figures.

US economists foresee healthy growth thru '98

WASHINGTON, July 16: US economists foresee a pronounced slowdown in US growth starting in the third quarter this year but say the national economy should remain healthy through 1998, a survey disclosed yesterday, reports AFP.

Fifty economists questioned by USA Today and the CNBC television network predicted that second quarter growth in annual terms — for which figures are expected on August 1 — would come to 4.08 per cent.

But third quarter expansion in gross domestic product would be limited to 2.62 per

cent, falling to 2.01 per cent in the fourth quarter and 1.83 per cent in the first three months of 1997.

Only 17 per cent of those surveyed saw a recession starting in the first half of 1997, while 14 per cent said a recession would occur in the second half.

Seventeen per cent foresaw a recession in first half of 1998, with 52 per cent saying it would not come until the second half of 1998 or later.

Inflation between now and the first quarter of next year should move in a range of 3.02 to 3.10 per cent, with unemployment in the period held to between 5.3 and 5.54 per cent.