

## IMF may consider easing world's heavily indebted states' external burden

By Govinda Shil

The International Monetary Fund (IMF) is likely to finally consider the world's heavily indebted poor countries easing their external debt burden at its annual meeting in October this year.

According to an IMF official in Dhaka on Monday, "If IMF members reach an agreement on relieving the poorest countries of their inability to pay, the agency will seek to raise funds."

Responding to a question whether Bangladesh is a high-indebted country, he said, "No," adding that Bangladesh's total debt to IMF as on June this year is estimated at 590 million US dollars.

The IMF official pointed out that Bangladesh would likely to

pay 88 million US dollars this year to the Fund for her past borrowing under the ESAF programme.

Due to favourable foreign exchange reserve, dwindling above two billion US dollars, Bangladesh did not require IMF's assistance for improving the Balance of Payment situation.

According to IMF criterion, if debt service payment of a country could be lowered to around 20 to 25 per cent of its export earnings, the Fund considers that the country's debt is manageable. IMF also thinks that if the present value of a member country's future debt service payment remains between 200 and 250 per cent, the

economy of that country is sustainable, the official said.

The IMF official said the fund is unlikely to take any programme like Enhanced Structural Adjustment Facility (ESAF) now, though Bangladesh requires more attention in its financial sectors.

IMF might lengthen grace and total repayment periods for its most vulnerable members, the official noted and added that IMF, according to its members' decision, might sell out a portion of its total gold reserves worth about 40 billion US dollars. He also said members might like to help IMF to raise funds for the poor nations through 'subsidy account', contributed by more better-off nations.

IMF, he said, cannot completely write off debts of its members but can help them improve their economic management through lengthening grace period or by improving BOP situation.

IMF considers Burundi, Guinea-Bissau, Mozambique, Nicaragua, Sao Tomo and Principe, Sudan, Zaire and Zambia as unsustainable countries in terms of their ability to pay the external debts and its services.

Some other countries like Bolivia, Cameroon, Congo, Cote d'Ivoire, Guyana, Madagascar, Myanmar, Niger, Rwanda, Tanzania, and Uganda have been termed by IMF as 'possibly stressed' countries.

## S Korea keen to expand economies with Argentina

**BUENOS AIRES, Sept 10:** South Korean President Kim Young-sam met with President Carlos Menem on Monday and said he was eager to expand his country's investment in Argentina, says AP.

Korea wants to help promote manufacturing industry and to improve roads, ports and social infrastructure, which Argentina will embark upon in the future, Kim told business leaders at the Buenos Aires stock exchange.

"We must jointly try to increase the bases for industrial cooperation," he added.

Kim, on the third leg of his tour of Central and South America, said he saw Argentina as a bridge to gain greater access to the region's Mercosur trade bloc, which also includes Brazil, Paraguay and Uruguay.

Currently, the majority of South Korea's investment in Argentina lies in fishing and petroleum exploitation. Last year, bilateral trade reached some 440 million dollars.

Menem for his part told a delegation of Korean business officials: "Invest, do business and reap the rewards."

Earlier Monday, US agribusiness giant Cargill Inc. signed a 8.55 million dollars contract to sell 52,500 tons of Argentine corn to South Korea's National Livestock Cooperatives Federation.

South Korea's Export Import Bank also agreed to loan Argentina's state-owned Banco de la Macion 10 million dollars to finance imports of Korean products.

Last Friday, Argentina's Minera Alumbrera signed a 800 million dollars contract with LG Metals Corp. to provide the South Korean company with 100,000 tons of copper and gold ore concentrate per year. The deal will last through 2007.

Kim, who also met with members of Argentina's 30,000 member Korean community, leaves for Brazil Tuesday and will also visit Peru on the last leg of his tour.

## ROK decides to boycott DPRK's investment forum

**SEOUL, Sept 10:** Despite North Korea's latest moves to invite more South Korean businessmen to its first major investment forum, the Seoul government has decided to boycott it, government officials said Tuesday, reports AP.

Last week, the North issued invitations to only 20 of the 53 South Koreans who applied to participate in the forum in the Rajin-Sonbong free trade zone near the Tumen river that borders China and Russia.

The 20 South Koreans invited to participate in the three-day forum opening Friday were all businessmen. Others, including government officials and journalists, were excluded.

Under threats of boycott from South Korea unless all of its 53 delegates are invited, the North issued invitations for five more businessmen on Monday.

The North's decision in still short of our demand," a Unification Ministry official said, requesting anonymity.

He said a formal government decision to stay away from the UN Development Programme-sponsored forum will be announced later Tuesday.

North Korea said invitations were limited by a lack of accommodations in the area. But South Korean officials think the North's decision was in line with its longstanding policy of shunning official contact with the Seoul government, which it regards as a US puppet.

They noted that North Korea has issued invitations to government officials, scholars and journalists from Japan, the United States, China and other countries.

The Koreans have been bitter rivals since the division of their peninsula into the communist North and the capitalist South in 1945.

## Workshop on sustainable agri-development strategies Call to increase farm production

The need for devising strategies to increase agricultural production in countries like Bangladesh without affecting the environment and the natural resources was stressed at the opening of a two-day workshop on sustainable agricultural development strategies yesterday, reports BSS.

The challenge facing us today is to devise strategy for an agricultural system that will increase food productivity without degrading the environment and depleting natural resources — the present need of the population should be met without compromising the needs of future generations' state minister for rural development, local government and cooperatives Alhaj Syed Abul Hossain said while inaugurating the seminar.

Organised jointly by the Bangkok-based ESCAP and the CIRADP at its headquarters in Dhaka, the two-day seminar will hear papers from experts as several papers highlighting the key issues of the subject will be presented in the four technical sessions spread over two days.

The opening session at the CIRADP headquarters here was also addressed by Kiran Pyakuryal, chief, rural development section and urban development division of the ESCAP. AVS Reddy, Director CIRADP and Ms Rosalee Y Say, Programme Officer, CIRADP.

Alhaj Syed Abul Hossain said Bangladesh is characterised by rapid population growth, endemic poverty, food security, and depletion of the agricultural resource base and all these require increased attention within the concept of sustainable development.

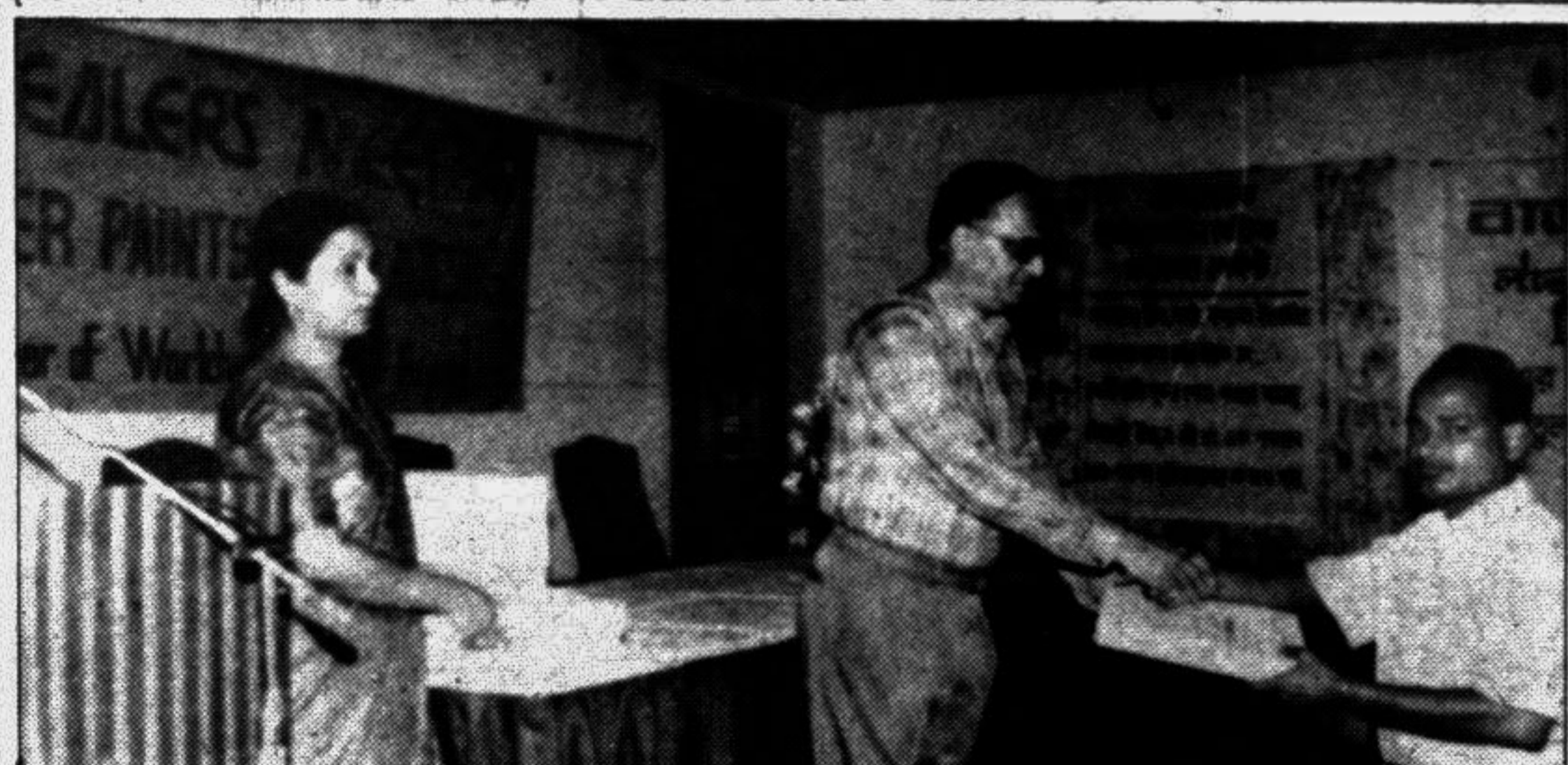
The minister referred to the concerns voiced at the intensification of the agriculture resulting from adoption of modern varieties of rice, expansion of minor irrigation, increase in cropping intensity and increased use of chemical fertilizer causing adverse effect on natural resources and environment and said present government is examining various policies aimed at improving farm production and strengthening the farming system.

The minister said agriculture in Bangladesh is now in a moribund state due to the neglect and apathy shown to this prime sector by the successive regimes after 1975, particularly by the immediate past government. He said during the last five years this sector registered negative growth rate and added that the rate was only 0.6 per cent in 1995-96.

Alhaj Abul Hossain said father of the nation Bangabandhu Sheikh Mujibur Rahman attached top priority to agriculture and took pragmatic and salutary steps for its development.

Following his footsteps, the minister said, the present government headed by Prime Minister Sheikh Hasina has already stipulated appropriate measures to revitalise country's agriculture sector.

He said 'save farmers — save the country' is the slogan evolved by this government for all round development of this sector and added that no efforts will be spared to achieve this goal.



Masih-ul-Karim, Managing Director of Berger Paints Bangladesh Ltd, seen distributing prizes at Berger Dealers' meeting in the city on Monday. — Star Photo

## ASEAN investment fund raises \$ 100m

**SINGAPORE, Sept 10:** An ASEAN Regional Investment Fund to be listed this month in Singapore and Osaka has raised 100-million US dollars, its lead managers and participating regional banks announced here yesterday, reports AP.

The ASEAN Supreme Fund Ltd. is aimed largely at investing in equity markets in the seven-member Association of Southeast Asian Nations, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

The fund, the second of its kind, is supported by the ASEAN Bankers' Association, which will subscribe to half of the 10 million redeemable preference shares in the fund, offered at 10 dollars each.

The remainder will be publicly offered by Nomura Securities Co. Ltd. in Japan, and privately placed outside Japan by Nomura Singapore Ltd.

The investment objective of the fund is to achieve long-term capital appreciation in equity and equity-related securities of companies in the ASEAN countries," said a statement from Nomura and the ASEAN Bankers' Group.

At least 80 per cent of the fund's portfolio will be in listed securities.

The fund will provide another opportunity for the investors to place their confidence in the continuing and robust economic growth of the ASEAN countries," said Wong Nang lang, Chairman of the ASEAN Banking Council and Director of the Fund.

The new regional fund comes

eight years after the ASEAN Fund Ltd, which raised 150 million US dollars, was launched in Singapore (SES).

"The Fund has consistently performed very well and its net asset value has more than doubled in recent years," the press statement said.

The SES has approved in principle the new fund's listing, and an application has been made with the Osaka securities exchange. The offer closes on September 18 and the Fund is due to be listed on the two exchanges on September 24.

Officials said the Fund would be closed-ended for 10 years, after which it may be converted to open-ended status depending on shareholders' approval.

South Korea believes the North is upset that only representatives of small and mid-sized businesses were included in the delegation and also doesn't want government officials from its southern rival to attend.

A North Korean delegation toured Japan and Hong Kong last month to promote the investment briefing.

The government has asked that North Korea notify us of its final decision by Monday," Unification Ministry spokesman Kim Kyung-ong said.

The request was made through the South Korean representative of the United Nations Development Programme, which is sponsoring the forum.

China's offshore oil output to reach record high

**BEIJING, Sept 10:** China's offshore oil wells are expected to produce a record 14 million tons of crude this year, the official Xinhua News Agency reported Monday, reports AP.

Production has already reached 10 million tons this year, Xinhua said, citing the state-run China National Offshore Oil Corp. or CNOOC.

After years of mining, gem deposits are getting exhausted and Sri Lanka now imports rough gems to help craftsmen and traders.

Despite marketing campaigns in the United States and Japan, gem exports have come down to 37 million dollars in 1995 from 42 million dollars the previous year, according to government statistics.

Three years ago, gems were the third biggest foreign exchange earner for Sri Lanka; now it's down to the sixth place.

Exports of Sri Lanka's gems, fabled since the time of Marco Polo, has been badly hit in the recent years by low production and competition from newcomers Tanzania, Madagascar and Vietnam. Countries that buy Sri Lanka gemstones are also facing a recession.

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'Chittagong Stock Exchange jointly with Bangladesh Petroleum Corporation' (BPC) held a seminar on 'Scopes of investment in security market' at the BPC conference room in Chittagong on Sunday. 35 BPC senior executives participated. A.G.M Shamsul Kamal, CEO and Golam Rabban Chowdhury, R & D Executive addressed the seminar.

## Crompton Greaves opens showroom in city

A showroom of Crompton Greaves Limited of India was opened here recently to display their various ranges of products, specially the pumps, reports BSS.

Speaking at the opening ceremony, President of FBCCI Salman F. Rahman said trade between Bangladesh and India must expand in the interests of both the countries.

But, he pointed out that it should grow in harmony with both the partners' interest. There should be a balanced growth of trade between the two countries, he asserted.

The company President, CP Dusat attended the function while Iqbal Khan, Managing Director, and Sunil Das, Director of Anbala Group, which represents Crompton Greaves in Bangladesh were present on the occasion.

Crompton Greaves, a famous industrial house, manufactures electrical and telecommunication machinery and multimedia products, has a background of over 50 years in business.

## Talks on free trade DPRK likely to extend invitation to ROK

**SEOUL, Sept 10:** North Korea has until Monday to invite the remaining South Korean trade delegates to its first-ever investment forum, South Korea said Sunday, reports AP.

Seoul is expected to boycott the UN-sponsored forum on the Rajin-Sonbong Free Trade Zone unless all 53 of its delegates — businessmen, journalists and government officials — are invited.

North Korea has so far extended its invitation to the briefing, scheduled to be held for three days beginning Friday, only to 20 businessmen.

The government has asked that North Korea notify us of its final decision by Monday," Unification Ministry spokesman Kim Kyung-ong said.

The request was made through the South Korean representative of the United Nations Development Programme, which is sponsoring the forum.

If North Korea relents, it will mark the first time that a government-organised delegation will go to the newly established free trade zone to seek out investment possibilities.

South Korea believes the North is upset that only representatives of small and mid-sized businesses were included in the delegation and also doesn't want government officials from its southern rival to attend.

A North Korean delegation toured Japan and Hong Kong last month to promote the investment briefing.



M.A Sabur, Chairman, United Commercial Bank Ltd, delivering his speech at thirteenth Annual General Meeting of the bank held at a local hotel yesterday. Directors and Managing Director M.A Yussouf Khan are also seen in the picture.

## BCI for introduction of simple interest in banks

A M Subid Ali, President of Bangladesh Chamber of Industries (BCI) has urged all government and private banks including financial institutions to take necessary steps to introduce simple interest instead of compound interest and allow interest rebate at the rate of 0.5 per cent to the regular loan repayers in the interest of sound banking system and economic development of the country, says a press release.

In a statement he expressed optimism that this step will help collect loans and develop free market economy in the meantime. All congratulated Agrani Bank for introducing simple interest on three years and above term loans.

He opined that simple interest should also be charged on the loans under three year-term.

Bangladesh Chamber of Industries, All added, has been pressing for long about introduction of simple interest by abolishing compound interest in the interest of industrialisation, investment and economic activities.

He pointed out that industrial development needs banking facilities on easy terms. But in our country the industrial investors have to bear the burden of loan with and compound interest from the very beginning. This burden is too heavy for them. After some days, this burdened loan makes them sick. This compound interest is pushing back rather than accelerating the pace of industrialisation of the country.

All said as a result, an unbearable chaos and unrest prevail in the entire society including the industrial arena. The system of compounding compound interest on the principal after every three months exists nowhere in the banking system of any country of the world.

He said it is the compound interest system in the banking sector created by many wizards has caused such disorder and chaos in every sphere of the economy today. Introduction of simple interest instead of compound interest will definitely bring surprising achievement in the economy, he added.

## Gowda warns foreign firms Don't exploit India

**NEW DELHI, Sept 10:** Indian Prime Minister HD Deve Gowda launched an international business conference here Tuesday by warning foreign firms not to exploit the country's new economic openness, says AFP.

Deve Gowda, speaking at the start of an investment summit entitled "destination India," said India would continue to try to attract "massive" amounts of foreign capital.

But he added: commercial investors should not be driven by profits alone. They should transfer technology and should have a long-term commitment to the people of India.

"This will prove that foreign investors are acceptable and can build an enduring bond with the host country."

The premier, addressing more than 300 top foreign business executives, government officials and leaders of Indian corporations at the conference, stressed the new government's desire to continue economic reforms.

"India is an emerging capital market," he said. "Foreign investors can tap this market. India has a highly-qualified manpower which is skilled. We can achieve international standards."

Foreign direct investment plays a major role in the process of globalisation. We cannot remain insulated."

Deve Gowda, who came to power at the head of a coalition government in June, said his administration was committed

to achieve in an annual 12 per cent growth in the industrial sector, adding that foreign capital would play a key role.

"This will require induction of massive capital and modern technology," he told the conference.

## Jobs in French public, private sectors remain stagnant

**PARIS, Sept 10:** Employment in French private and semi-public sectors remained stagnant for the second successive quarter of this year, according to two sets of figures published Tuesday, says AFP.

The year-on-year figure rose by a meager 0.1 per cent between June 1995 and the corresponding date this year, a net increase of 15,000 jobs.

Just over 6,000 jobs were created in the sectors excluding agriculture, administration and health — from April to June, provisional figures from the unemployment insurance scheme Unedic showed.

According to the state statistics institute Insee, the figure was some 2,100 salaried jobs.

The labour ministry said the 37,000 jobs created in France's Tertiary sector had offset the loss of 24,000 jobs in industry and 10,000 in construction.

## ICB 8th Mutual Fund draw held

The draw for allotment of ICB Eighth Mutual Fund certificates was held at the office of the Investment Corporation of Bangladesh (ICB) here yesterday, says BSS.

Inaugurated by the ICB Managing Director Khairul Huda, the draw was attended by Executive Director of the Securities and Exchange Commission (SEC) Nowsher Ali, officials of Dhaka Stock Exchange, ICB, and a large number of applicants.

The draw result sheets will be made public at the notice board of the corporation today.

ICB received 92,782 applications amounting to Take 114.51 crore for subscription of five lakh certificates valued at Taka five crore.

Of them 85,974 applications amounting to Taka 107.65 crore were found valid for the draw and proportionate distribution. The certificates were over-subscribed by 23 times.

## Moderate econ growth likely in Malaysia

**KUALA LUMPUR, Sept 10:** Malaysia's robust economic growth is expected to moderate in all major sectors in 1996 compared with 1995, the central bank Negara governor Ahmad Mohd Don said yesterday, reports AP.

The rates of growth of these sectors are expected to moderate from the high of levels of 1995, including the manufacturing, construction and services sector," Ahmad said in a statement after his annual meeting with financial institutions.

The governor said growth in the manufacturing sector would be largely dampened by the oversupply of memory microchips in the world market and increased competition.

"However, on the whole, the electronics and electrical products industry will continue to register double-digit growth in 1996, albeit lower than in 1995," he said.

Malaysia's gross domestic product (GDP), which has been growing at an average of more than eight per cent since 1987, posted growth of 8.5 per cent last year from 9.2 per cent in 1994.

The central bank said on Sunday annual growth of 8.4 per cent in the second quarter compared with 8.3 per cent in the first quarter of this year.

## Malaysia will go ahead with \$180m investment in Iran

**KUALA LUMPUR, Sept 10:** Malaysia's state oil company Petronas will go ahead with a 180 million dollars investment in Iran, defying the threat of US sanctions, the company's president said Monday, reports AP.

Petronas signed an agreement in June to help develop Iran's Sirri A and E fields in a project led by the French oil company Total.

Two months later, President Clinton signed legislation that would impose penalties on non-US companies that invest at least 40 million dollars a year in the oil and gas industries of Iran or Libya.

The two countries are accused of supporting international terrorism.

"We have got advice from various parties to proceed with the deal," Petronas president Mohamed Hassan Marican told reporters at an industry conference.

## Private Chinese trade team to visit Taiwan first time

**BEIJING, Sept 10:** China is for the first time sending a business delegation from privately run companies to Taiwan to increase cooperation between the two rivals, an official report said Sunday, reports AP.

The delegation, including bankers, businessmen and experts on Taiwan, will study management methods and business development of Taiwanese firms during the 10-day visit, which starts Monday, the Xinhua News Agency said.

Zhang Xiwu, the Executive Vice Chairman of China's All-China Federation of Industry and Commerce, will head the delegation, which also includes Fang Sheng, a professor who heads a research centre on the Taiwanese economy, Xinhua said.

It said the delegation would brief Taiwanese businessmen about China's growing private sector. "As well as increase cooperation between the two sides."

Taiwanese firms have already invested heavily in China, especially along its southeast coast. China-Taiwan trade has also blossomed in recent years, despite a continuing political rift between Beijing and Taipei which dates back to the Chinese civil war.

Taiwan's ruling nationalists fled to the island from mainland China after losing the war in 1949.