

New restriction on term loan to hinder economic growth: MCCI

By Staff Correspondent

The country's top chamber body, the Metropolitan Chamber of Commerce and Industry (MCCI), feels that the government's new restriction on term loans by banks would squeeze funds required by industrialists and affect the growth of the economy.

The chamber body in a written representation to Industries Minister Tofael Ahmed on Thursday said that the Bangladesh Bank issued letters to the chief executives of some banks requiring them not to commit more than 20 per cent of the total credit as term loans.

"This restriction will pose problems for the promoters of new industries in the absence of enough financing facilities," the MCCI representatives said.

Termining the restriction as "unrealistic" the MCCI noted that it would prove to be a major road-block to the government's target for quick industrialisation and GDP growth of 7 per cent.

Regarding the Bangladesh Bank's vision that the equity should be raised from the capi-

tal market, the MCCI observes that the capital market comes into the picture much after a company is formed and the project goes into commercial operation.

Requesting the minister to take up the issue with the ministry of finance, MCCI observed that such issues should not be decided unilaterally by the Finance Ministry.

Demanding elimination of some penal requirements under sections 6 and 7 of Electricity Act MCCI said that due to prevailing shortage of electricity in the country, a large number of industries had either installed stand-by generation facilities, or are in the process of doing so.

It said instead of giving incentives to such private efforts to become self-sufficient, the generation facilities have been subjected to fiscal, infrastructural and other discriminations.

"They stand to be penalised under the Bengal Electricity Duty Act, 1935, which requires payment of Electricity Duty at

pausa 15 per unit in respect of electricity generated through stand-by facilities. In addition, there is an inspection and testing fee ranging from Taka 280 to Taka 3,500 for each visit depending upon the capacity of the generator, MCCI points out.

Self-generation of electricity should be encouraged rather than penalised, it maintains.

Underscoring the need for industrial sector's development according to the GDP growth rate, the chamber body said, "if the GDP growth projection is 7 per cent, the industry sector must grow by minimum of 12 per cent."

But it appears that the industrial growth is slowing down and the performance is well below desired level, it cautioned adding that corrective action in time in this regard should be taken.

The MCCI also demanded information regarding the progress of discussion with India about tariff reduction on four-teen items.

"Although, the Secretary Ministry of Commerce had con-

sulted with 2/3 chamber bodies before he left to negotiate with the Indian Commerce Ministry, till now neither any press release nor any circular had been issued by the ministry," it pointed out.

Re-schedule of weekly holiday demanded

The Metropolitan Chamber of Commerce and Industry, MCCI demanded re-schedule of weekly holiday as closure on Friday caused loss of contact with the outside market for 3 days.

"This is quite dislocation for our exports," it noted.

Referring to the different Muslim countries where they work on Friday, the MCCI said in our country the government should allow the trade and industry and the banks to take their own decision in this regard.

"Since we are seeking an export-led growth, it is necessary to be practical and no religious minded Muslim would mind the change," it observed.

South Korea to become 29th member of OECD

PARIS, Oct 11: The Organisation for Economic Cooperation and Development (OECD) gave its approval today for South Korea to become a member of the organisation, ending 18 months of negotiations, reports AFP.

South Korea, which had applied for membership in March 1995 and wanted to be accepted before the end of the year, has had to make commitments concerning deregulation of the economy and on the opening of its financial markets.

South Korea, which has participated in work by the OECD for several years, is to become the second country in Asia after Japan to join the organisation and would be the fourth country in the region of Asia and the Pacific.

The other two members from the region are Australia and New Zealand.

South Korea, once it has completed membership procedures, would become the 29th member of the OECD, which is a forum for industrialised countries to discuss and coordinate economic policy.

The council which comprises ambassador from all member countries and the secretary general of the organisation, Donald Johnston of Canada, had approved the terms of membership, OECD officials said.

Following the vote by the council, South Korea must sign the treaty of membership and this must then be ratified within South Korea.

The last country to become a member was Poland which signed the treaty in July.

South Korea will be the second country with a so-called emerging economy to be a member. The first was Mexico which joined in 1994.

The two most recent members before Poland and Hungary which joined in April of 1996 and the Czech Republic which joined in December 1995.

FAO reports food crisis in 13 African countries

NAIROBI, Oct 11: The UN Food and Agriculture Organisation (FAO) on Thursday reported a food crisis in 13 African states and called for international aid to help war-hit communities from Liberia to Somalia, reports Reuter.

The FAO said shortages persisted despite a generally improved crop and food supply situation much of Sub-Saharan Africa.

There is a pressing need for large scale national and international interventions to bring about a rapid improvement in the region's food security situation," said Abdur Rashid, FAO's information chief.

"Unless exceptional food assistance allocations are made, it is probable that a number of African countries will face increased hardship as many of their people will not be able to find enough food to eat," Rashid added in a FAO statement.

In its quarterly report issued in Nairobi and London, FAO said it was calling for a global focus on four key areas.

"All efforts should be made to ensure the speedy delivery of adequate relief assistance to people affected by severe food

shortages in Liberia, food assistance is needed to the affected in Somalia and Sudan, continued emergency assistance is needed for the great lakes area (Rwanda, Burundi, Zaire)," it said.

Sustained donor assistance will be required for the rehabilitation of the agriculture sector in Rwanda, Sierra Leone and other countries where prospects of a lasting peace are becoming a reality following devastation caused by civil war.

The report spoke of civil strife, displacement of rural people and economic sanctions imposed by regional states since an army coup in July as the main causes threatening food supplies to Burundi.

It said Burundi food prices had risen sharply. The situation would probably worsen because cereals could not be imported.

The sanctions were in retaliation for a coup on July 25 by Burundi's mainly Tutsi army and as a weapon to force new Tutsi military ruler Pierre Buyoya to talk with rebel leaders of the Hutu majority.

The FAO said Rwandan

refugees had increased the pressure on food in Zaire while civil war in Liberia has put farming in jeopardy.

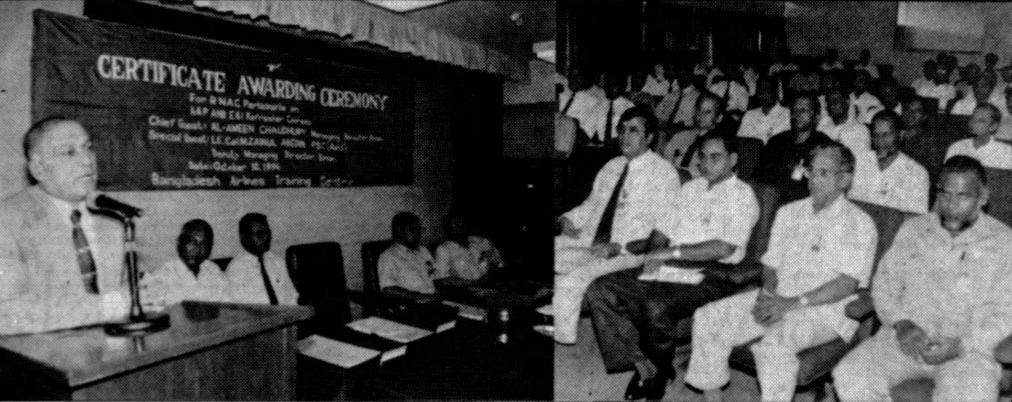
"Pockets of famine have developed in several parts of Liberia following a sharp reduction in food production and serious disruption of relief distributions," FAO said.

It said severe malnutrition and deaths from starvation-related causes were reported in several regions where food assistance was interrupted for long periods by civil strife.

In eastern Africa, despite a good overall harvest, large numbers of people in Tanzania are reported in need of food aid following localised crop failures," the report said.

It described the food supply situation in parts of Somalia and Sudan as precarious. Somalia has never recovered from a 1991 civil war and famine that killed up to 300,000 people.

The report named other countries facing serious food emergencies as Angola, Eritrea, Ethiopia, Lesotho, Malawi, Mozambique, Rwanda, Sierra Leone and Zaire. It said problems in many of these were man-made or natural disasters.



Managing Director of Biman Bangladesh Airlines, Al-Ameen Choudhury, Thursday awarded certificates to the participants of two Basic Refresher Courses organised by Biman for Royal Nepal Airlines. A total of 16 participants of Royal Nepal Airlines attended the courses on Airframe & Power Plant and on Electrical and Instruments. The course duration was 4 weeks each and conducted by Bangladesh Airlines Training Centre. The Dy. Managing Director of Biman Zainul Abedin, attended as special guest. Bangladesh Airlines Training Centre of Biman has been conducting many courses for participants of Foreign Airlines.

26 Asian countries face exceptional food deficit

BANGKOK, Oct 11: Asia, touted as the economic powerhouse of the next century, houses two-thirds of the world's undernourished and most countries in the region are food importers, UN officials said Thursday, reports AFP.

"The chronically undernourished in the region numbered over 500 million. One person in six did not have access to sufficient calories to lead a healthy active life," during the recent study, said T C Ti, Regional Economist with the UN Food and Agriculture Organisation (FAO).

Only sub-Saharan Africa is worse off in terms of the percentage of its population affected, he told reporters at a seminar here in preparation for the world food summit to be held in Rome next month.

World leaders were called to the summit with global cereal stocks at their lowest levels since the food crisis of the early

1970s and fisheries production down, said Obaidullah Khan, the FAO's Regional Representative.

International cereal prices rose 30- to 50 per cent over last year's levels, putting an additional burden of 3.4 billion dollars on low-income food-deficit countries, he said.

Food aid declined by almost half in the last three years, and agriculture's share of official development finance declined from 24 per cent to 16 per cent over the same period, he said.

"This represents a potential crisis situation. Twenty-six countries face exceptional food shortages."

Trends in much of Asia are encouraging, but world leaders need to turn their attention to environmental degradation, the lack of land available for cultivation and the long-term costs of poor water management, the officials said.

Construction on Turkmen-Iran gas pipeline begins

ASHGABAT, Turkmenistan, Oct 11: Construction has begun on a 200-kilometre (125-mile) pipeline to carry gas from Iran from a field on Turkmenistan's Caspian Sea coast, Russian news agencies reported Friday, reports AP.

Under a deal signed last year, Iran is building the 190 million dollars pipeline and will be paid in gas deliveries during the first three years of its operation, ITAR-Tass and Interfax said.

The pipeline is expected to be finished by late 1997 and to be capable of carrying 8 billion cubic metres of gas by 2000.

Iran has guaranteed purchases of Turkmen gas for 25 years, the reports said.

Turkmen Deputy Prime Minister Khekim Ishanov, speaking at a meeting to mark the start of construction Thursday, said the pipeline would eventually be extended to link Turkmenistan's western fields with Europe, Interfax reported.

Pak President, PM discuss economic situation

ISLAMABAD, Oct 11: Pakistani President Farooq Leghari and Prime Minister Benazir Bhutto held another lengthy meeting here today, the second in two weeks, to discuss the economic situation in the country, reports Xinhua.

During the three-and-a-half-hour meeting, Benazir was accompanied by her economic team, which included Governor of the State Bank of Pakistan Muhammad Yaqub, Advisor to the Prime Minister on Economic Affairs V.A. Jaffery, Special Assistant to the Prime Minister on Energy Shahid Hassan Khan.

The President and the Prime Minister held a six-hour-long meeting on September 29, one day before Benazir started her visit to the US.

It was the first meeting between the two top leaders in more than one month and believed to have defused the tension between them.

During the meeting, Benazir briefed the President on the talks between her economic team and senior officials from the International Monetary Fund (IMF) in New York earlier this month.

Local press said Yaqub briefed the president on the economic picture of the country, the latest position of the financial reserves, the factors leading to a 3.65 per cent devaluation of the Pakistani rupee last month and its impact on the country's economy.

Jeffrey apprised the President about the outcome of the talks with the IMF, the conditions imposed by the IMF for continuing financial assistance to Pakistan and the measures being taken by the government to restore the financial assistance.

Benazir briefed Leghari on her recent visit to the United States, where she addressed the 51st UN assembly and held talks with the IMF.

ROK announces massive plan to jack up sagging economy

SEOUL, Oct 11: South Korea's Ministry of Finance and Economy (MFE) on Wednesday outlined measures it aimed to take to invigorate the sagging economy and spur corporate investment, but gave no timetable, reports AFP.

Under the package, South Korean industrial giants would be free to take out cheap commercial loans from foreign banks if they buy a "certain amount of domestic capital goods," the MFE said.

Currently, small manufacturers are allowed to borrow overseas and large conglomerates not at all.

Last month, the MFE said those industrial giants engaged in high-technology businesses would be allowed to borrow overseas from January of next year.

Ministry officials said the introduction of foreign loans

for conglomerates was aimed at nudging local banks to lower interest rates here, which currently run at around double those available overseas.

To help strengthen corporate competitiveness, the government will slash land prices in state-run industrial complexes by an average 25 per cent to help to correct the high-cost and low-efficiency of the economy.

"The government should make an effort to cut red tapism and pursue its reform drive harder to improve the business environment," President Kim Young-Sam told an economy-related ministers' meeting on Wednesday.

Kim also instructed relevant ministries to accelerate management reform in the financial industry in a way that would spur lower interest rates, government officials said.

The MFE said it would ex-

pand financial aid for corporate shipping to bolster lagging exports as well as abolish tariffs on raw materials unavailable in South Korea.

In the public sector, the government would lay off 10,000 redundant civil servants over the next four years and freeze wages at all government-invested institutions next year.

South Korea's economy is undergoing a worse-than-expected downturn this year, with exports in such major items as semiconductor and petrochemicals running into trouble and corporate investments tapering off due to gloomy business prospects.

Its economic growth is predicted to slow down to around seven per cent this year, from a robust nine per cent growth in gross domestic product last year.

HK firm plans to expand operation in Cambodia

PHNOM PENH, Cambodia, Oct 11: A Hong Kong company operating a seafood processing plant in Cambodia plans to expand its operations here through a 100 million dollars investment in an industrial park and a rice mill, a senior Commerce Ministry official said Friday, reports AP.

Japan's economy on way to modest recovery

TOKYO, Oct 11: Japan's economy remains on the path of a gradual but modest recovery, the state Economic Planning Agency (EPA) said Friday, leaving unchanged its monthly economic assessment of the country, reports AFP.

"The economy is continuing its recovery moves, although the pace is modest," the government agency said in its latest monthly economic report, based on the latest available economic indicators.

This is the fourth straight month that the EPA has held its overall assessment of the economy unchanged. The report to cabinet is regarded as the government's official verdict on the economy.

The EPA cited weak consumer spending in some areas, such as fresh food and clothing, during the summer and the lack of an acceleration of corporate

capital spending growth as the main reasons for the assessment remaining unchanged.

Earlier this week, Federation of Bankers Association of Japan's Chairman Shunsaku Hashimoto said Japan's economic recovery had been moderating since the summer due to the slowdown of consumer spending and corporate capital spending growth.

The EPA said in its October report that consumer spending was in a gradual recovery trend, while showing "slightly weak moves in limited areas."

An EPA official said his agency made a subtle downward revision to its assessment here in light of the sharp decline in July household spending, as well as the fall of supermarket and store sales in the same month.

However, he said he viewed weak consumer spending as

being a "temporary phenomenon" caused by lower than normal temperatures as well as the prevalence of food poisoning caused by the colicin bacillus known as O-157.

More than 9,000 people have been taken ill nationwide due to O-157 poisoning this year. Eleven have died.

The official said the subsequent rebound of department store sales in August, firm sales of durable products and wage rises underlined the moderate recovery in the consumer spending.

Turning to corporate capital spending, the EPA maintain unchanged its assessment due to an absence of encouraging signs of a pick-up in growth momentum, saying it "is in a recovery trend."

While refraining from declaring the start of a fully-fledged recovery, the EPA made a subtle upgrade to its assessment of the current account.

The EPA said in its October report that the current account surplus was "moving in a moderate falling trend." This is a marginally stronger view than the September reports which said the surplus was "moving in a falling trend."

The EPA official said sharp declines in the current account surplus were beginning to moderate, as "import growth is slowing."

Japan will give emergency aid to Laos, Cambodia

TOKYO, Oct 11: The Japanese government decided today to provide money and goods in emergency aid to Cambodia and Laos to help the Indochinese countries cope with damage from recent major floods, officials said, reports AFP.

Japan will extend a grant-in-aid of 150,000 dollars and relief goods worth 20.55 million yen (186,500 dollars) to Cambodia, where flooding caused by heavy rains since mid-September have affected 1.3 million people, the officials said.

Laos, where 335,000 people, have been affected by the flooding from heavy rains since July would receive 100,000 dollars in grant-in-aid and relief goods worth 15.12 million yen, they said.

McDonald's comes to India without beef

NEW DELHI, India, Oct 11: McDonald's is coming to India but leaving its all-beef patties behind, says AP.

Officials announced Friday that the first Indian outlet of the giant US-based chain will open in a New Delhi shopping center Sunday, and it will be the only McDonald's restaurant in the world with no beef on the menu.

Some 80 per cent of Indians are Hindu, a religion whose adherents don't eat beef and believe cows are a sacred symbol.

"Here, McDonald's has been very sensitive to our culture and brought out totally new products," said Vikram Bakshi, an Indian real estate magnate who formed a partnership with McDonald's to open the New Delhi restaurant.

Instead of the Big Mac, Bakshi's menu features the Maharaja Mac — "two all-mutton patties, special sauce, lettuce, cheese, pickles onions on a sesame seed-bun."

For the strictest Hindus, who eat no meat at all, there are rice-based patties flavored with peas, carrots, red pepper, beans and coriander and other spices.

The vegetable burgers are deep fried, emerging from their oil bath as crisp as the Middle Eastern chick pea snack known as falafel and testing vaguely spicy.

Pork also is banned from the menu — more than 110 million Muslims, who believe pork is unclean, live in India.

McDonald's, which has nearly 20,000 restaurants in more than 95 countries, has adapted its menu to local tastes elsewhere in the world. Thai customers can sample Samurai Pork Burgers topped with a sweet barbecue sauce, and burgers in Japan are garnished with fried egg.

Special commission formed to collect tax in Russia

MOSCOW, Oct 11: Russian President Boris Yeltsin said in a radio address today that he had created a special commission to improve tax collection under the leadership of Prime Minister Viktor Chernomyrdin, reports Reuter.

Criticising Russia's poor record of tax collection in a brief address, he said the emergency commission would take control of the work of the customs and tax services.

Time Warner, Turner Broadcasting announce merger

NEW YORK, Oct 11: Time Warner and Turner Broadcasting, which operates Cable News Network (CNN), announced Thursday they concluded a 6.5 billion dollar merger, reports AFP.

Even before the deal was concluded, new corporation's fox news, having just launched a rival all-news channel to CNN, hurled a legal challenge, charging that the merger violates anti-trust legislation by blocking the availability of fox in New York City.

The deal will create a group with annual sales that are expected to surpass 20 billion dollars.

It will have extensive interests in television, film production, magazines and professional sports teams.

Time Warner has said the deal will help cut costs and boost income.

Turner himself will become Vice President at Time Warner, controlling 11 per cent of the capital under a contract that will pay him a minimal salary of 700,000 dollars a year in addition to bonuses equal to 90 per cent of those reserved for the Chief Executive Officer.



Sharu S Rangnekar (2nd from right), an eminent management trainer from India, seen conducting a training course on Training Methodology sponsored by Rapport Bangladesh Limited recently. Senior and mid-level managers from banks and industries participated in the course.

Economies of Arab states grow by 5 pc in '95

ABU DHABI, Oct 11: The economies of Arab countries grew by around five per cent in 1995 despite declines in the Gross Domestic Product (GDP) of some oil producers, an official report showed on Thursday, says AFP.

The combined GDP of the 22-member Arab League peaked at 528.5 billion dollars in 1995 compared with 503.3 billion dollars in 1994, according to the League's annual economic report, published in the United Arab Emirates (UAE) semi-official daily Al-Ittihad.

Sources at the Abu Dhabi-based Arab Monetary Fund (AMF), which oversees the publication of the report, confirmed the figures but said inflation rates were not calculated and a breakdown for members would be released later.

Previous AMF annual reports showed the Arab GDP hit a record high in 1994 despite a decline in oil prices and poor economic performance by Iraq and other members.

Al-Ittihad, quoting the report which will be published in early 1997, attributed the five per cent growth in 1995 to an improvement in crude prices and economic reforms by several League members.

"Several Arab countries have pressed ahead with their economic restructuring programmes to redress fiscal im-

balances, reduce the role of the public sector in the economy, encourage the private sector, spur growth, and tackle the budget deficit by cutting spending and boosting income," said the report, according to the newspaper.

It said improved oil prices and economic reforms slashed the combined Arab budget deficit by a third in 1995 while some members, such as Libya and Mauritania, managed to turn a shortfall into a surplus.

"Reforms have started to produce results in most members which are carrying economic restructuring programmes although they have remained slow."

Chernomyrdin said Friday that he hoped deputies would not overlook the importance of keeping control over public finances and approve the bill.

"I hope parliament will show understanding in examining the budget," he told Russian news agencies during a trip to the southern Russian town of Astkhana.

Bakhanov said that amendments could be brought to the draft bill, and even admitted that a rejection of the budget on the first reading would not be disastrous.