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The Daily Star
BUSINESS

HYUNDAI
CARS THAT MAKE SENSE

DHAKA TUESDAY, APRIL 30, 1997

SAARC summit to focus on economic cooperation

Expansion of economic cooperation among the member countries will top the agenda of forthcoming summit of the South Asian Association for Regional Cooperation, officials said Monday, reports UNB.

The three-day meeting of the heads of state and government of SAARC countries will begin on May 12 in Male, the capital of the Maldives.

It will be the 9th summit of the 13-year-old association, formally launched in Dhaka in 1985.

The three-day conference, to be preceded by meetings of foreign ministers, foreign secretaries and senior officials, will review the progress of SAPTA.

It will also discuss progress in its 13 years of cooperation as well as action programmes for poverty alleviation, children development and women welfare.

Prime Minister Sheikh Hasina, who will lead the Bangladesh delegation, will have bilateral parleys with other heads of delegation in Male on bilateral matters as well as regional and international issues of common concern.

She will particularly seized the opportunity to meet Sri Lankan President Chandrika Kumaratunga, Bhutanese King Jigme Singhe Wangchuk and Nepalese Prime Minister Lokendra Bahadur Chand.

Seminar on Uruguay Round accord held

Tofael for separating economic agenda from politics

Commerce and Industries Minister Tofael Ahmed has underlined the imperative need of separating economic agenda from politics to accelerate pace of development, reports BSS.

Advocating the separation, Tofael said "let there be a consensus to keep economic issues outside the purview of political tussle." He said Bangladesh has a "bright future" provided the entire nation work together for achieving development in all fields, particularly in the economic front.

He was speaking at the opening of a day-long seminar on "final study report on implications of Uruguay Round agreements" here at the conference room of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday.

The seminar is jointly organised by the Ministry of Commerce and FBCCI.

The inaugural session was also addressed by Yusuf Abdullah Harun, President of FBCCI and Sayed Alamgir Farrouk Chowdhury, Secretary, Ministry of Commerce.

The minister said if the nation is united it can achieve success as was demonstrated during the war of liberation. He said "time has come for us to attain economic development and to achieve that we must be united."

He underscored the importance of maintaining political stability in the country to carry forward the economic programmes. He said to achieve that "we shall have to give up ego as the sole doer of good things." The minister sought constructive criticism from the opposition so that rectification of programmes, if any, could be carried out.

Reiterating the role of the government as a "facilitator" Tofael said, it is the private sector which will take effective initiatives to attain economic prosperity.

Giving an account of the establishment of WTO following years of negotiations under Uruguay Round, the commerce minister said the new international trade body is designed to facilitate trade without discrimination and encourage development and economic reforms by promoting fair competition. He said the new trading system offers tremendous opportunities, but because of lack of preparations we are yet to harness the benefit.

Ahmed said Bangladesh which had participated actively in the Uruguay Round negotiations, began liberalisation of its trade and economic policies from middle of last decade.

The present government under the leadership of Prime Minister Sheikh Hasina has further relaxed trade related laws and rules to enable the market forces to operate freely, the minister added.

Pointing out that WTO agreements are very voluminous and complicated, the minister said that implications of these agreements should be properly understood and appropriate measures taken. He said the study has been taken with that objective in view and expressed his belief that the 'final report' has identified the implications of the WTO in the context of Bangladesh.

Ahmed thanked UNDP for its support in undertaking the study carried out under the supervision of Vinod Rege, former director of GATT.

Yusuf Abdullah Harun thanked the ministry for its support in organising the seminar and congratulated the study team for bringing out the valuable final document at a time when Bangladesh was going through critical phase of its endeavour to accelerate export led growth and sharpen its competitive edge.

He said although Bangladesh being a LDC entitled to certain exemptions and obligations of the system upto 10 years, we should prepare ourselves ahead of time before the system becomes obligatory and also derive benefits out of its in trading with countries for whom it is already obligatory. He also suggested involvement of the private sector in the institutional and personnel development programmes to derive maximum benefit from WTO system.

The FBCCI president observed that the LCDs must prepare themselves by pooling their resources to face the challenge when WTO will be fully operational "let us prepare ourselves so that we can negotiate offensively instead of being defensive," Harun added.

Commerce and Industries Minister Tofael Ahmed addressed the seminar on 'final study report on implications of Uruguay Round agreement' organised jointly by the Ministry of Commerce and FBCCI in the city yesterday. FBCCI President Yusuf Abdullah Harun also seen. — Star photo

IJO takes up 20 projects

The International Jute Organisation (IJO) undertook 20 projects involving 76.66 lakh US dollars to revamp the global jute economy combatting the intrusive synthetics, reports UNB.

Japan, France and India already committee 2.26 lakh dollars for the projects while the IJO will spend 52,000 dollars from the balance in its special account.

The rest of the funds will have to be mobilised for implementing the projects, approved by the just-concluded 25th session of the International Jute Council.

Elaborating the programmes, IJO Executive Director KM Rabbani informed that the International Jute Council in its three-day session, that concluded in Dhaka yesterday approved the projects related to farming, industry and market promotion.

Addressing a press conference Monday morning, Rabbani said all the projects and programmes were undertaken for the diversification, campaign and marketing of jute and jute products across the world.

A decision was also taken to appoint a committee to evaluate the performance of the IJO, he said.

Rabbani said that the committee would review the implementation of the provisions of the international jute agreement and give views on the negotiation for a new agreement after the expiry of the current agreement in April 2000.

The committee will submit its report to the Council in the next meeting in April, 1998.

The news conference was also addressed by IJO Director HL Jason, senior officer of agriculture wing Dr Ayubur Rahman, senior officer of market promotion wing LV Shaptarishi and senior officer of industry wing Dr R. Mandal.

The 25th session of the IJC was participated by five IJO exporting member countries and 25 importing countries, including the EC.

ROK's account deficit rises to $ 2.27b

SEOUL, South Korea, Apr 29 : South Korea's current account deficit widened to 2.27 billion dollars in March, up from a shortfall of 940.2 million dollars a year earlier, the nation's central bank said Tuesday, reports AP.

In March, overall exports fell 2.8 per cent to 11.36 billion dollars on a customs-clearance basis, the Bank of Korea said. But shipments of cars, machinery and metal goods increased 11 per cent, 15 per cent and 16 per cent, respectively.

Imports, led by crude oil and other raw materials, rose 8.9 per cent to 13.21 billion dollar.

Exchange Rates

The following are the **Janata Bank**'s dealing rate (BD Tk for one unit of Foreign Currency) to public as on 29/04/97 :

Buying

	TT Clean	OD Sight Export Bills	OD Transfer
US Dlr	43.5200	43.3522	43.2386
GB Pnd	70.3181	70.0306	69.8469
D Mark	24.9986	24.8963	24.8311
F Franc	7.4174	7.3870	7.3677
JP Yen	0.3419	0.3405	0.3396
C.Dlr	30.9468	30.8202	30.7394
S Franc	29.3727	29.2526	29.1759

Selling

Name of Currency	T.T.& O.D.	B.C.
US Dollar	43.8120	43.8650
GB Pound	71.3393	71.4205
D.Mark	25.4128	25.4416
F. Franc	7.5415	7.5501
JP Yen	0.3499	0.3503
C.Dollar	31.4653	31.5011
Franc	29.8744	29.9084

Janata Bank's selling and buying rates in cash currency for public:

	Selling	Buying
US Dlr	43.8500	43.3500
GBP	70.3400	68.3400
S Riyal	11.8000	11.4000
UAE Dh	11.8500	11.3500
Ku Dinar	143.5000	138.0000

WTO, IMF to sign cooperation agreement

GENEVA, Apr 29: The World Trade Organisation and the World Bank are set to sign an accord in Washington later on Monday, formalising tie-ups in a range of areas including consultation and information sharing, the WTO said here on Monday, reports AFP.

The agreement, due to be inked at 8:20 PM local time (1830 GMT) by WTO Director-General Renato Ruggiero and World Bank President James Wolfensohn comes on the heels of a similar agreement between the trade body and the international monetary fund finalised in December.

The WTO ministerial meeting in Singapore in December called for greater coherence in global economic policy through stronger ties with the two multilateral institutions.

Under the agreement, the WTO and World Bank will exchange views on "all matters of common interest," improve the exchange and sharing of information, including joint research, and allow each party observer status at the other's decision-making bodies, the WTO said.

G-10 calls for int'l effort to upgrade financial systems in emerging markets

WASHINGTON, Apr 29: Top finance officials from developed countries called yesterday for an international effort to upgrade financial systems in emerging markets and said the expanding use of electronic money could yield benefits, reports AFP.

The Group of 10 in a statement following a meeting here urged a "concerted international strategy to strengthen financial systems."

It said it was essential to arrive at an international consensus on "the key elements" of sound financial structures and practices in such areas as "bank supervision and securities market oversight by international groupings of national experts."

The appeal reflected a conviction in international financial circles that steps should be taken to avoid a repetition of the Mexican currency crisis that erupted two years ago and required massive outside intervention.

Elsewhere the finance ministers and central bank governors noted the implications of the growing use of electronic money, notably as they affected consumer protection, law enforcement and supervision.

While electronic money was still in the early stages of development, the group said it was "could bring important benefits."

But it added that national authorities would have to pay attention to such issues as "transparency, financial integrity, technical security and vulnerability to criminal activity."

The ministers and governors nonetheless said there was currently no need "to establish new formal international coordinating mechanism specifically addressing a electronic money developments."

The group also backed moves under consideration by the International Monetary Fund to promote freer flows of capital across national borders.

"Liberalisation of capital account transactions offers substantial economic benefits and should be supported by overall economic and structural policies fostering macroeconomic equilibrium and financial sector strength," the statement said.

The Group of 10, which is made up of 11 members, comprises ministers from Belgium, Canada, France, Italy, Japan, the Netherlands, Switzerland, the United Kingdom and the United States, along with leaders of central banks in Germany and Sweden.

G-24 hedges support for more liberal investment rules

WASHINGTON, Apr 29: Developing nations on Sunday hedged their support for a global push toward more liberal investment rules, reports Reuter.

The Group of 24 developing countries said it recognised the benefits of freeing capital movements. But, mindful of the 1994 Mexican peso crisis and the possibility of rising international interest rates, the G-24 said several conditions must be met for successful reform.

Finance Ministers from the G-24, which includes countries from Africa, Asia and Latin America, met here during the International Monetary Fund and World Bank spring meetings.

In a statement, they called for a global consensus on the scope of capital account liberalisation before granting the IMF a mandate to pursue such reform.

"Among the members of the group there is concern that the liberalisation of the capital account might not take into consideration the particular circumstances of countries," said the group's Chairman, Venezuelan central banker Antonio Casas.

While agreeing with the IMF's positive assessment of the global economic outlook of steady growth and low inflation, the developing countries voiced concerns that changes in industrialised nations' policies may hurt their prospects.

The G-24 statement said the recent monetary tightening in the United States and Britain should not be "pushed to the point at which it will lead to higher international interest rates that constrain investment and growth."

The group was also wary that European and Japanese fiscal policies may slow growth and hurt developing nations' exports.

Casas said developing countries were well aware that economic reform brought stability and growth to their regions, wiping out part of their previous gains and shaking their banking sectors.

But they also remember the shockwaves of Mexico's debacle, which rocked financial markets around the world.

"We also know that one of the main causes (of the peso crisis) was the rapid loss of funds through the capital account as a result of capital flight," he argued.

Mexico, which earlier this decade had thrown open its financial markets in order to attract capital flows, lost billions of dollars late in 1994 and early in 1995 as it tried to defend its currency.

The so-called "tequila effect" of the Mexican crisis hit Argentina, which had also liberalised its capital account.

Mexico and Argentina had relied on capital inflows to fuel investment and make up for low levels of domestic savings.

Their fledgling capital markets and privatisation programmes attracted unprecedented amounts of money, especially as international interest rates eased lower and lower.

But when rates started to rise in 1994, and Mexico began to run into a series of political problems, investors had a change of heart.

As capital drained from their markets, the Argentine and Mexican economies fell into steep recessions in 1995, wiping out part of their previous gains and shaking their banking sectors.

Casas compared those experiences with Chile's, which is often held up as a model of successful free market reform.

Ever since it suffered one of Latin America's worst banking crises in 1982, Chile kept strict capital account controls in order to dissuade "hot" money.

Chile's governments also built up domestic savings, a cushion which allowed it to post an 8.5 per cent increase in its gross domestic product in 1995.

The G-24 said agreement should be reached on which transactions should be liberalised and conditions in which restrictions could be re-imposed.

BGMEA willing to fund police for maintaining law and order

By Staff Correspondent

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has expressed its desire to finance the country's law-enforcing agencies to help maintain law and order in the garment producing thanas of Dhaka and Chittagong divisions.

At a meeting with the police authorities at its head quarters in the city on Monday, BGMEA urged them to increase surveillance and patrolling during 8 to 11 pm to ensure safe movements of labourers, most of whom are girls and women.

The police agreed in principle to receive BGMEA's assistances and deploy 10 patrolling vehicles in each of the garment manufacturing thanas on experimental basis.

A BGMEA team headed by its President Mostafa Golam Quddus called on the Inspector General of Police Azizul Huq at the latter's office and discussed legal issues relating garment sector.

The IG police felt that vehicles carrying garment products or raw materials should not be seized.

Quddus also urged the police to check 'gang-theft' of garment machinery and arrest the criminals.

The meeting was attended by senior police officials and BGMEA leaders.

Hongkong Bank buys new space in Beijing

The Hongkong and Shanghai Banking Corporation Limited (Hongkong Bank) has signed an agreement to purchase 20, 904 sq ft for office space in Beijing, says a press release.

The space on the two floors of COFCO Plaza will house its local branch. The total consideration for the premises is 7.8 million US dollars.

The plaza, one of Beijing's recently completed commercial developments, is situated in a prime location on Jianguomenwai Da Jie in the city's business centre.

In addition to Beijing, Hongkong Bank has five other branches in China. These are located in Qingdao, Shanghai, Shenzhen, Tianjin and Xiamen.

Hongkong Bank, together with its subsidiaries, has over 600 offices in 31 countries. It is a principal member of the HSBC Group which, with more than 5,000 offices in 78 countries and assets in excess of GBP237 billion, is among the world's largest banking and financial services institutions.

India likely to double its WB borrowing

WASHINGTON, Apr 29: Indian officials, promising the new government would keep economic policies steady, said on Monday that India could double its annual World Bank borrowing if the right projects could be found, reports Reuter.

Finance Ministry Additional Secretary V Govindarajan told a news conference that India could double last year's 1 billion dollar borrowing from the World Bank "with a little effort from both sides."

"The whole idea is to generate a set of projects over the next two or three years so that we have an average of 2 billion dollars in bank lending," he said.

A World Bank spokeswoman said the target was achievable, provided projects and underlying policies were right. "We have projects in the power sector and the financial sector which could total that amount," he said.

Shankar Acharya, the Ministry's Chief Economic Adviser, said the new government of Prime Minister Inder Kumar Gujral had served notice that it would continue the economic policies of the outgoing administration.

"The mandate we have been given by the Prime Minister was that there will be continuity of economic policy," he said. "That is not just budget policy, it is also monetary and credit policy."

The two officials were in Washington to attend the spring meetings of the International Monetary Fund and World Bank. They spoke after the Indian delegation met the heads of both organisations.

The Reserve Bank of India cut its bank rate to 11 per cent from 12 per cent earlier this month, triggering a round of commercial bank interest rate cuts.

But Acharya said the rate cut would not be inflationary, provided the central bank stuck to its aim of keeping monetary growth to 15 or 15.5 per cent.

Asian stock markets close lower

HONG KONG, Apr 29: Asian stock markets closed mostly lower Tuesday, with the key index in Manila tumbling by more than four per cent, reports AP.

Japanese markets were closed for a national holiday.

Share prices on the Philippine Stock Exchange plunged as foreign investors continued to dump shares. Traders said investors were worried that the Philippines' economic performance in the first quarter may be below par, and concerned over property market problems that could hurt banks heavily exposed to real estate.

The Philippine Stock Exchange Index of 30 selected issues fell 128.87, or 4.5 per cent, closing at 2,708.44, its lowest closing level so far this year.

It was also the index's second biggest decline ever, following the 149.43-point plunge on Jan 13, 1995.

In Hong Kong, share prices closed generally lower for the third straight session.

The Hang Seng Index, the Hong Kong market's key indicator of blue chips, slipped 9.75 points, or 0.07 per cent, closing at 12,600.42. On Monday, the index had lost 35.59 points.

Brokers said there was selective profit-taking as investors awaited the release later this week of economic figures from the United States.

They said Hong Kong shares will be vulnerable to any negative reaction to the figures by US stock and bond markets.

Hong Kong is likely to follow the US Federal Reserve's policy-setting committee if it raises interest rates at its May 20 meeting.

TAIPEI: Share prices closed lower for the second straight session. The market's key Weighted Stock Price Index fell 68.32 points to 8,592.44.

WELLINGTON: New Zealand share prices closed higher, boosted by strong buying interest across leading stocks. The NZSE-40 Capital Index rose 8.91 points to 2,249.13.

SYDNEY: The Australian share market closed broadly higher, underpinned by a strong rise in Broken Hill Proprietary Co, which announced a restructuring of its steel operations. The All Ordinaries Index rose 17.4 points to 2,479.1.

SEOUL: Share prices closed lower in moderate trading. The Korea Composite Index slipped 0.05 point to 704.05.

SINGAPORE: Share prices closed lower, with institutional selling seen largely in property stocks. The benchmark Straits Times Industrials index fell 6.59 points to 1,990.20.

KUALA LUMPUR: Malaysian share prices closed lower. The key Composite Index fell 15.35 points to 1,059.51.

BANGKOK: Thai share prices closed lower. The Stock Exchange of Thailand index fell 13.89 points to 658.59.

Philippine share prices plunge

MANILA, Philippines, Apr 29: Share prices plunged in mid-morning trading Tuesday on the Philippine Stock Exchange in one of the market's worst selloffs, says AP.

Mid way through the morning session, the Philippine Stock Exchange Index of 30 selected issues had fallen 143.70 points or 5 per cent to 2,693.61, following a 35.06-point decline on Monday.

The largest single-day drop the market has experienced was a 149.43-point plunge on Jan. 13, 1995.

Traders blamed the selloff on investor concerns over the country's economic performance in the first quarter. Growth in the gross national product is expected to fall below 5 per cent from last year's 6.24 per cent because of a slowdown in industrial production, traders said.

They said this is already evident in lackluster first-quarter results from a number of listed companies.

But a government economic planner said Tuesday there is no cause for alarm over the economy's performance in the first quarter.

The economist at the National Economic Development Authority said that based on current expectations there are no grounds for revising the government's 7 per cent-8 per cent GNP target for the full year.

Traders said lingering concerns over bank stocks because of their heavy exposure to property developers were also feeding the bearish sentiment.

They said the situation was worsened by a lack of buyers for stocks now being sold down.

ULC declares 22pc dividend

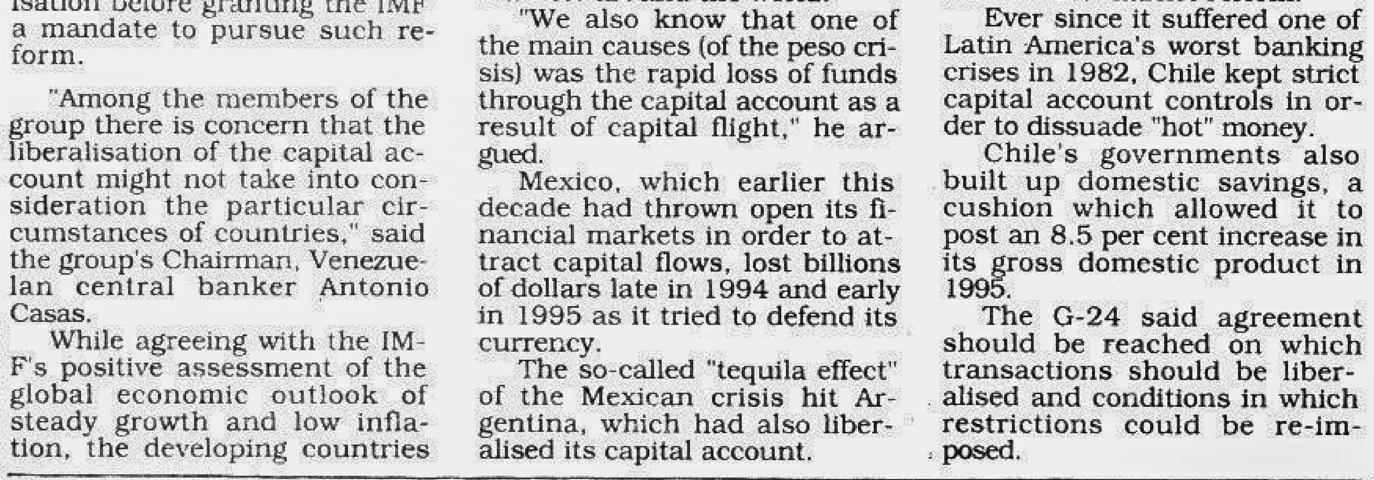
United Leasing Company Limited (ULC) held its annual general meeting at a local hotel yesterday, says a press release.

The meeting was attended by shareholders including directors representing the foreign shareholders (Asian Development Bank, Commonwealth Development Corporation and Lawrie Group plc of the UK).

The company declared a dividend of Tk 22 per cent share for the year ended December 31, 1996.

The company earned a profit of Tk 6.2 crore in 1996 which was Tk 4.41 crore in 1995, indicating an increase of 41 per cent. Income from operation grew by 57 per cent from Tk 30.49 crore in 1995 to Tk 48 crore in 1996.

Kafiluddin Mahmood, Chairman of the company, presided over the meeting.



Kafiluddin Mahmood, Chairman of United Leasing Company Ltd, presided over the annual general meeting of the company at a city hotel yesterday.

MD of IDLC elected ALA President

M Aminul Islam, Managing Director of Industrial Development Leasing Company of Bangladesh Limited (IDLC) was elected President of Asian Leasing Association (ALA) for 1997 and 1998 at the 16th Annual General Assembly meeting in Mumbai, India, recently, says a press release.

ALA was established with the realisation that close cooperation and exchange of thoughts among the member leasing companies within Asia would help promote leasing as a medium of finance in Asia.

IDLC was the first company ever to represent Bangladesh in ALA.

Mosharraf Hossain, Managing Director, Agrani Bank delivered speech at a managers' conference of the bank's Tangail Zone recently. General Manager, K M Badrus Salam, and Deputy General Managers, Quamrul Islam Chowdhury and Md Habibur Rahman are also seen.