

Pyongyang's dilemma
Save face or
save lives

Canadian President of World Vision, Dave Toyen, has said "North Korea is facing a choice between saving face and saving lives," says a press release.

He said this while speaking at an international press conference at Kowloon in Hong Kong last week.

Toyen is part of a World Vision team delivering 10 metric tons of emergency aid airlifted to the country's capital Pyongyang.

The shipment, which included high energy biscuits, canned fish, dried apples, egg-yolk powder, vitamins and medical supplies, will benefit some 2,500 girls and boys in 12 provincial children centres scattered throughout North Korea.

Also participating in the press conference was Asia Pacific Regional Vice President Watt Santatiwat, who had been in North Korea the week prior to Toyen's visit. "The people of North Korea are very proud and it is very difficult for them to ask assistance from others," said Santatiwat. "They do not want to admit to the world that their people are starving, or to allow the media to take pictures of the people who are on the verge of dying."

Toyen said up to 80 per cent of the children he saw in a center outside of Pyongyang showed signs of malnutrition.

World Vision, an international Christian relief and development agency which works in more than 100 countries including Bangladesh, is currently focusing its relief response on helping the children of North Korea.

Iraqi bid to
reopen 145
factories

BAGHDAD, Aug 16: Iraq has appealed to the private sector to take over 145 factories linked to construction and public works which were forced to close under the weight of UN sanctions, a newspaper reported yesterday, says AFP.

The appeal was made during a conference organised by the Housing and Construction Ministry to find ways to revive the construction industry, the official daily Al-Thawra said.

The Minister, Maan Abdallah Sarsam, invited private entrepreneurs to visit the sites, which include quarries, cement and concrete works, and come up with proposals.

He did not say whether Iraq was planning to sell or let the sites.

The Iraqi population needs two million new homes, according to ministry figures.

"Iraqi industry" expanded rapidly after the oil boom of the 1970s but much of it has been paralysed by UN economic sanctions imposed after its 1990 invasion of Kuwait.

\$1b Daewoo
investment
likely in
Vietnam

HANOI, Aug 16: South Korean chaebol Daewoo Corp. is considering investing in a one-billion-dollar integrated aluminum casting project in Vietnam's central highlands, a company representative said yesterday, reports AFP.

Daewoo had signed a letter of intent with state-owned Vietnam Minerals Corp to conduct a survey of two bauxite reserves in Daklak, she said.

While Vietnam is extremely rich in bauxite with estimated reserves of 6.5 billion tonnes reportedly accounting for more than 16 per cent of the world's supply, the mineral is located in a remote mountainous area.

Daewoo must contemplate an ambitious plan that would incorporate a new power plant and upgrading transport links from the mountainous area some 200 kilometers (125 miles) from Ho Chi Minh City.

"This must be an integrated project and the huge amount of investment could include hydro-power, which is necessary to make the aluminum competitive," she said, adding that Daewoo might need to bring in another foreign partner.

The representative stressed, however, that the project was still in the early stages.

"We haven't started the feasibility study and so much depends on the results of surveying," she said.

Daewoo is already Vietnam's largest foreign investor with 20 projects licenced worth more than one billion dollars. The conglomerate's activities range from hotels, to electronics manufacturing to auto assembly.

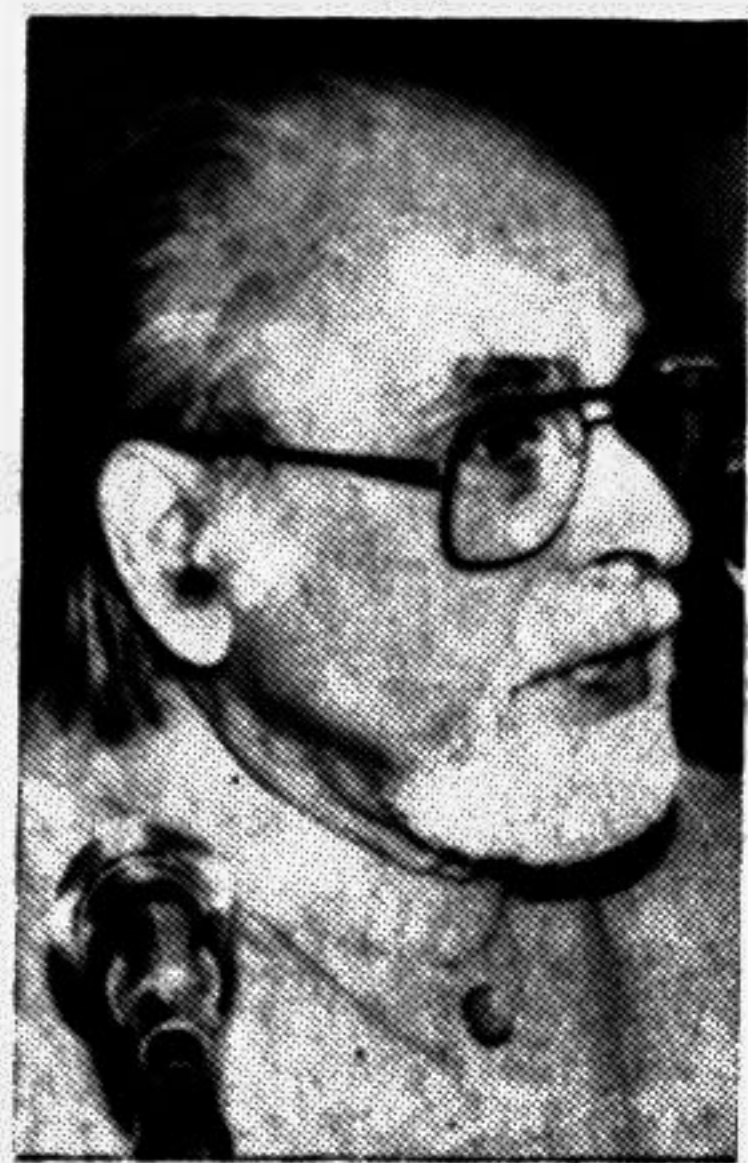
Brazilian int'l
reserves reach
record figure

RIO DE JANEIRO, Aug 16: Brazilian international reserves reached on August 13 the record figure of 63 billion US dollars, announced Francisco Lopes, Economic and Monetary Policy Director of the central bank, reports Xinhua.

The reserve of international currency increased by 2.7 billion dollars over the amount registered on July 31, said Lopes, quoted yesterday by the press.

"We are winning, not losing reserves," said the official. "International reserves guarantee financial tranquility as the country registered an unprecedented trade deficit of 5.7 billion dollars during the first seven months of 1997."

Gujral gets tough for Indian industry



I K Gujral

NEW DELHI, Aug 16: Prime Minister Inder Kumar Gujral and his finance minister Saturday admonished Indian industry for asking for too many favours and being party to the spread of corruption in the country, reports AP.

Gujral said Indian business would have to compete with foreigners.

"You will not be protected," he said. "Government controls on industry eased considerably when India opened its socialist-type economy to foreign investment in 1991. Though Indian industrialists welcomed many reforms, they have complained that they face unfair competition from multinationals and need special concessions."

"We are in the seventh year of reforms. The irrational apprehensions which we had in the first few years of reform

shouldn't continue to frighten us," Finance Minister Pannabhai Chidambaram said.

Gujral and Chidambaram were speaking to some of India's most prominent industrialists at a conference marking the 50th anniversary of the country's independence from British rule.

Gujral also told industrialists they had to share the blame for rising corruption in the country.

"Not only the taker, even the giver is part of corruption. We know you do give money," he said.

Gujral had made similar comments in a state of the nation address on independence day Friday, when he called on ordinary Indians to refuse to give bribes, even if it meant hardships.

The widespread resentment among Indians about corruption in politics and government and people are frustrated at having to pay bribes for every small amenity including telephone and water connections.

In his comments Friday and Saturday, Gujral called on his countrymen to take part in the war on corruption.

Several top Indian politicians, including a former prime minister, are facing corruption charges in courts.

Foreign investors often say they have to bribe politicians and bureaucrats to get licences to start industries.

"Liberalisation and corruption cannot sleep on the same bed," Gujral said.

Corruption has been a major factor in the slow rate of growth which for more than three decades stood at 3.5 per cent, Gujral said. It is estimated 85 per cent of money allocated to development is stolen, he said.

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China's focus on reforming state businesses

For HK stock market, it offers
both risks and rewards

HONG KONG, Aug 16: The Chinese government's increased emphasis on state enterprise reform offers risks and rewards for the Hong Kong stock market, analysts say, reports AFP.

Beijing's apparent intent to use the state enterprise reform by sourcing funds through Hong Kong market is also positive for both sentiment and fundamentals in Hong Kong, they said.

Larry Jiang, analyst at Socgen-Crosby Securities said Beijing had given clear signals of its intention to revitalise the reform process begun by the late Deng Xiaoping.

"It seems they are going to convert enterprises into share holding companies," Jiang said, adding the government may be "willing to give up its absolute majority stake(s)" in the process.

"Hong Kong companies can go and look for (state-owned) companies to acquire. There are a lot of nice deals to make," said Jiang.

The reforms will allow Hong Kong companies to diversify and gain mainland assets at a good price. On the other hand, there will be more integrated market exposure to the structural problems in China," he said.

Jiang said the influx of mainland funds into the local market was likely to increase as long as Hong Kong remained intent on quelling the use of property as an investment vehicle.

Mark Coggins, director of Anva SC Securities, said the reforms would be "very positive, with the provision that the right kind of companies go to the (Hong Kong) market."

"It broadens the market... gives a greater China play," he said.

Coggins noted the recent spate of international debt issues by Hong Kong firms for China investment. "Hong Kong companies will finance local ventures, then invest in the project."

Gloria Lu, analyst at W Carr Securities, said "the idea is that within a large (merged) group there is a single arm that is listed."

"The whole group will use that arm as (a) window for equity funding. This is going to be the trend," she said.

However, risk is also likely to stem from the more speculative nature of the market caused by the large number of deals taking place and the poorer corporate governance regime generally observed by mainland companies, analysts said.

A research director at a US investment bank maintained that the Hong Kong stock market's turnover would fall back over a year or two, as it did in 1987 and 1993.

"Hong Kong is a speculative market. Restructuring has always been a feature of the market,"

Securities and Futures Commission Chairman Anthony Neoh has voiced concern the Hong Kong stock market could be seen as the Wild West of the East by International Investors.

"The more insidious effect is that, as investment horizons grow shorter, firms with longer term plans find it difficult to raise capital," Neoh said.

London stock market crumbles

LONDON, Aug 16: The London stock market crumbled this past week in the face of a sharp slide in New York, despite some positive domestic developments particularly on the monetary front, reports AFP.

The Footsie-100 index of the top one hundred shares fell sharply beneath the 5,000 mark, which it had broken on August 6, to close the week down 165.5 points, or 3.3 per cent, at 4,835.8 points.

On Friday alone, share prices plunged by 2.5 per cent.

But London investors were able to draw satisfaction from two factors which helped limit the fall-out from Wall Street: the fall in the value of the pound, which as come as a relief to Britain's hard-pressed exporters, and the prospect of a halt to the recent series of interest rate rises.

The Bank of England on Wednesday published its quarterly inflation report, the first since taking over the monetary reins in May.

The central bank confirmed what it had hinted the previous week: that it could take a pause in its tough monetary policy as the government's inflation target was likely to be met in two years' time, the most relevant time frame.

In the near-term, the British economy is still growing very strongly, with a large drop in unemployment in July to 5.5 per cent of the active population and an inflation rate which is moving away from the government target.

There was little corporate news in Britain during the week.

The price of shares in advertising group Wpp, which reported a 15 per cent rise in half-year pre-tax profits, gained two pence to 273 pence.

BSKYB, the satellite and cable broadcaster controlled by US-Australian media magnate Rupert Murdoch, announced its annual results. Profit growth slowed down and the launch of digital services next year has created uncertainties. Shares in the company fell 36 pence to 437 pence.

The codeshare flights to Brisbane, Singapore and London came into effect Oct 26 and include:

— Five non-stop BA flights each week between Brisbane and London via Singapore carrying the Qantas flight designator.

— Three Qantas services each week between Brisbane and Singapore carrying the BA codeshare flight designator.

Significantly reduced transit times in Singapore for Qantas passengers on flights to London, and

Source: AP

Source: AP

India, Egypt, S Arabia top buyers' list
Arms business brings
big money for US

WASHINGTON, Aug 16: The United States emerged as top international arms salesman in 1996, with orders to developing countries making up 7.3 billion dollars of its 11.3 billion dollars intake, a government report shows, reports AP.

Cashing in at a distant second was Britain with 4.8 billion US dollars in total international arms sales, followed by Russia with 4.6 billion dollars, according to a report released this week by the US Congressional Research Service.

The CRS is an independent research arm of Congress that annually compiles such statistics.

"This report shows who the major arms sellers are and who the key players are in the international market," said Richard Grimmett, a CRS defence specialist who authored the report.

The report found overall global arms sales totaled 31.8 billion dollars in 1996, with sales to developing countries making up 19.3 billion dollars of those receipts.

Between 1989 and 1996, the United States has outpaced its competitors in sales to developing countries with 88.8 billion dollars in new contracts — a number adjusted to constant 1996 dollars.

By contrast, Russia saw 49.6 billion dollars in new contracts during that eight-year span, France had 30.5 billion, Britain reported 10.5 billion dollars and China posted 7.6 billion dollars.



Syed Anisul Huq, Managing Director of Southeast Bank Limited, Giasuddin Ahmed, Chairman of Thai Poly Shawn Bangladesh Limited, and C M Alam, Managing Director of IPDC, are seen signing the security sharing agreement in the city. Thai Poly Shawn Bangladesh is 100 per cent export-oriented plastic based flexible package and wrapping manufacturing project. It is a joint venture between Bangladesh, Thailand and Singapore which has been recently financed by IPDC and Southeast Bank Limited.

Suharto speaks on rupiah plunge
It's a storm that
will pass

JAKARTA, Aug 16: Indonesian President Suharto Saturday likened this week's dramatic plunge in the value of the rupiah to a storm that will pass and said his government would maintain strong fiscal and monetary policies until the currency stabilized against the US dollar, says AP.

In a televised state of the nation address before the country's House of Representatives, Suharto maintained Indonesia's economic fundamentals were "very solid."

However, he called for greater prudence in overseas borrowing by business and government.

"What we have achieved with great difficulty can be wiped out at once by the storm, as a result of our own negligence," he said.

He said experience elsewhere showed that a transition to a more flexible exchange rate system "has always been marked by exchange rate upheavals."

"During this tight transitional period, the relatively tight fiscal and monetary policies will be maintained until currency market situation is calm again and the exchange rate become relatively stable at a new level of equilibrium," Suharto said.

"Our business community should immediately adjust to this new situation."

The rupiah's started falling dramatically against the US dollar on Thursday when Indonesia's central bank floated the currency, hoping to stem speculative attacks that already have savaged other Southeast Asian currencies.

The plunge continued Friday when the rupiah hit an all-time low of 2,950 rupiah against the dollar. Currency jitters meant that 4 per cent was also wiped off the value of the Jakarta Stock Exchange, bringing it to a new low for the year.

In his speech to mark 52 years of independence from Dutch colonial rule, Suharto defended the government's decision to float the rupiah and to

abandon a 12 per cent trading band for the dollar-rupiah rate.

"By taking market forces into account," the government has taken some measures to soften the onslaught against our rupiah," Suharto said.

Fluctuation in exchange rate "is of a temporary nature and, with appropriate policy and the calmness of domestic players, the exchange rate will find a new equilibrium in line with prevailing economic fundamentals. At present Indonesia's economic fundamentals are very solid."

More than 20 per cent of the rupiah's value has been lost in recent weeks.

Analysts say the problems facing Indonesia are similar to those in neighboring economies.

The Philippines widened the peso's trading band and Thailand removed some controls on the value of the baht in response to currency speculation.

Thailand's economy recently had to be bailed out by the International Monetary Fund and other lenders. The IMF announced a 16 billion dollars rescue plan last week and Prime Minister Chavalit Yongchaiyudh retooled his Cabinet today in response to the economic crisis.

The value of Malaysia's ringgit has also fallen dramatically. Suharto appealed to the business community to adapt to "new realities."

He said it must be prudent when borrowing and that overseas loans would no longer be "easily or cheaply obtained like before the storm."

He said companies should "make rational and realistic projections about the growth of their business."

"This means that the business community and the government should carefully make their choice on projects and activities that should be given priority and those which should be temporarily postponed," he said.

China's foreign
trade leaps
by 14 pc

BEIJING, Aug 16: China's foreign trade volume hit 177.2 billion dollars in the first seven months of 1997, a jump of 14.1 per cent from the same period last year, the General Administration of Customs (GAC) announced yesterday, reports AP.

Exports surged 26.1 per cent to 96.4 billion dollars, while imports posted a modest increase of just 1.9 per cent to 75.86 billion dollars, state-run television said, citing a GAC report.

The results left China with a trade surplus of 20.54 billion dollars.

In January this year, Foreign Trade Minister Wu Yi unveiled a 1997 foreign trade target of 310 billion dollars.

Japanese, Swiss banks tie up
to prepare for
deregulation

TOKYO, July 16: The Long-Term Credit Bank of Japan Ltd. and Swiss Bank Corp. agreed Tuesday to form a strategic alliance to take advantage of Japan's "Big Bang" financial deregulation effort, says AP.

The banks said they would form three Japan-based joint ventures in investment banking, asset management and private banking in Japan and around the world.

To underline the alliance's importance, they will buy 3 per cent stakes in each other's so that Japan's LTCB and Switzerland's SBC rank among each other's top five shareholders.

If its board agrees, LTCB plans to raise about 200 billion yen (1.75 billion dollar) in capital by issuing 130 billion yen (1.14 billion dollar) of preferred stock and 70 billion yen (614.04 million dollar) in subordinated debt, the banks said. SBC would hold about half the preferred stock in its investment portfolio, and SBC Warburg, the investment banking division of SBC, would assist LTCB's capital raising.

It was the third major tie-up announced between Japanese and foreign banks in recent months to prepare for the Big Bang, a heavily publicized programme of deregulation expected to increase competition in and foreign access to Japanese financial markets over the next several years.

In April, Nippon Credit Bank and Bankers Trust New York Corp. announced a wide-ranging tie-up. In June, Hokkaido Tokai Bank and Barclays Bank PLC said they had agreed to explore cooperation in several areas.

"This strategy realizes one objective — to take Japan to the world, and to bring the world to Japan," said LTCB's president Katsunobu Onogi.

The banks said they would form a six-member steering committee to supervise the alliance, and planned to sign a definitive agreement by the end of September. Tuesday's agreement was in the form of a letter of intent. The joint ventures will be subject to regulatory authorities.



BANEX (Bangladesh Express Co Ltd), licensee of FedEx (Federal Express Corporation, USA) formally opened its service centre at Kawan Bazar recently.

Business briefs

continue increasing in coming months.

As deregulation and restructuring proceeds, a growing number of debt-burdened companies will become unprofitable," it said.

The previous record debt total for the month of July was 784.06 billion yen (6.76 billion dollars), posted in 1992.