

Cook comes to Asia to deepen business ties

LONDON, Aug 24: Foreign Secretary Robin Cook on Tuesday starts a visit to four South-east Asian countries to deepen business and political ties while stressing the importance Britain attaches to human rights, reports Reuters.

Cook's whistle-stop tour — his first to the region — will take him to Malaysia, Indonesia, the Philippines and finally to Singapore.

Officials said Cook, determined to map out a more ethical foreign policy, would make it clear that Britain expected its partners to respect human rights and was ready to help where it could.

"This is the central question he'll be trying to develop during the visit to the four nations. There are problems in all of them of some sort or another," an official told reporters.

Whatever his criticisms, Cook will also make clear that Britain wants to deepen its ties to an economically vibrant region and also expand its influence there.

"One objective is to show the priority the government wants to give this region," the official said.

He will need to treat carefully for fear of offending sensibilities in a quartet of nations which took 4.3 billion pounds (6.9 billion dollars) of British exports last year and where Britain is the single largest European investor.

"If he has a robust message to deliver, he'll do so constructively. On human rights, it is not just a case of saying 'do better,' the official said.

"We will come up with practical ways to how Britain can help things go better," he added, but gave no concrete details.

Cook will in particular tell Indonesia that more has to be done to achieve peace in the rebel region of East Timor, where human rights activists say more than 200,000 people have died since Indonesia invaded in 1975.

Indonesia halts all payments for govt-funded projects

JAKARTA, Aug 24: The Indonesian government has halted all payments for government-funded projects which exceed 200 million rupiah (73,394 dollars) in the wake of the rupiah plunge, a report said Saturday, according to AP.

The Finance Ministry's directorate general for budget affairs sent out a letter dated August 21 to its regional offices throughout Indonesia to defer payments for projects funded by the central government which exceed 200 million rupiah, the Kompas Daily reported.

The letter came exactly one week after the government floated the idea of a currency against the US dollars. Following the actions of its neighbours such as Thailand and the Philippines.

The value of the rupiah against the dollar has fallen around 25 per cent since January, with most of the decrease occurring within the last few weeks.

Indonesia's currency plunge has been followed by announcements of price hikes, including in domestic air fares and automobile prices, despite calls by some officials for companies to defer price increases.

Meanwhile, state secretary Mardiono said here Friday that the government had no plans to reschedule existing projects.

"So far we have not decided on rescheduling any of the projects," Mardiono was quoted as saying by the Jakarta Post Daily.

Foodgrain output expected to cross 200m MT

India set to rewrite record books

NEW DELHI, Aug 24: The foodgrain production in the country this year is likely to cross a record 200 million tonnes mark, the Agriculture Minister Chaturranjan Mishra, said here today.

Mishra told PTI that the production could even further go up if the Planning Commission allocated more funds for the agricultural sector.

For the ninth plan, his ministry had sought 19,500 crore rupees but the Planning Commission had granted a mere 8,700 crore, Mishra said.

Despite all constraints, the country had achieved a record foodgrain production of 198.17

million tonnes last year, the minister said.

This year, barring certain areas in Himachal Pradesh and Bihar, which were hit by cloud burst, the country on the whole had a good rainfall, he said, taking this into account, "We hope to cross 200 million tonnes mark."

The Agriculture Ministry has, however, told the Planning Commission that the production might touch 202 million tonnes. "This can be achieved only if we have more funds for irrigation, fertiliser and seeds," he remarked.

In 1994-95 the country had

achieved an all-time record production of foodgrains of 191.5 million tonnes. It, however, declined to 185 million tonnes during 1995-96 mainly due to delayed onset of monsoon in Kharif 1995 and unfavourable.

Referring to the cloud burst in some areas, particularly in Himachal Pradesh, he said he had asked his ministry to organise a seminar in which the agricultural scientists and experts should discuss ways to minimise its impact.

They should also recommend what precautionary measures could be taken by the government, he said.

Asked whether the government had any proposal to export wheat or rice in view of the record production, Mishra said that there were no immediate plans except that of nominal export of 'Basmati rice' to some countries.

Mishra said that the government was taking measures to achieve self-sufficiency in the production of oil seeds and pulses whose import cost the state exchequer annually about 4,000 crore rupees.

"We want to produce more oil seeds and pulses and cut down the import bill. We also need support of the Planning Commission on this front," he said.

Currency crises scare SE Asian economies

MANILA, Aug 24: Five years ago, Philippine officials hoped their country's sagging economy could someday duplicate Thailand's stunning growth, reports AP.

No longer. In only a few months, a currency crisis has turned Thailand from one of Southeast Asia's economic success stories into a case study of growth gone wrong.

Now the Philippines and other regional countries are struggling to convince investors they have not made Thailand's mistakes.

Thailand's currency, the baht, was battered again last week, hitting a new low against the US dollar Friday, despite a 17 billion dollars rescue package approved Wednesday by the International Monetary Fund.

Just as Thailand's achievements once helped make investors bullish on Southeast Asia, its turmoil has dragged many of the region's currencies sharply lower and brought a reappraisal of other Southeast Asian economies.

The region, which has benefited greatly from free international trade boosting its ex-

ports, has learned that open markets can also be exceedingly painful.

Together, Southeast Asian countries have spent about 30 billion dollars in scarce foreign reserves in recent unsuccessful attempts to prop up their currencies in the world's free-wheeling foreign exchange market.

In less than two months, the baht has fallen 23 per cent against the dollar, the Philippine peso is down 14 per cent, Indonesia's rupiah has dropped 20 per cent, and Malaysia's ringgit is off 12 per cent.

Jitters over the currency fluctuations have pushed most regional stock markets sharply lower, and higher interest rates — imposed by central banks in an attempt to make local currencies more attractive to investors — threaten to slow economic growth.

One benefit is that the devaluations should make the region's exports cheaper and therefore more competitive. But weaker currencies also raise the costs of imported oil, factory equipment and components on which many Southeast Asian

nations rely.

The crisis kicked into high gear on July 2, when Thailand's government allowed the baht to float, yielding to heavy pressure from currency traders who felt the currency was highly overvalued.

The government has since lowered economic growth projections, while private companies are struggling with the increased interest costs in repaying an estimated 80 billion dollars in foreign debt.

Indonesia's rupiah also hit a record low last week, prompting Justice Minister Oetomo to warn that currency speculators could be arrested under an anti-subversion law that allows the death penalty.

The rupiah and several other currencies recovered some of their losses at the end of the week after Indonesia sharply raised short-term interest rates.

The markets are still very nervous, and it will only take one piece of bad news to trigger a new selloff," said Daragh Maher, economist in ING Barings in Singapore.

The plunge in Southeast Asian currencies has destroyed a key ingredient of their economic success — the pegging of their currencies to the dollar.

Monetary officials used high interest rates to keep their currencies pegged artificially to the dollar — for 12 years in the case of Thailand. The close link made investments in Southeast Asia attractive, since foreign investors could take advantage of higher interest rates without worrying about the risks of currency fluctuations.

The large flows of easy foreign capital enabled rapid economic growth. But the debts of private companies piled up, and plentiful capital drove up prices for property and stocks. Banks in several countries became badly over-exposed to real estate and stock loans.

When the region's exports began slumping two years ago and economic growth slowed, many companies became unable to repay their debts.

Thailand's government was forced to close 58 of the country's 91 financial companies because of bad debts totaling 20 billion dollars.

As Thailand's economic troubles escalated, banks, speculators and others sold their baht holdings in expectation that its value would drop.

After the baht was allowed to depreciate July 2, speculators then turned to other Asian currencies that also were felt to be possible targets.

Jakarta hopes to produce Sukhoi components

JAKARTA, Aug 24: Indonesia hopes to receive an order from Russia to produce components of Sukhoi-30 fighter planes it plans to buy, the official Antara news agency reported Sunday, says AP.

Indonesia decided earlier this month to buy 12 Sukhoi-30s and eight Mi-17-IV helicopters from Russia, but the total value of the deal has yet to be decided.

B J Habibie, chief executive of the state-owned IPTN aircraft factory, was quoted as saying Saturday that Indonesia hopes to secure contracts for Sukhoi components as part of the deal.

He said that when Indonesia bought F-16 fighting falcons from General Dynamic of the United States in 1989, IPTN received an order to produce seven types of components for the planes.

Indonesia decided to buy Sukhoi-30s from Russia after it cancelled a contract to buy nine more F-16s from the United States in reaction to continued condemnation of Indonesia's poor human rights record by some US lawmakers.

Burger King pulls Hudson Foods' burgers off its grills

OMAHA, Nebraska, Aug 24: Following a massive bad-beef recall, Burger King has pulled Hudson Foods' burgers off its grills.

For the fast-food chain said Saturday, reports AP.

"No more Hudson Beef is in the Burger King system nor will we be buying any more Hudson Foods Inc Beef," said David Nixon, a spokesman at Burger King's headquarters in Miami.

The recall of 25 million pounds (11 million kilos) of hamburger processed at a Hudson Foods plant in Columbus forced menu changes and inventory overhauls across the country starting Thursday night. The plant shut down E. coli contamination.

Burger King was the company's biggest beef customer.

Hudson said the news came as a "serious disappointment," but that it was committed to removing the cloud that hung over its only raw-beef processing plant.

While we are carefully reviewing all our options for that plant, we remain convinced that the problem was brought into the plant by an outside supplier," the company said in a statement Saturday.

Blue-chip stocks on Wall Street rise by 2.5 pc

NEW YORK, Aug 24: Blue-chip stocks on Wall Street rose by 2.5 per cent over a week that began on a promising note, but ended Friday with a thump, says AP.

The Dow Jones index of leading industrials closing at 7,887.91 against 7,694.66 the previous week.

The week's first three trading sessions saw the Dow jump more than 100 points to erase last week's slippage. But it shed 127 points (1.6 per cent) on Thursday and 6.04 points (0.07 per cent) on Friday.

For the two-week period, the Dow was off 1.7 per cent and 4.5 per cent respectively from its record high set on August 6.

"It is not unusual for the market to correct with a 30 per cent rise since January," said Stuart Freeman of AG Edwards.

It is a rational correction. It looks very sane. Investors are looking for reasons to take some profits after some nice

risers.

Some 2.53 billion shares changed hands on the broader New York Stock Exchange against 2.64 billion shares a week ago. The transport index closed at 2,937.02 against 2,864.96, and the utility index at 231.35 against 228.51.

On the bond market, the yield on the benchmark 30-year treasury bonds on Friday was 6.66 per cent against 6.55 per cent August 15.

The change indicates that "stocks can go up even as rates increase," Freeman noted.

The dollar remained steady against the German mark, closing Friday at 1.8197 marks compared to 1.8180 marks on August 15. Against the Japanese currency, the dollar traded at 118.33 yen against 117.40 a week earlier.

"The fear is that investors will move to deutchmark assets but I have not seen it yet,"

said Bill Gross of Pacific investment.

For their part, US analysts are torn over the Bundesbank's upcoming monetary policies.

"People are still viewing Europe as a concern," said Steven Jonathan of Merrill Lynch.

A key meeting for European Finance Minister next month "could decide who will be joining the single currency, and after that the prospect of a Bundesbank move will increase," he said.

"The Bundesbank had a chance of (raising) rates this week and the didn't," said Art Steinmetz of Oppenheimer Funds. "They have something else in their mind such as unemployment. Politics (More) than a short term blip in the currency is driving the Bundesbank."

Wall Street was equally concerned with the economic situation in the United States.

1st time in 67 years

Argentine beef heads for US

BUENOS AIRES, Aug 24: Pedro Salaberry, a ruddy-faced cowboy, has nothing but sympathy for those who have not tasted a fine Argentine steak, preferably washed down with a full-bodied red wine, reports AP.

"Call me arrogant, but nothing compares to Argentine meat," the gaucho said as he eyed a champion Aberdeen Angus at an exhibition. "Everybody should try it at least once in their life."

In recent years, that pleasure has been mostly found within Argentina, due to a partial export ban stemming from outbreaks of hoof-and-mouth disease. In May, the country was declared free of the disease.

Now the red meat Argentines are so fiercely proud of will be put to a crucial test: For the first time in 67 years, fresh and chilled beef will be exported this week to the United States.

Exports to the United States will be limited initially to a 20,000-ton annual quota — a figure that Argentine officials hope to increase over the years.

"This is more of symbolic than economic value," Agriculture Secretary Felipe Sala said in an interview. "By exporting to the United States, our profile will be a lot higher and that will open up new markets worldwide."

Lucrative markets such as Japan and South Korea won't be accessible until Argentina no longer needs to vaccinate cattle to avoid foot-and-mouth disease, but that could be just a few years away, Sala said.

Most of the beef shipped north will be used as hamburger meat. In addition, a small amount of fine cuts are aimed at top New York restaurants.

For many Argentines, the idea that their grass-fed cattle will end up in American fast-food restaurants is ridiculous.

"A waste," Marcelo Celis proclaimed as he lined up for a table at a Buenos Aires steakhouse. "Argentine beef is unique in flavour. Eventually they'll get the idea."

The arrival of Argentine beef has caused some concern among US producers, said Dale Moore of the US National Cattlemen's Beef Association. But most worries are of a sanitary nature.

"There's bound to be concern about economic impact, but with just 20,000 tons of imports, I suspect it's going to be a little hard for the Argentines to take over the market," he said.

Americans consume about 7.7 million tons of beef a year, the association says.

Moore is unfazed by accounts of the quality of Argentine beef and speculation that the country might soon become a major exporter, like Australia and New Zealand.

"In the US, most good cuts are from grain-fed animals. Meat from grass-fed cows is different: Less tender, less tasty," he declared.

Just how big an exporter Argentina can become will depend on marketing and how producers can boost dwindling heads of cattle, which now stand at a 30-year low.



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Exchange Rates

The following are the Sonali Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as on 24/8/97.

| | Buying | | |
|----------|----------|-----------------------|-------------|
| | TT Clean | OD Sight Export Bills | OD Transfer |
| US Dir | 44.4200 | 44.2545 | 44.1580 |
| GB Pound | 71.0923 | 70.8274 | 70.6730 |
| D Mark | 24.2859 | 24.1954 | 24.1426 |
| F Franc | 7.2101 | 7.1832 | 7.1676 |
| C Dir | 31.7331 | 31.6149 | 31.5460 |
| S Franc | 29.4162 | 29.3066 | 29.2427 |
| JP Yen | 0.3713 | 0.3699 | 0.3791 |

| Name of Currency | Selling | |
|------------------|-------------|---------|
| | T.T. & O.D. | B.C. |
| US Dollar | 44.7105 | 44.7505 |
| GB Pound | 72.1414 | 72.2060 |
| D Mark | 24.6972 | 24.7193 |
| F Franc | 7.3338 | 7.3403 |
| C Dollar | 32.2732 | 32.3201 |
| S Franc | 29.9621 | 29.9529 |
| JP Yen | 0.3816 | 0.3820 |

A) TT (DOC) US Dollar Spot Buying Tk. 44.3372
B) Usance Rate
30 60 90 120 180
Days Days Days Days Days
42.9635 43.9993 43.2231 42.8530 42.1126

C) US Dollar sight export bill 3 months forward purchase: Same as OD sight export bill buying rate.

Indicative Rate
Selling Buying
Saudi Riyal 11.9212 11.7733
UAE Dh 12.1810 12.0207
KUW DI 146.6399 144.7092
D Guider 21.5576 21.2758
S Krona 5.5393 5.4675
Malay Ringgit 4.6071B 4.5857
Sing Dollar 29.5509 29.1664

The following are the Janata Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as on 24/8/97

| Name of Currency | Buying | | |
|------------------|----------|-----------------------|-------------|
| | TT Clean | OD Sight Export Bills | OD Transfer |
| US Dir | 44.4200 | 44.2493 | 44.1334 |
| GB Pound | 71.1118 | 70.8223 | 70.6366 |
| D Mark | 24.2925 | 24.1936 | 24.1302 |
| F Franc | 7.2121 | 7.1827 | 7.1639 |
| JP Yen | 0.3733 | 0.3718 | 0.3708 |
| C Dir | 31.7418 | 31.6126 | 31.5297 |
| S Franc | 29.4243 | 29.3045 | 29.2277 |

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

| Name of Currency | Selling | |
|------------------|-------------|---------|
| | T.T. & O.D. | B.C. |
| US Dollar | 44.7115 | 44.7510 |
| GB Pound | 72.1378 | 72.2183 |
| D Mark | 24.6895 | 24.7169 |
| F Franc | 7.3315 | 7.3396 |
| JP Yen | 0.3820 | 0.3824 |
| C Dollar | 32.2632 | 32.2991 |
| S Franc | 29.9167 | 29.9500 |

Commodity market: Gold, lead, tea, cotton, wool calm over the week

LONDON, Aug 24: After several weeks of depression at the thought of the massive harvest being reaped in Ivory Coast, cocoa prices heated up after an alarming study provoked fears of severe damage to world crops, reports AP.

ED and F Man, a highly-respected British brokerage, predicted in its latest report on this tropical product that the global cocoa supply shortage will double because of poor harvests.

Ivory Coast, which produces more cocoa than any other country, had been expected to reap 1.2 million tonnes during the 1997-98 season, in fact, the country may produce less than 950,000 tonnes of the precious bean.

But at the moment, analysts say, weather conditions in the West African cocoa plantations are good. The unknown factor which prompted pessimism at E.D. and F Man is the "el nino" climatic disturbance.

The el nino is a condition triggered by an increase in water temperature in the eastern Pacific Ocean, which has caused periodic drought not only in Australia, but in India, Indonesia and Africa and flooding in South America.

El nino this year is particularly intense, the British brokerage said. It has devastated wheat production in Australia, a major exporter.

Indonesia, the world's third largest coffee and cocoa producer, has also suffered severe effects.

More worrying still, according to ED and F Man, el nino could, in coming weeks, move to the coast of West Africa, a key

producing region which supplies two thirds of the world's cocoa needs.

Elsewhere on the commodities markets, copper and aluminium prices both weakened on the London market because of a large build-up in stocks.

GOLD: Calm. The price of the yellow metal remained stuck around 322 dollars per ounce, despite a slide in the value of the dollar and losses on Wall Street, which should normally have given gold prices a shine.

Neither did the announcement of strike action in several mines in South Africa, mainly at mining house gold fields, have any impact, although the country is by far the world's biggest gold producer.

London-based trading house GNI said that rumours of gold selling by a central bank were keeping prices under pressure.

Massive purchases across Asia took global gold sales to record levels in the first six months of 1997, fueled by surging Asian jewellery sales, particularly in India, the World Gold Council said in its quarterly review.

Gold sales were 14 per cent higher in the first six months of the year compared with the first half of 1996, taking consumption to a record 1,493 tonnes in the first half of 1997, the industry body said.

SILVER: Higher. Silver recovered some ground, rising by around 10 cents to 4.50 dollars per ounce.

According to the US Silver Institute, use of the precious metal in photographic film should rise by three per cent in

1997.

But over time, the increasing use of digital cameras, which do not need film, will considerably reduce the demand for this metal, GNI noted.

PLATINUM AND PALLADIUM: Lower. The resumption of Russian exports, after a break of six months, has put the price of these two metals under pressure after recent highs.

The world's most important palladium producer and the second most important producer of platinum broke off shipments in early 1997 for administrative reasons, prices soared during the ensuing months.

Palladium prices fell 15 dollars to 200 dollars per ounce this week and platinum prices lost 15 dollars to 410 dollars per ounce.

COPPER: Slump. Copper prices slumped to their lowest point this year on the London Metal Exchange (LME), under a wave of speculative selling, before recovering some ground.

Copper three-month prices lost around 80 dollars to 2.180 dollars per tonne.

The market has become worried at a recent rise in LME copper stocks, after a period of continual meltdown in reserves.

At the same time, there is disappointment at the weak state of demand, at a time when buying had been expected to jump for seasonal reasons.

And traders fear that demand might fall off in South-East Asia as a result of the currency turmoil in the region.

LEAD: Calm. This metal

fluctuated in line with copper and aluminium. Three-months lead prices ended the week broadly unchanged at 615 dollars per tonne.

The market paid little attention to the one-per cent rise in global lead consumption in the first half of the year, according to figures of the International Lead and Zinc Study Group (ILZSG).

ZINC: Lower. Zinc prices succumbed to the same speculative selling as copper, in part because of a jump in LME stocks. Three-month prices lost 50 dollars to 1,485 dollars per tonne.

ALUMINIUM: Lower. A big jump in aluminium stocks stored in the LME's warehouses around the world drove prices down. Three-month prices dropped 85 dollars to 1,630 dollars per tonne.

In one week, these stocks — which reflect the state of global demand and supply — shot up by 48,000 tonnes to 678,500 tonnes.

At the same time, according to the International Primary Aluminium Institute (IPAI), world output of the metal rose by 100 tonnes a day between June and July, reaching a daily average total of 53