



Wage dispute in India

Federal employees call off strike

NEW DELHI, Sept 12: Four million federal workers called for an indefinite strike planned for later this month after the government agreed to raise their salaries by 40 per cent, trade union leaders said Friday, reports AP.

The agreement must be approved by the federal Cabinet. "We declare this strike is off," said Muram Purohit, a negotiator for the employees. Purohit heads the National Railwaymen's Union representing 1.6 million workers.

The government and the workers reached the agreement Thursday after month-long negotiations over the salary raise recommended by a pay commission set up by the government after a gap of 10 years.

A government worker will now be paid a minimum salary of 3,450 rupees (96 dollars) as compared to 2,540 rupees (70 dollars) in the past. The increase will cost the government an additional 1.42 billion dollars in one year across India. The Observer newspaper said quoting finance ministry officials.

KURIGRAM

Mushroom growth of brickfields threatens habitat

From Our Correspondent

KURIGRAM, Sept 12: The brick manufacturing enterprises have mushroomed all over the district posing a great threat to environment and soil fertility here.

Local sources say about 15,000 acres of cropland are being used for manufacturing bricks, and the manufacturers are using trees indiscriminately as firewood.

Farmers say agricultural productivity around the brickfields has declined in recent years due chiefly to loss of fertility of croplands.

They alleged that they are compelled to mortgage their lands to the brickfield owners as farm production has been on the decline.

However, the manufacturers say they use trees as firewood as price of imported coal is much higher.

Meanwhile, soil fertility is declining rapidly in the district due to rampant use of chemical fertiliser, particularly urea.

According to sources, the use of cowdung is essential for increasing land productivity but it is not used proportionately because of reduction in the number of cattle in the district.

India to get \$1b loan to modernise coal mines

NEW DELHI, Sept 12: The World Bank and Japan's EXIM Bank will provide a 1.06 billion dollars loan to modernise nine states coal mines in India, Coal Minister Kanti Singh said yesterday, reports AFP.

The World Bank sanctioned 530 million dollars on Tuesday while an equal amount would come from the EXIM Bank in October, the minister told economic editors here.

The total cost of the project, which seeks to expand the capacity of nine mines and replace equipment in another 15 mines belonging to the state-owned coal India Ltd, will be 1.69 billion dollars.

The remaining 635 million dollars will be raised by coal India, the minister said.

After the implementation of the project, the availability of coal in India by 2002 is likely to increase by 25 million tonnes annually, she said, although there will still be a demand-supply gap of 66 million tonnes.

Dollar rises against yen in Tokyo

TOKYO, Sept 12: The dollar rose against the yen on Friday, reports AP.

The gloomy economic data and technical buying of the US currency sent the dollar higher against the yen.

Also supporting the dollar was the yen's relative weakness against the German mark as traders focused on the widening gap in economic fundamentals between Japan and Germany.

Finance Minister Hiroshi Mitsuoka's comments Friday that Japan's record low interest rates are "still a plus" for the nation's economy encouraged yen selling, dealers said.

Japan's key lending rate, the official discount rate charged by the Bank of Japan for loans to commercial banks, now stands at a record low of 0.5 per cent.

Lower interest rates tend to make a nation's currency less attractive to investors.

The dollar rose, reaching 120.69 yen at mid-afternoon in Tokyo on Thursday and was also above its late New York level of 119.58 yen overnight.

The yield on the benchmark No 182 10-year Japanese government bond fell to 1.990 per cent from 2.025 per cent Thursday, driving its price up to 106.96 yen from 106.70.

Bourses bounce back

By Rafiq Hasan

The price index of both Dhaka and Chittagong bourses bounced back last week after a SEC proposal for introducing a uniform trading settlement system.

Though the Securities and Exchange Commission is yet to give a final order in this regard, the members of the Dhaka Stock Exchange are busy strengthening their position to bring buoyancy in trading.

Prices of a number of blue chip issues started recovering after plunging to a record low in the past few months.

Stockbrokers and DSE members observed that the market could be stable if there was enough institutional participation. Though the government issued letters of intent for opening merchant bank, the companies are yet to start functioning for lack of legal support.

The Investment Corporation of Bangladesh, the lone institutional buyer in the market, covers about one-third of total trading on the DSE floor. But the analysts feel that more institutional participation would

strengthen the market, and help check any serious disaster.

The DSE All Share Price Index increased by 102.81 points over the week and closed at 864.97 points from previous week's 761.16 points. The market capitalisation of the bourse rose by Tk 1,832.96 crore, closing at Tk 7,368.78 crore from Tk 6,435.82 crore.

Uniform trading system which is at final stage ushered in new hopes among the DSE members and investors, increasing the transaction of shares and debentures. On an average, 4.61 lakh shares and debentures valued at Tk 6.15 crore exchanged hands everyday during the week. The number of gainers often outnumbered the losers. Out of 137 traded issues, 91 issues gained and 42 suffered. On an average, three issues remained unchanged everyday.

Out of five trading sessions in the week, the major market indicators were up for almost everyday except Tuesday when DSE price index fell by 20.46 points. Trading, in terms of

volume, fell by 15 per cent and 16 per cent in terms of value on that day.

The week started with an upward trend, and it registered a 51-point rise on Sunday, the first trading day of the week. Three new issues began trading on that very day when DSE's market capitalisation surged by Tk 486 crore. The three new issues are Uttara Finance, Samorita Hospital and Rose Heaven Ball Pen.

All Securities Price Index at Chittagong Stock Exchange rose by 27.48 points, ending at 374.90 on Thursday, the closing day of the week, from previous week's 347.42 points.

The market capitalisation of the CSE increased by Tk 552.95 crore, surging to Tk 5,944.75 crore from Tk 5,391.68 crore.

The CSE major market indicators also showed upward trend everyday save for the second day of the week when the price index declined slightly. But in the later part of the week, the CSE index went up again and made good the loss. Meanwhile, the SEC, the

government's regulatory body for the capital market, was locked in a debate while introducing a unilateral form of trading in the two stock exchanges. As the DSE authorities have been demanding netting system for share settlement like CSE, the SEC formed a five-member committee to look into the matter and to make recommendations. The committee comprising members from both the exchanges held a number of meetings and submitted reports to the SEC chairman.

The DSE council body approved the proposal of new system where shares will be settled twice a week, and the CSE council body will meet soon for taking a decision.

Insider sources say with continuous upward trend in both the bourses, the foreign investors who left the country after a massive price fall at the end of last year have started showing interest again. "If the market continues to surge, the foreign investors may come again" said a leading broker who has good connection with foreign portfolio investors.

Tofael invited 4-day trade fair opens in Colombo Nov 8

A four-day premier trade fair of Sri Lanka will begin in Colombo on November 8, reports BSS.

Commerce and Industries Minister Tofael Ahmed has been invited to be the chief guest and to declare open the second day of the exposition on November 9.

The first day of the exposition will be inaugurated by the Sri Lanka President Chandrika Kumaratunga, a PID handout said.

Sri Lankan High Commissioner in Bangladesh SB Atugoda Thursday called on the Commerce and Industries Minister and handed over the invitation letter of Sri Lankan Minister for Internal and International Commerce.

In his letter the Sri Lankan Minister expressed the hope that the visit at high political level was imperative to provide necessary political impetus for the business community in the region to interact and form alliances to take advantage of new opportunities emerging in

SAARC countries. He pointed out that the recent Male Declaration which mandated to transform SAFTA into South Asian Free Trade Area (SAFTA) by the year 2001 had further raised the expectation of the people and business community of the region.

Accepting the invitation, the Commerce and Industries Minister said, besides SAARC, the newly launched BIST-EC, now BIMST-EC due to inclusion of Myanmar, had created much enthusiasm and hopes among the business group to bolster trade and investment. "Our government is out to explore all the opportunities to expand our export," he added.

Tofael said that the government had taken various steps to establish trade links with new markets.

The minister said as both the countries are producing similar exportable products, there is an enormous scope to establish joint venture projects for mutual benefit.

Thailand to raise airport departure tax

BANGKOK, Sept 12: Thailand plans to raise airport departure taxes for both international and domestic passengers, an Airport Authority of Thailand official said Friday, reports AP.

Sopar Rojnuckrin, the agency's deputy managing director, confirmed published reports that the airport tax for international passengers will be raised to 300 baht (8.45 dollars) from 250 baht (7.04 dollars), and to 50 baht (1.41 dollars) from 30 baht (0.85 dollars) for domestic travelers.

She said no date had yet been set for the hike. Sopar said the measure is part of her agency's policy to make up for revenue loss to dwindling passenger numbers and an increase in value-added tax to 10 per cent from 7 per cent.

In dollar terms, the new fees may end up being lower than before for travelers since the baht has declined in value to 35.5 to the dollar from about 25 to the dollar less than two months ago.

The Airport Authority will also increase landing fees and airline office rents after an expansion of Bangkok International airport is completed, Sopar confirmed.

New labour law okayed in Jakarta amid protest

JAKARTA, Sept 12: Indonesia's Parliament approved a proposed labour law Thursday as groups of labour activists outside staged rival demonstrations for and against it, reports AP.

The government said the Manpower Bill, which must be approved by President Suharto before being enacted, would bring together 14 existing labour regulations, six of which date back to pre-World War II Dutch colonial rule.

Manpower Minister Abdul Latief earlier told the House of Representatives that the bill meant that Indonesia would be "farther advanced and conceptual in formulating the rights of our workers" than other countries.

Outside the legislature, a group of about 100 pro-government workers applauded its passing.

But a smaller group of labour activists protested that the bill would erode their basic rights.

The Indonesian Legal Aid Foundation, an independent lawyers' group, said the proposed law would require workers to attain permission from the authorities to set up labour unions or to strike.

Workers would be allowed to strike if employers failed to pay minimum salary increases and provide better conditions approved by the government, it said. But workers would not be able to strike for higher pay and better conditions above what the government has set.

The new bill allows for dispute through arbitration or mediation by a government-appointed council, instead of being decided by a labour disputes settlement body as stipulated by the existing laws.

Japanese banks take first six places in Asia

HONG KONG, Sept 12: Japan's Bank of Tokyo-Mitsubishi has become the largest commercial bank in Asia, with assets of 719 billion US dollars in the fiscal year ending March, the Hong Kong-based weekly Asiaweek said yesterday, reports AFP.

Bank of Tokyo-Mitsubishi, formed by the merger of Mitsubishi Bank and Bank of Tokyo in April 1996, has dethroned last year's front runner, Tokyo-based Dai-ichi Kangyo, which slipped to third place with 464 billion dollars in assets, the weekly said in announcing its annual Asiaweek financial 500.

Another Japanese bank, Sumitomo Bank, filled the number two spot with assets of 492 billion.

Japanese banks took the first six places in the 500 leading financial institutions in Asia as compiled by Asiaweek, followed by industrial and Commercial Bank of China, the largest Asian financial institution outside Japan, having assets of 437 billion dollars.

Banks in China, including Hong Kong-based the Hong Kong and Shanghai Banking Corp, view with the Japanese in size, taking five of the first 15 slots in the 500, Asiaweek said in a statement.

Kong Kong topped the profit rankings for the third year in a row, with net profit, rising 15.8 per cent last year to 2.47 billion dollars.

The next three places also went to the same institutions as in 1995 and 1996. National Australia Bank was second, with a profit of 1.67 billion dollars, up 6.8 per cent, and Hang Seng Bank, a Hong Kong and Shanghai Banking Corp subsidiary, was third, its profit rose 6.3 per cent to 1.09 billion dollars.

G7 to discuss Asian currency crisis

TOKYO, Sept 12: Japanese Finance Minister Hiroshi Mitsuoka said today that Group of Seven (G7) finance ministers would discuss how to deal with the Asian currency crisis in their forthcoming meeting in Hong Kong.

"I, as chairman, will manage the meeting in consideration of the Asian currency problem," Mitsuoka was quoted by Kyodo news as saying after he was reappointed in a cabinet reshuffle Thursday.

A series of Asian currencies plunged in value in the crisis triggered by the de facto devaluation of the Thai baht on July 2.

Referring to growing concern over a further expansion of Japan's trade surplus, Mitsuoka said: "It is unlikely the surplus in goods and services trade will continue to increase."

Bankers' team leaves for Dubai today

Star Business Report

A team of senior officials from commercial banks leaves Dhaka for Dubai and New York today.

During its five-day visit, the team will see the Standard Chartered Bank's operation in the two countries, says a press release.

The team is expected to observe the Treasury, Trade Services (ISO 9002 awarded) and institutional banking operations of Standard Chartered Bank in Dubai.

It will also attend a 3-day workshop on Payment, Settlement and CHIPS System at SCB in New York.

The visit is sponsored by Institutional Banking (IB) of Standard Chartered Bank.

Addressing the team members, Mamon Rashid, Head of Treasury and Institutional Banking for SCB, Dhaka said that SCB is happy to be involved in the development process of banking sector in Bangladesh.

SCB has trained more than 30 desk level and senior officials of local banks in its London, Dubai, Singapore, Hong Kong and India centres as well as more than 150 officials in the local training centre in Dhaka.

Thai firm sells stake in Yangon Airways

YANGON, Sept 12: A Thai company has sold its stake in a Myanmar joint venture airline to a private Myanmar company, state-run newspapers reported Friday, reports AP.

Krong Sombat Co sold its shares in Yangon Airways Ltd to the May Flower group, a private Myanmar business concern with interests in the banking, construction, real estate and hotel sectors.

Yangon Airways Ltd was established in October last year as a joint venture between state-owned Myanmar Airways and Krong Sombat Co to fly domestic routes.

Since 1988, when Myanmar began moving from a socialist economy to a market-oriented one, the air travel industry has undergone limited liberalisation.

In addition to Yangon Airways, state-owned Myanmar Airways has formed other joint ventures such as Myanmar Airways International for international flights, Air Mandalay for domestic and international flights and Myanmar Helicopter International for domestic routes.

Yangon Airways' destinations include the ancient city of Pagan, the country's second largest city Mandalay, Myittha in northern Myanmar, and other destinations in the east and south.



State Minister for Labour and Manpower M A Mannan speaking at a seminar on accidents in garment factories and their solutions organised by Bangladesh Garments Strikers Federation at National Press Club in the city yesterday. — Star photo

Disagreement on UN-Iraq deal Oil prices increase

LONDON, Sept 12: Oil prices edged higher on Thursday as diplomatic niceties at the United Nations in New York held up approval of a resolution allowing Iraq to complete its side of the current oil-for-food deal, reports Reuters.

Benchmark North Sea Brent blend crude for October loading gained 16 cents to 18.46 US dollar a barrel on London's International Petroleum Exchange.

Russia, one of five permanent members of the UN Security Council, has reservations about the wording of the resolution drafted by the United States, Britain and France and could delay its approval.

"It looks like it could rule out an agreement today," said a broker.

Under the terms of a UN accord, Iraq was supposed to sell one billion dollar worth of crude oil in the 90 days to

September 5, and another tranche of equal value in the next 90 days to raise money to buy humanitarian imports.

But Iraq's State Oil Marketing Organisation (SOMO) fell more than 400 million dollars short of the interim target because of a late resumption of exports and the UN has been trying to find a way of allowing Baghdad to catch up.

The proposed technical changes to the oil-for-food deal would extend the first 90-day period by a month. SOMO would then have two months to sell the remaining one billion dollars.

It would ensure Iraqi exports run at an average of just over one million Barrels Per Day (BPD) until early December.

Analysts expect Russia will eventually fall into line with the other permanent members of the Security Council and approve the resolution, a move

which although widely anticipated could still push prices lower.

"We view this as quite a bearish way of doing things as far as world prices are concerned," said Brokers GNI in a report. And other market fundamentals are also beginning to point to further losses to come, they said.

Gasoline demand and (refining) margins will wane, there is enough heating oil around for the short term and the weather is unlikely to really cool down for a few weeks yet."

US heating oil stocks rose by over 5.5 million barrels last week and now stand some 23 million barrels, or 20 per cent, ahead of year-ago levels.

Europe looks similarly well supplied in the approach to autumn with middle distillate inventories (mainly heating oil and diesel) 26 million barrels, or 8.3 per cent higher than a year earlier.

US-Japan trade talks end inconclusively

TOKYO, Sept 12: Three days of US-Japan talks on reducing the overmanagement of trade in Japan ended Friday with the United States demanding concrete results and Japan saying its reforms are its own business, reports AP.

A US officials had announced after the first day that trade relations are worsening because Japan continues to sell more in the US and other foreign markets without substantially easing barriers in its own markets.

On Friday, the Japanese official acknowledged that reforms are necessary, but added that although Japan welcomes opinions from the US negotiators, the implementation of its deregulation plans is Japan's own responsibility.

He said Japanese negotiators also brought up US anti-dumping practices and US government "buy American" procurement policies.

The official, who spoke on condition of anonymity, said "buy American" policies at the federal, state and local levels prevent sales of some Japanese products. Steel used in construction and rail and mass transit cars have been cited by others as examples.

During the three days of talks that began Wednesday, separate groups discussed Japanese laws like the one designed to protect small retail stores from competition by larger ones.

Unemployment claim falls in US

WASHINGTON, Sept 12: First-time claims for jobless benefits fell by 14,000 last week to the lowest level in a month, says AP.

The Labour Department said Thursday that newly laid-off Americans filed a seasonally adjusted 310,000 applications for unemployment benefits, down from a revised 324,000 during the week ended August 30.

The latter total initially had been estimated to be 326,000. It was the lowest level since 304,000 claims were filed during the week ended August 2. Many analysts had expected claims to dip by just 1,000.

Bond prices fell after the release of the report, pushing up yields on 30-year Treasury bonds to 6.68 per cent Thursday morning from 6.65 per cent late Wednesday.

Analysts said the large drop was due partly to the Labour Day holiday, which meant fewer days in which to file claims. But they also contend the economy continues to create jobs and shrink unemployment rolls.

The department reported last week the jobless rate was 4.9 per cent in August, near a 24-year low. Although the 49,000 new jobs created during the month was the fewest in nearly a year, the sparse growth reflected the fallout from the United Parcel Service strike.

Indeed, the four-week moving average of new weekly jobless claims fell 1,750 to 324,000.

Taiwanese firms plan jt venture in Vietnam

TAIPEI, Sept 12: Two major Taiwanese steelmakers are planning to set up a 100 million US dollars steel plant in Vietnam in a joint venture with Vietnamese and Japanese steel companies, says AP.

China Steel Corp, Sheng Yu Steel Co., and Vietnam Steel Corp will each have a 30 per cent stake in the venture, and Japan's Yodogawa Steel Works will acquire the remaining stake, according to a China steel statement Friday.