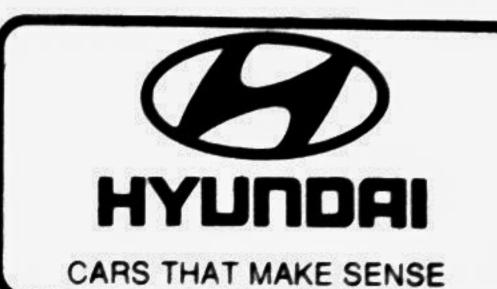
The Daily Star DUSINESS



ADB okays \$ 200m

loan to Thailand

Development Bank (ADB) said

yesterday it has approved a 200-

million-dollar loan to Thai-

land as part of the Philippines-

based bank's aid package for

Bangkok's economic stabiliza-

cent of a credit project for

54,000 rural enterprises, a third

The ADB said rural house-

of which are owned by women.

holds, which were left behind

by Thailand's rapid economic

growth in recent years, were

now "particularly vulnerable to

the country's current macroe-

years including a four-year

grace, with the interest rate to

be determined in accordance

with the ADB's pool-based vari-

The loan is payable over 15

conomic difficulties."

The loan will finance 45 per

tion programme, says AFP.

MANILA, Sept 19: The Asian

with Japan worsens

WASHINGTON, Sept 19: The US trade deficit soared to 10.3 billion dollars as a flood of Japanese cars produced the biggest gap with Japan in two years - an untimely blow just as the administration stepped up efforts to convince Congress that freer trade is good for the

The Commerce Department reported Thursday that America's overall July deficit was up 25 per cent from June. Imports hit an all-time high while US exports shrank by 1.4 per cent.

The politically sensitive deficits with both Japan and China widened considerably and the trade imbalances with Germany, Italy and France surged to records.

So far this year, the trade deficit is running at an annual rate of 114 billion dollars, surpassing last year's eight-year high of 111 billion dollars.

Critics argued that dramatic midcourse corrections are needed before US President Bill Clinton is granted the authority : • is seeking from Congress to expand free trade beyond Mexico to the rest of Latin America.

We need to switch to a strategy that generates good jobs and a high and rising standard of living," said Robert E. Scott, an economist at the labour-financed Economic Policy Institute.

Various administration officials sought to portray July's slip in exports as a temporary setback. They insisted that the rising deficits this year were the result of other economic forces. including faster growth in the United States compared to other countries, and a stronger dollar, which makes imports cheaper for American consumers.

But US officials expressed impatience with Japan and China, saying they would push in upcoming meetings for greater efforts to lower barriers to American products.

ASEM opens in Bangkok

BANGKOK, Sept 19: The inaugural Asia-Europe Meeting (ASEM) of finance ministers began here today for a gathering dominated by talks on Southeast Asia's currency crisis, reports AFP.

Finance ministers and top officials from 25 Asian and European nations are attending the meeting being held in Bangkok ahead of next week's global monetary talks of the World Bank and IMF in Hong

Kong.
The one-day meeting, which comes as Southeast Asian economies are buffeted by an unprecedented financial and currency crisis sparked by the shock devaluation of the Thai currency in July, was opened by Thai Prime Minister Chaowalit Yongchaiyudh.

Among the delegates at the meeting of the forum aimed at boosting regional cooperation and development are British Chancellor of the Exchequer Gordon Brown and French Finance Minister Dominique Strauss-Kahn.

On the Asian side, the finance ministers of Japan, China, Singapore, Malaysia as well as a range of ministers and top officials from the region are present.

China to allocate \$ 3.16b to write off SOEs debts

BEIJING, Sept 19: China is to allocate 30 billion yuan (3.16 billion dollars) this year to write off the debts of state enterprises which have been declared bankrupt, Xinhua said today, reports AFP.

Beijing will also pump another 40 billion yuan (4.81 billion dollars) into the sector in 1998 as part of its bid to carry out sweeping reforms.

The Chinese leadership has decided to focus its efforts on saving the largest 1,000 state firms by letting go "the reins to smaller ones" said Wang Zhongyu, Minister in-charge of the State Economic and Trade

There are more than 300,000 state firms in China, of which 13,000 are deemed to be large ones. Of the more than 100 million people employed in state firms 27 million are considered to be surplus to requirements.

The 15th Communist Party congress which ended Thursday announced a much-needed shot in the arm for restructuring the state sector after years of footdragging because of resistance from conservatives and fears of social unrest.

The main reforms will open up capital in state firms over which the state still hopes to maintain control by retaining a major stake but letting employees become share-holders.

However, Wang cautioned: "We should neither rush headlong into mass action nor demand mandatory practise in implementing the shareholding system and joint-stock part-

nership." Other leaders have also voiced concerns that allowing people to tap into the vast state sector could tempt some to abuse the system.

DSE index surges by 200 points in a week

By Rafiq Hassan

All Share Price Index of Dhaka Stock Exchange surged by 200 points over the week as voluminous trading continued

Bulish trend returned to the DSE floor again after a bearish mood the last few months. The investors were enthusiastic in buying shares and debentures hoping that prices would go up

The DSE price index crossed 1000-point mark and closed at 1065.21-point level on Thursday from 864.97 points of the previous week. The market capitalisation surged by Tk 1,705 crore, reaching Tk 9074 crore from Tk 7368 crore.

week against previous week's transaction of 4.61 lakh certificates valued at Tk 6.15 crore.

The number of gainers also surpassed the lossers as, on an average, shares prices of 108 is-

Chittagong Stock Exchange increased by 47 points reaching 443.80 from 396.39 points previous week. The market capitalisation of the bourse rose by Tk 741 crore closing at 7022.47 crore from Tk 6280.82 crore

the DSE index fell only on Tuesday by 16 points. But the trading in terms of both volume and value did not suffer as more than six lakh shares and debentures valued at Tk 10.25 crore changed hands on that very

The DSE authority conducted an orientation course for the general members of the stock exchange to familiarise them with the new trading settlement system. Senior members of the DSE took part in the discussion and apprised them of the advantages and risks of the system.

A uniform trading settlement system is likely to be introduced in the country's two stock exchanges from Tuesday next. The Securities and Ex-

change Commission, the watchdog of the bourses, approved the system and asked the authorities of Dhaka and Chittagong stock exchanges to introduce it immediately. The DSE and CSE agreed to start the new system of settlement from

and stock exchange members, Central Depository System (CDS) and automation of the share trading.

settlement, the members would not have to submit all certificates they bought or sold rather they would pay the money or get the bill on the basis of balance. Some senior members of the DSE still feel that the system may be risky if the prices boom or burst suddenly.

traded will be settled twice a Chittagong Stock Exchange has been following the netting sys-

Some market observers said around the market.

On the other hand, some DSE members said that the circuit-breaker should be withdrawn, otherwise the market indicators might experience unusual fluctuation again. DSE authority, however, felt that as the circuit-breaker was imposed by the SEC they should take initiative to remover it.

According to the DSE memward price rates. The kerb marbarometre out side the floor.

KNM seeks Tk 71cr to survive

From Quazi Amanullah

KHULNA, Sept 19: The management of Khulna Newsprint Mills seeks Tk 51cr from the government to save the country's lone newsprint producing unit from imminent closure.

The management also seeks Taka 20 crore as working capital from Sonali Bank.

The mill is now on the verge of closure due mainly to fund crisis caused by lack of demand for its products. There are over six thousand tonnes of unsold newsprint in the godown, leadan acute shortage of fund.

A KNM source says the mill has no means to survive with-

The KNM management opines newspaper owners of the country should purchase at least 50 per cent of their total requirement.

out any business.

They also call for imposing 30 per cent customs duty on import of newsprint.

The mill, which is in grip of numerous problems, is also facing agitation by workers and employees against the decision of privatisation.

A top KNM official says, "we have no means to bear the daily expenses. Under this circumstances, it is quite impossible to pay salaries to the workers and employees who are causing damage to property of the mill in the name of agitation."

HONG KONG, Sept 19: World

Bank President James

Wolfensohn said Friday he'd

like Thailand to reform its fi-

nancial system more quickly,

but downplayed the impact of

its recent currency crisis on re-

stop the future development of

Asia." Wolfensohn told a news

conference. "I'm very confident

has "inherent strength" and

predicted the fallout would be

less difficult than from the

1994 devaluation of the

International Monetary Fund

begin their annual meetings in

Hong Kong next Tuesday, with

this summer's Asian currency

and stock market turmoil ex-

pected to dominate discussions.

The World Bank and

Mexican peso.

"I don't think it's going to

He said Thailand's economy

gional growth, reports UNB.

"We shall be compelled to close down the mill any time in case of any further unhappy occurrence," he says.

The mill stopped export of newsprint two years ago when the demand for its products sharply increased in the domestic market.

But the recent decrease in demand has forced the management to slash daily production of the mill from 130 tonnes

to 45-50 tonnes. Established in 1959, the mill had undergone a phase of expansion in 1964 increasing its production capacity to 50,000 tonnes annually.

DHL UK sponsors EMU seminars

DHL UK joined the Financial Times in sponsoring a series of seminars which will tackle the issue of a single European currency, says a press release.

The seminars, chaired by Quentin Peel, the FT's Foreign Editor, and Wolfgang Munchau, European Affairs Correspondent, will examine the impact of European Monetary Union on European businesses and how they are preparing themselves.

The crisis began when

Thailand was forced to devalue

the baht in July, triggering sell-

offs of other regional currencies

and revealing deep-seated

problems of overspending and

unhealthy banks in many of

the area's "miracle economies."

billion dollars bailout loan for

Thailand, to which the World

Bank contributed 1.5 billion

dollars. But Wolfensohn said

the bank's main role will be in

fix," he said. "Our real job is in

the strengthening of the finan-

cial systems' institutions, ca-

pacities and supervision in the

Thailand's problems to reduced

competitiveness, a drop in ex-

ports and dependence on for-

Wolfensohn attributed

"This is not a five-minute

"the aftercare."

period ahead.

eign capital.

WELCOME TO PHILIPS U.

DEALERS NIGHT

The IMF sponsored a 17.2

'Thai crisis won't stop region's growth'

Workshop on **ISO 9000**

able lending rate system.

A workshop on ISO 9000 was held at Pan Pacific Sonargaon Hotel in the city on Thursday, says a press release.

M Anis Ud Dowla, Chairman & Managing Director of ACI Limited, inaugurated the work-

Sponsored by Rapport Bangladesh Limited the daylong workshop was participated by 45 managing directors, directors and senior executives representing different business organisations. The inaugural session was

also addressed by Zahid Husain, former Marketing Director of Bangladesh Tobacco Co Limited and M Mosharraf Hossain, Managing Director, Rapport Bangladesh Limited. S K Bhattachya, an eminent

assessor and auditor who conducted the workshop explained the concept and methods of ISO 9000 in his address.

All the participants were awarded workshop completion certificates. Rahimafrooz Batteries Limited and Duncan Products Limited who received ISO 9000 certificates recently were recognised by Rapport Bangladesh Limited with crest of honour. The crests were received by Golam Kabir, General Manager of Rahimairooz Batteries Limited and Nurul Alam General Manager, Den can Products Limited on behalf of their respective companies.

Famine in N Korea FAO to issue fresh appeal for food aid

KUALA LUMPUR, Sept 19: Famine stricken North Korea needs 1.2 million tonnes in grain over the next year after drought and tidal waves again ravaged its harvest, the UN food chief said here yesterday, reports AFP.

Food and Agriculture Organization (FAO) Director General Jacques Diouf, who has just been to the Stalinist state, said the FAO would issue a fresh appeal for food aid and heavy equipment to rehabilitate barren farms.

North Korea has been hit by three years of food shortages which it has admitted have cost human lives.

"I can say that the situation is difficult. We have estimated the deficit in grains at 1.9 million tonnes," Diouf told a news conference.

"We expect that 700,000 should be provided through commercial means but there would still be a deficit of 1.2 million tonnes of gain which would require international

assistance, both bilateral and multilateral. Diouf on a stopover in Malaysia, said he met top North Korean officials during his September 13-16 visit and saw

fields of rice in the west coast "which have grown to flowering but are completely empty in terms of grains," due to salty water left by tidal waves. "There is some disease already appearing in some of the

plants because of excess water,' he said.

Canadian export, import jump to record highs

OTTAWA, Sept 19: Canadian exports jumped 2.8 per cent in July and imports soared 5.2 per cent, both records highs, leaving the country with a trade surplus of 1.7 billion dollars (1.3 billion US), the government said yesterday, reports AFP.

Virtually unchanged from June, the trade surplus was at its lowest level since August 1994. Statistics Canada said. The government agency re-

ported that the increase in exports to 25.1 billion dollars (18 billion US) was due primarily to a surge in sales automotive products and industrial goods. Both of the these sectors had

reported sharp declines in Julie lion dollars (16.7 billion US). rose because of increases in purchases of machinery and equipment (nine per cent) energy products (20.7 per cent). industrial goods (2.8 per cent). agricultural and fishing products (8.8 per cent) and forestry



Latifur Rahman (R), Chairman of Nestle Bangladesh Limited, and NJS Millar (L), Managing Director of the company, present Maggi noodles, a new product of the company, at a launching programme at Sripur factory on Thursday. The company organised a threeday programme to celebrate the launching of the new product with a slogan 'More taste with local flavour'. The three-day programme ends today. Maggi noodles can be prepared in two minutes.

US dollar hits four-month high against yen

NEW YORK, Sept 19: The dollar jumped to a four-month high against the yen Thursday in tandem with US stock and bond markets, and also rose against the mark after Germany's central bank left inter-

est rates unchanged, reports AP.
The dollar peaked at 122.30 in mid-morning trading - its highest level since early June on an early rally in stocks and bonds after a report that the US trade deficit surged in July. The rise cheered investors by suggesting the Federal Reserve will not need to raise interest rates

Exchange's key index tumbled

3.0 per cent on renewed con-

party were sidelined ahead of

points to 786.68, breaching the

while the lesser second board

index eased 6.25 points, of 1.5

Another analyst said in-

vestors were closely racking the

movement of the ringgit, which

was hovering around the 30,100

level against the US dollar late

Thursday after breaching the

sensitive 30,000 mark on

psychological 800-point level,

The KLSE-100 fell 24.44

the budget next month.

per cent, to 410.54.

Wednesday.

"Dollar-yen (trading)is following the US financial markets," said Andrew Hodge, vice president of foreign exchange at Bank Brussels Lambert in New York.

In late New York trading, the dollar settled at 121.76 yen, up from 121.00 late Wednesday. It also was changing hands at 1.7793 marks, up from 1.7721.

Against the mark, the dollar was buoyed by the Bundesbank's decision to leave key interest rates unchanged and also aided by US stocks and

HONG KONG: Hong Kong

That allowed the US currency to erase earlier losses after the mark was bolstered in early overseas trading by a widely watched index of western German business confidence that showed a surprising rise in August.

Other late dollar rates in New York, compared with late Wednesday: 1.4663 Swiss francs, up from 1.4612; 5.9755 French francs, up from 5.9515; 1.736.15 Italian lire, up from 1,729.25; and 1.3915 Canadian dollars, up from 1.3886.

to developed status becomes thorny

KUALA LUMPUR, Sept 19: Malaysian Prime Minister Mahathir Mohamad said today his country's drive for developed status could be undermined by financial speculators and a western concept of democracy, reports Reuter.

over 500 alumni at Universiti Malaya, Mahathir sounded out familiar themes during a 20minute speech called "Malaysia in the next millennium: Challenges for the new genera-

rogue speculators had destroyed our economy in the process of enriching themselves," the premier said.

our economy will be under-Malaysia has set a target to

be an industrialised nation by the year 2020, a plan dubbed vision 2020.

been threatened in recent months as Thailand's economic crisis has rippled out to other Southeast Asian countries. The Malaysian currency, the

ringgit, has lost over 20 per cent of its value and stock prices have plunged.

blamed the market turmoil on foreign speculators bent on destroying the economic progress of Southeast Asian countries.

Malaysian markets are being sold off because of concerns over the country's current account deficit and the hectic pace of big infrastructure projects. several of which have now been postponed.

Malaysia's road

"This will happen again and again. If we look like attaining

year for nearly a decade has

in the next century, Mahathir

Hotel on Thursday. -Star photo

Obaidur Rahman Khan, Executive Director of Transcom

Electronics Ltd, official licensee of Philips products in

Bangladesh, distributes prizes at a function of 'Philips

Consumer Electronics Dealers Night' held at Sonargaon

Currency turmoil continues to dog SE Asian bourses KUALA LUMPUR. Sept 19: "Despite the government's rose 246.82 points to end the composite index closed down points higher at 2,696.3. The all

Asia-Pacific share prices ended measures to address the current mixed as currency turmoil conaccount deficit, there was still a tinued to dog South-East Asian noticeable lack of confidence markets and dampen sentiment which was further dampened by elsewhere, reports AFP. an absence of positive leads," he The Kuala Lumpur Stock

share prices rose slightly on cerns over the economy and a late selective buying in postweak ringgit, while Manila holiday trading in the absence share prices fell 3.1 per cent on of fresh leads, dealers said. political uncertainty and a "There is no bad news, nor weakening peso. fresh lead," said Eugene Law, re-Tokyo was the biggest gainer search head at Lippo Securities. among regional bourses Thursadding that there were strong day, rising 1.4 per cent, while selling pressures in the morn-Hong Kong resumed trading ing session because of rumours

after a holiday the previous of funds being switched out of day, ending slightly higher. region. In Kuala Lumpur, a dealer The stock exchange of Hong with a local brokerage said: Kong's key Hang Seng index "there was a new wave of foreign gained a mere 8.26 points, or selling due to renewed concerns 0.06 per cent, to finish at over the economy and the ring-14,419.45. git. Investors for the major

TOKYO: Japanese share prices closed 1.4 per cent higher, supported bargain-hunting and purchases from pension funds, brokers said "Coupled with warinessed of another plunge following yes-

terday's, advances in overseas markets triggered bargainhunting," a broker at New Japan Securities Co Ltd said. "The market staged an autonomous rebound, followed by arbitrary buying on rises in futures prices," he said.

The key Nikkei stock aver-

age of the Tokyo stock exchange

session at 17,930.09, near its high of 17,981.50 touched the close. The broader topix index of all first section issues was up 11.12 to close at 1,385.09 SINGAPORE: Singapore's blue-chip stocks ended 0.7 per

fected by bearish sentiment prevailing in neighbouring Malaysia. "The weak performance of the Malaysian bourse, which plunged three per cent, is having a negative effect on the Singapore market," a dealer said.

cent lower as the market was af-

The stock exchange of Singapore's blue-chip benchmark, the Straits Times Industrial Index, dipped 14.15 points, to 1.896.09. The broader all-Singapore index fell 4.12 points to 458.06. SYDNEY: Australian share

prices gained 0.6 per cent with

investors showing strong sup-

port for the banking sector. brokers said. Shaw Stockbroking's Jamie Spiteri said the strength in banking stocks was due to investors moving out of the struggling resource stocks, particularly gold.

Banks are benefitting from investors taking money out of the gold sector and putting it in the banks," he said. The Australian Stock Exchange's main indicator, the all

ordinaries index, closed 17

industrials index rose 47.2 points to 4,442.6 points while the all resources index shed 9.1 points to 1,321.2. Elsewhere in the Asia-Pacific region:

BANGKOK: Thai share prices closed up 0.8 per cent on speculative buying, finding support from International Monetary Fund (IMF) Managing Director Michel Camdessus' comments and a stronger baht, dealers said. Camdessus' positive comments at a news conference in

Hong Kong on Thailand's compliance with a 17.2 billion dolfar IMF rescue programme and prospects for a return to a stable growth path boosted sentiment. they said. They key composite Stock Exchange of Thailand (SET) in-

dex was up 4.25 points at

521.65, while the selected set 50

index finished up 0.51 points at JAKARTA: Jakarta share prices closed 0.5 per cent lower on a mild technical rebound and a relatively stable currency

level, dealers said. "I guess it is simply because people do not have any more shares to sell I would also say people are not so panicky today as the rupiah was relatively stable," an institutional dealer at Sassoon securities said. The Jakarta Stock Exchange

2.465 points at 524.272. MANILA: Philippine share prices plummeted 3.1 per cent

as fears over political uncertainty were compounded by a sell-off on news that a local consumer electronics firm had defaulted on bank loans. "Investors fear there could be more companies filing for bankruptcies amid the worsen-

Asia Equity Analyst Ed Bancod The Philippine Stock Exchange index fell 64.11 points to 2,009.85.

ing currency crisis," Paribas

SEOUL: Share prices closed 0.2 per cent higher on the Korea Stock Exchange as the market lost its earlier gains on institutional and foreign selling in cyclical large-capital shares towards the close, dealers said. investors largely remained

on the sidelines, with some

hunting for bargains among

blue-chips, a Coryo securities dealer said. "Investors seemed somewhat confused after returning from three days of holidays amid a lack of market-driving news," he said.

The composite index closed

up 1.65 points at 701.39. SHANGHAI: Shanghai's B shares, nominally reserved for foreign investors, fell 2.2 per cent affected by low gains in Hong Kong and the close of the Communist Party congress, analvsts said.

"The sentiment was still very cautious as market players don't know whether any special news will be announced from the party congress tomorrow," a

The Shanghai Stock Exchange's B share index dropped 1.8 points to close at 80.92 points. The A share index of domestically-traded shares rose 6.02 points, or 0.5 per cent, to close at 1,223.15 points.

TAIPEI: The Taiwan stock markets advanced 0.6 per cent as investors began buying shares on positive sentiment, brokers said "Investors expected rebounds

after the benchmark index hit

below the 9,000-level bottom line early this week," said Terry Liu of China Securities Co. Ltd. The Taiwan Stock Exchange weighted price index moved up 53.78 points to 9,141.33. AUCKLAND: The New Zea-

land shares market closed 0.6

per cent higher after late selling

cancelled early gains following a positive reserve bank outlook report, analysts said. The reserve bank "basically came out and said they would sanction the current easing (in

Tim Koller at Merril Lynch. The NZSE-40 capital index closed 14.77 points higher at 2,553.75.

monetary conditions)," said

products (6.3 per cent).

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US trade gap

economy, reports AP. almost everyday.

further.

Due to voluminous trading almost everyday the average number of traded shares and their values marked a significant rise. As many as 5.17 lakh shares and debentures worth more than Taka 8.32 crore changed hands everyday last

sues rose everyday while 36 is-

sues suffered All Securities Price Index of

previous week. In the five business sessions.

this week. Though the new system will benefit much the stockbrokers some market experts doubt whether it will be favourable for the investors without the

Because of netting system of

Instead of day-to-day physical transaction of the share certificates, now the shares week on netting basis. However, tem since its inception.

that agreement on new system and some steps by the government in disbursing new loans to the Investment Corporation of Bangladesh (ICB) ushered in a new hope among the stockbrokers and investors. "These also contributed to improving the situation and pushed the major market indicators upward," said a member of the DSE. He, however, feared that the upward trend might not last long as the speculators came back again

bers, the circuit-breaker also helps the speculators to fix forket operators also use it as a

WB chief seeks quicker reform

Addressing a gathering of

"We have seen recently how

vision 2020, our politics and

But the heady eight per cent plus growth it has seen each

Mahathir in the past has

But economists say

Political pressure in Malaysia would also increase