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SEA economic crisis to dominate APEC summit

WASHINGTON, Nov 7: Southeast Asia's economic crisis should top the agenda at the Asia-Pacific Economic Cooperation (APEC) summit this month where the United States will seek an IMF-centred response to the turmoil, a senior US official said, reports AFP.

"Millions of Americans are of Asian and Pacific descent," John Wolf, US coordinator for the 18-member Asia-Pacific Economic Cooperation (APEC) forum, said on Thursday. "Thousands of US companies are involved in the region and millions of American jobs depend on Asia's well-being... when Asia hurts, we hurt."

Wolf told a House of Representatives sub-committee on Asia and the Pacific.

The summit is to be held in Vancouver on November 24 and 25 following a meeting of APEC foreign ministers on November 22 and 23.

Russia may get APEC membership next year

TOKYO, Nov 7: Russia is expected to join the Asia-Pacific Economic Cooperation (APEC) forum as early as next year after Japan eased its tough stance to Russia's bid to enter the grouping, Jiji Press said yesterday, reports AFP.

Together with Peru and Vietnam, Russia may be chosen as a primary candidate during the forum's annual meeting in Vancouver in mid-November, the news agency said, quoting government sources.

The sources said there was no opposition to Russia's bid from any major members, including the United States, South Korea and Association of Southeast Asian Nations (ASEAN) members, they said.

Japan had been reluctant to back Moscow's bid for membership, saying the Russian economy was too premature to join the forum, which urges member economies to commit themselves to tear down trade barriers.

That stance was reversed, however, when Prime Minister Ryutaro Hashimoto promised President Boris Yeltsin he would back Russia's entry during their informal summit on November 2 in the central Siberian city of Krasnoyarsk.

Soviet troops occupied four of the Kuril islands of northern Japan in the closing days of World War II, Japan still disputes Russia's sovereignty over the islands and the have yet to sign a formal pact ending the war.

Child labour India's gem export body refutes accusations

BOMBAY, Nov 7: Child labour accusations against India's diamond processing industry are a "malicious" attempt to undermine it, officials said yesterday.

Pravinshankar Pandya, Chairman of the state-run Gem and Jewellery Export Promotion Council, told AFP: "The allegations are baseless."

A global conference on child labour held in Oslo last month was told that between 10 to 20 per cent of the 800,000 employees in India's diamond processing industry were child labourers.

Pandya said the allegations came from the International Confederation of Free Trade Unions (ICTU).

"They are baseless, malicious and the handwork of vested interests," he said, adding child labour was about three per cent of the total workforce.

Pandya said the allegations could have been used as a handle to get importing countries to impose non-tariff trade barriers on us."

India imports small-sized rough diamonds, cuts and polishes them in thousands of shops across the country and re-exports them, mainly the United States and Europe.

The country leads the world in share by volume and 40 per cent share by value.

The ICTU has 124 million members in 195 affiliates spread across 137 countries and territories.

Diamond exporter Ashis Mehta said a study had been carried out by a leading firm of accountants in 1995 to estimate the extent of child labour in the industry.

"The study found child workers below 14 years of age were about 0.4 per cent of the workers in the organised sector, while they were 3.4 per cent in the unorganised sector," he said.

Kothari was confident the number of child workers are much less now as we had begun a campaign to eradicate child labour as soon as that study was out.

Investors' Forum

Tofael stresses setting up of gas-based industries

Commerce and Industries Minister Tofael Ahmed said here yesterday that the country would have three to five more petro-chemical industries under joint ventures to properly utilise the huge reserve of gas, reports BSS.

Addressing an international conference on investment, the minister said Bangladesh has got a huge reserve of gas which is estimated to be 60 to 80 trillion cubic feet or more.

He said as Bangladesh was attaching added importance on the growth of its dormant potential, it has created many avenues for the foreign investors to invest in the country's big

internal market. The minister said Bangladesh which has over 20 per cent export growth rate at the moment, needed immediate foreign investment for help diversifying its exportable goods.

Tofael Ahmed said "we are expecting that the export would be 5.5 to six billion US dollars in this year" which was 4.42 billion dollars in 1996-97.

He told the participants of the conference that the country has unexploited potential in commodities like jewellery, electronic products, toys, flowers, fresh and canned fruits. The minister said "we have decided to privatise state-owned

enterprises in various sectors like jute, textile, sugar, steel and engineering to infuse competitiveness, attract modern technology and improve quality of the products. Foreign investors are most welcome to take part in the privatisation process."

Listing the measures and initiatives taken by the government in the last one and four months to attract foreign direct investment (FDI), the minister said the relationship with the neighbouring and regional countries have been strengthened to share country and regional experiences in attracting investment.

He said "we are at the door to bring back normalcy and lasting peace in the three hill districts through signing an agreement between the government and Parbatyatta Chattergram Janasanghati Samity very shortly." He invited foreign investment to develop the area suitable for tourists.

Tofael Ahmed mentioned that other than SAARC, the country has formed Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Co-operation and is going to form growth quadrangle involving Bangladesh-India-Nepal-Bhutan.

"We have a very good geographical advantage and our people are very hospitable and investment-friendly. We are proud of our homogeneity," the minister said.

The industries minister said that his government was trying to maintain political stability. "We want to make parliament effective and the focal point of discussing all national issues," he said adding "the effort for bringing about stability

would further be consolidated with the increase of FDI flows."

Tofael Ahmed said people actually want job, so the country needed more FDI, not only for economic development which would work as major factor also for lasting social and political peace and progress.

The minister said the country's most of the political parties are the believer of free market economy. "That is why, so far the economic and social activities are concerned, we have unity," he said.

The minister said at least developed country, Bangladesh needed FDI for its successful participation in global trade.

Explaining the declining scenario of FDI flow to LDC Tofael Ahmed said out of the 350 billion US dollars of world FDI flow in 1996, the share of LDC was one billion US dollars due to shortage of infrastructure, technical assistance and trained manpower.

The industries minister said the nation was able to create a very good image in the outside world. "We are no more identified as a country of cyclone, tidal bore, starvation and economic backwardness rather a country of bright prospect for rapid economic development."

He said the successful participation of Prime Minister Sheikh Hasina and her government in many international summit conference, negotiations have earned respect of the international community.

He told the participants "so in all respect were at the take-off position hoping that you are with us."

The session was chaired by Asian Editor of Financial Times of UK Peter Montegnon.

Share market falls to new low

By Rafiq Hasan

Country's stock market witnessing a bearish mood for a few weeks due mainly to rising tension in the political arena and panic among the investors following the sudden crash in the world stock markets, fell to new low last week.

Although the price index of Dhaka Stock Exchange (DSE) experienced a moderate rise in the first three days of last week and recovered mildly from previous fall, it declined again at the end of the week.

Dealers said the market was dull because of heavy selling pressure on the floor during the whole week though the price index rose moderately for some days.

Market players and DSE members attributed the recent fall in local market to the disasters in the share bazaar world-over.

The crash had a psychological impact on the investors which is yet to be worn off, said a member of the DSE.

The DSE All Share Price Index registered a 8.36-point decline over the week closing at 833.20 points on Thursday from Saturday's 841.56 points. Market capitalisation of the bourse, however, showed a slight rise of Tk 43.07 crore and closed at Tk 7229.40 crore.

Trading at the Dhaka Stock Exchange continued for five days in the week as the market was closed on Tuesday due to a half-day holiday called by main opposition political parties. The Chittagong Stock Exchange, however, was open on that day because the city was out of the purview of martial law.

The investors are fearing that the country's political situation would be worsened further in the near future, said a DSE member.

The average volume and value of traded stocks also declined sharply as more than 4.36 lakh shares and debentures worth Tk 6.09 crore ex-

changed hands last week on the DSE floor against previous week's average transaction of 6.06 lakh scripts valued at more than Tk 8.32 crore.

On an average, out of 138 issues traded, prices of 58 gained and 75 suffered while three remained unchanged every day of the week.

Some other DSE members observed that the newly introduced netting system of trading was the main reason for bearish business. Mian Rashid, a senior DSE member, shared the view and criticised the system.

He said there should be some certain principles of trading. The trading booth should be separated for the dealers who want to play under the netting system. On the other hand, the brokers who deal for the general investors should be allowed to play in a separate booth, he said. Otherwise the interest of the investors would be affected, he added.

The DSE members said due to twice-a-week settlement system, it is very difficult to ascertain the actual turnover. This system is dangerous for the investors and it has no similarity with any other markets in the world. They further said the netting system also creates scope for manipulations by the stock players.

Mohammad Shaid Ullah, another DSE member, however thinks that the bearish trend on the capital market is the reflection of overall sluggish economic condition of the country. Normally, the stock market remains steady during October-November period but this year it is going through a depression, he said.

All Securities Price Index of Chittagong Stock Exchange lost 4.59 points declining to 360.15 points on Thursday from Saturday's 365.15 points. The CSE market capitalisation went down to Tk 5865.90 crore from Tk 5934.58 crore.

ADB okays \$255m loan to help reform Pak capital market

MANILA, Nov 7: The Asian Development Bank said yesterday it approved two loans totalling 255 million dollars to help reforms in Pakistan's capital market, reports AFP.

The reforms are "intended to strengthen the regulatory and institutional frameworks to improve investor confidence, eliminate market distortions and modernize and upgrade the securities market infrastructure," a bank statement said.

Supporting the loan is a five million dollar technical assistance, the Manila-based multilateral institution said. "Pakistan needs to develop its securities market to enhance resource allocation and to broaden and deepen the financial sector while at the same time providing alternative funding sources to industry, which has had to rely on government-directed credit," the bank said.

It added that the stock market "has been hampered by weak infrastructures and regulatory restrictions on institutional investors who are required to invest a large portion of their funds in government securities."

Cooks in India to get compensation for accident

NEW DELHI, Nov 7: Cooks in India have been included on a list of hazardous professions, making them eligible for special compensation in case of accidents or death, the Press Trust of India said yesterday, reports AFP.

It said the Labour Ministry had made the ruling following demands by trade associations.

The directive states that cooks employed in restaurants and hotels will get compensation of between 50,000-228,000 rupees (1,386-6,333 dollars) in case of accidental death and a minimum payment of 50,000 rupees (1,666 dollars) for serious injuries during work.

The existing list of hazardous professions includes factory and construction workers and miners. Divers will also be added to the list, the agency said.

Lanka lifts import duties on vehicles, textiles

COLOMBO, Nov 7: Sri Lanka yesterday completely lifted import duties on heavy vehicles, machinery, gold and textiles and offered generous tax holidays in a budget appealing for peace in the ethnically divided nation, says AFP.

Justice Minister G L Peiris unveiled in parliament what he called a 'poor man's budget' with sweeping concessions to agriculture, fisheries, tourism, gem and jewellery and hi-tech industries.

"This is a people's budget, a poor man's budget addressing for the first time the issues connected with agriculture and fisheries," Peiris said adding that if not for the on-going Tamil separatist war he could have offered more.

The main opposition was quick to reject the investor-friendly budget that many analysts saw as an attempt to appease voters and seek their support for the government's radical peace plan.

"This is a corrupt, budget by a corrupt government, opposition leader Ranil Wickremesinghe told the news agency. "There is no relief for anybody, certainly not for the poor."

Wednesday's budget carried no unpopular measures, not even the customary increase in excise duty on tobacco, clearly indicating that the government was headed for popularity testing vote, analyst said. With immediate effect the government lifted all taxes on the import of gold and gem stones which are often cut and polished and re-exported to Europe and Southeast Asia, particularly Japan.

The agriculture, fisheries and tourism industries were allowed to import all their equipment, including vehicles, canning equipment freezers and furniture duty free. All businesses were also allowed to import duty free buses and vans that will be used to transport employees.

However, the government will replace the present business turnover tax (BTT) with a general sales tax (GST) from April and the current 4.5 per cent tax on all sales as a 'defence levy' will continue, the minister said.

Peiris said despite the heavy defence expenditure estimated at about 750 million dollars next year which accounted for about 30 per cent of government revenue the budget deficit next year was estimated at 6.5 per cent of GGP.

This compares with a shortfall of 7.6 per cent of GDP in calendar 1997 and 9.4 per cent in 1995.

The economic growth for this year was estimated at six per cent compared to a poor rate of 3.8 per cent last year, Peiris said. Inflation which was 20 per cent a year ago was down to seven per cent, he said.

Asian climate workshop kicks off in city tomorrow

A high profile two-day Asian regional workshop on new initiative for North-South dialogue on climate change kicks off here on November 9 to help create additional negotiating space as the international community moves toward and beyond the Kyoto summit to be held in Japan next month, reports BSS.

Workshop organisers, a consortium of environment and development institutes from South and North working on climate change issues, said key global experts and scientists from both developing and developed countries would focus on three themes — good practices in developing countries, technology cooperation and future strategies, capacity building and financial mechanism for a more informed climate negotiation.

Environment and Forest Minister Begum Sajeda Chowdhury will inaugurate the Asian regional workshop, which will be wrapped up by State Minister for Foreign Affairs Abul

Hasan Chowdhury. The workshop to the participated by 50 global experts would focus on the initiatives now being taken today by developing countries in order to advance national development priorities.

The workshop participants are expected to illustrate and assess some of most important multi-benefit initiatives undertaken in the Asian region.

The experts, senior business executives and NGO representatives would highlight the common elements of successful programmes of technology co-operation and will recommend the elements needed for success in the future initiatives to the Kyoto summit.

The workshop participants are expected to make recommendations on practical steps. The consortium of organising institutions includes BCAS, the Pacific Institute for Studies in Development, Environment and Security based in USA, and the Woodhole Research Centre based in USA.

Indian banks urged to raise industrial loan

NEW DELHI, Nov 7: Indian Finance Minister Palanippan Chidambaram met here on Thursday with banking chiefs, finance ministry officials said, with the revival of the economy on top of the agenda, says AFP.

Chidambaram hosted the meeting, which also included Chakravarty Rangarajan, Governor of the Reserve Bank of India, the country's central bank.

A bank chief told the Press Trust of India after the meeting that Chidambaram had urged banks to increase their lending to industry and for infrastructure projects.

He said the minister said 'no stone should be left unturned while expediting credit flows' and added that some banks had agreed that 'retailers and the small scale industry should be provided funds without any delay.'

A senior finance ministry official said the government was trying to restrict fiscal deficit to 4.5 per cent of gross domestic product during the current financial year to March.

According to banking sources, the question of non-performance assets was also raised at length during the meeting.

"Chidambaram is likely to tell bank chiefs the same thing as he did last year: 'do more direct lending, instead of investing excessively in government securities,' a business newspaper reported.

Last month the RBI cut the cash reserve ratio of banks by two percentage points to eight per cent as part of a package of measures to try and revive the economy following a slowdown over the past few months.

Rangarajan said the cut,

which determines the ratio of funds held by banks against their deposits, would release 2.6 billion dollars into the economy.

India's economy is currently growing at between six and seven per cent annually. Chidambaram said in his February budget that the country should aim for eight per cent growth by the turn of the century.

Low investment in infrastructure projects have been widely blamed for continuing economic bottlenecks.

Earlier this year the RBI reported that India's state-run banks had accumulated more than 11 billion dollars in bad debts.

India has more than 50 state-owned banks New Delhi began opening up its banking sector to private competition following free-market reforms in 1991.

Chidambaram is a champion of continuing reforms, around 1.5 million bank employees are due next month to stage their third strike since July in protest at what they see as creeping privatisation.

Economist V Raghuraman, at the associated chambers of commerce and industry, said on Thursday that banks needed to be pushed out of their shyness and fear to lend.

"The banks are flush with funds, but are unwilling to lend as they do not want to incur bad debts and so choosing to put money in government securities. There is a fear psychosis among bank chiefs."

Raghuraman said there was no shortage of bank funds "those who need the funds do not get it, there is a serious mismatch between availability of funds and need."



The State Minister for Foreign Affairs and Chairman of Middle-East and North Africa Economic Summit, Ahmed Abdullah Al-Mahmoud (Left) is seen signing a deal with Qatar Airways' CEO Akbar Al-Bakr to carry delegates to the meet to be held in Doha this month.

Eastman Kodak may lay off 10,000 employees

ROCHESTER, New York, Nov 7: Once again, the knives are getting sharpened at Eastman Kodak Co, reports AP.

The world's biggest photography company is preparing to lay off as many as 10,000 of its 95,000 employees to trim costs by anywhere from \$500 million to \$1 billion a year, Wall Street analysts predicted Thursday.

At a meeting with investors and analysts in New York next Tuesday, chief executive George Fisher will unveil the latest in a series of overhauls dating to 1983 aimed at reviving sluggish sales and profits and beating back increasingly fierce competition from Japan's Fuji Photo Film Co.

Analysts expect Kodak will shed a variety of money-losing businesses and products trim its sales force by 10 per cent and refocus research costs to curb this year's projected losses of 400 million dollars in digital photography.

A big portion of the layoffs could come in the emerging digital imaging arena, which accounts for less than two billion dollars of Kodak's nearly 16 billion dollars in sales, said analyst B Alex Henderson of Prudential Securities Inc.

Bank of England raises base rate

LONDON, Nov 7: The Bank of England on Thursday announced that it had raised its base rate by 0.25 percentage points to 7.25 per cent amid "unsustainable" economic growth rates here, reports AFP.

The central bank said that inflation had not fallen as sharply as might have been expected given a rise in the value of the pound since late 1996.

"Domestic demand has remained robust and the expected impact on external trade, lowering export volumes and raising import volumes, has yet to materialise so that GDP has continued to grow at an unsustainable rate," the bank said in a statement.

The latest figures showed that economic growth reached 3.9 per cent in the third quarter of 1997.

The bank added that the rate rise had been taken in the light of a skills shortages in the labour market. The rate rise, which surprised most economists here, was the fifth increase in the cost of borrowing since the bank was granted independence to chase the government's inflation target last May. The last quarter-point rate rise came on August 7.

Asian stocks dip as Hang Seng Plunges by 5 pc

HONG KONG, Nov 7: Hong Kong share prices plunged today below the psychological 10,000-point level, leading a sell-off on Asian markets near the end of a nervous week of trading dominated by interest-rate fears, reports AFP.

Japanese, Australian, Taiwanese and South Korean share prices dipped and other markets were broadly lower in tandem as investors fretted over the Hong Kong decline and other worries.

The stock exchange of Hong Kong's key Hang Seng Index slumped five per cent or 521.14 points to close morning trade at 9891.42 after having shed 2.5 per cent the previous day.

Dealers in the territory blamed the fall on higher interest rates, which have been spiked up to defend the local currency against possible speculative attacks making stock investors nervous.

Michael NG, dealing director at Season Securities, said "the market's volatility is due to the higher interest rate, but added reassuringly, I don't think we're heading for a crash."

During last month's turmoil amid speculative attacks on the local currency, the stock market dipped 1,438.31 points to close at a 26-month low of 9,069.89 on October 28.

The benchmark three-month interbank rate here was fixed today at 13.51786 per cent up sharply from Thursday's 12.6786 per cent, as the Hong Kong monetary authority acted to tighten liquidity.

Most Southeast Asian currencies were firmed today on the back of the stronger Thai baht and the Indonesian rupiah, but the South Korean won and Taiwan dollar weakened. Japanese share prices closed

4.2 per cent lower today as investors fretted over the stagnant domestic economy financial health of local banks and the sharp decline in Hong Kong, brokers said.

The Nikkei average of 225 leading issues on the Tokyo Stock Exchange fell 697.51 points to finish at 15,836.36.

Australian shares plunged 2.2 per cent after falls on the Hong Kong market sapped earlier confidence. Threatening a further drop there next week.

The Australian stock exchanges key all ordinaries index fell 57.6 points to 2,513.4 near its low for the day.

Taipei share prices tumbled 2.7 per cent as sentiment was dampened by a possible devaluation of the Taiwan dollar and the weak Hong Kong market.

South Korean share prices closed down 6.9 per cent on a massive foreign led sell off amid concerns over the won's drop and regional market falls.

Malaysian stock prices closed the morning session 1.8 per cent lower and in Singapore shares fell 0.3 per cent by midday.

Philippine share prices closed 0.3 per cent higher in quiet trading.

Bangkok was an exception to the subdued regional mood, with shares there ending the early session 5.2 per cent stronger as investors pinned their hopes on opposition leader and market favourite, Chuan Leekpai emerging as victor in a race for the premiership.

Int'l seminar on service thru' Intelsat ends

A four-day international seminar on "Innovative Service and Technology through Intelsat" concluded at Telecomunication Training Centre in the city yesterday, says UNB.

A total of 58 participants from Bhutan, Sri Lanka, Pakistan, Laos, Singapore, Mongolia, Brunei and Bangladesh took part in the seminar, organised by Bangladesh Telegraph and Telephone Board.

Four Intelsat experts from Washington discussed about various satellite technology during the seminar, said a press release.

On the concluding day, Member of BTTB (Administration) AM Nawshar Ali distributed certificates among the participants.

India's economic reforms question socialism

NEW DELHI, Nov 7: Socialism isn't dead yet in India, but it needs to be redefined to keep up with changing times, experts say, reports AP.

Ideas for making ideology relevant will be on the agenda Monday when socialists from 125 countries — including those who have aggressively pursued free market policies — open a two-day conference in New Delhi.

"The market must be for the people, not people for the markets," Socialist International Secretary General Luis Ayala told reporters Friday at a news conference kicking off his group's New Delhi conference.

Ayala, a Chilean, will oversee the first Socialist International conference ever held in Asia. Socialist International was formed 90 years ago to promote

democracy, egalitarianism and social equity worldwide.

The meeting comes as India turns away from its socialist past to adopt Western-style free market reforms. That trend dismayed diehards like Vinod Prasad Singh, an economics professor at Delhi University who describes himself as a radical socialist.

"Copying the West does not help," he said. "You have to re-define socialism to suit today's needs. Socialism today means decentralization, diversification and devolution of powers."

India's progress toward economic reform has been far from steady, in part because leftists who are part of its coalition government argue that Western ideas of capitalism hurt the poor, who are 40 per cent of the country's 970 million people.

Plans to make state-run businesses more efficient by selling them to private investors, for instance, will mean more unemployment, they say.

"Socialism is even more relevant today than in the past," said Sunilam, a former officer of India's branch of Socialist International.

He pointed out that socialists were in power in a dozen European countries, and said the European Community's progress toward greater cooperation echoed socialist ideals.

"The coming together of European nations, the evolution of regional blocs, the common currency in Europe... all indicate that socialism is alive and well," said Sunilam, who uses only one name.

Soon after India gained independence from Britain in

1947, Prime Minister Jawaharlal Nehru charted a policy of socialism, blending the Soviet concept of state-owned factories, subsidized food, clothing and shelter with American ideals of democracy.

Six years ago, Prime Minister PV Narasimha Rao, who belongs to Nehru's Congress Party, began to undo some of those policies.

He scrapped laws to give industrialists more power, began selling money-losing government factories, and aggressively wooed foreign investors for years