

**Russia to reduce import duties on foreign cars**

MOSCOW, Dec 27: Russia plans to reduce import duties on foreign cars. Russian Minister without portfolio Yevgeny Yasin said on Thursday, according to the Interfax news agency, reports AFP.

"We hope that customs taxes on importing cars could be lowered if the economic viability of this measure is proven," Yasin told a meeting of the government commission on protectionist measures against foreign automobiles.

No explanation was made of how substantial any reduction could be.

**14 major projects to be implemented in Barisal**

BARISAL, Dec 27: A total of Tk 2,45,76,724 has been sanctioned for the implementation of 14 major projects in four districts of Barisal division during the current fiscal year, says BSS.

According to official sources, the projects to be implemented include the construction of 14 RCC box culverts at different places of the road communication of these districts.

Of the total, five projects will be implemented in Barisal, seven in Jhalakati, one in Bhola and one in Pirojpur districts.

Work on the projects will soon and is expected to be completed within this fiscal year, the sources added.

The communication system of these districts is expected to be developed to a great extent after the implementation of the projects.

**Iraq may resume oil export soon**

BAGHDAD, Dec 27: Iraq Oil Minister General Amer Rashid said today that Baghdad expects to resume oil exports under the UN oil-for-food accord within a week, says AFP.

"Iraq is going to resume its crude exports as soon as UN Secretary General Kofi Annan has approved the aid distribution plan that we submitted to him two days ago, and we expect that will happen in a week," Rashid told reporters.

**Yeltsin not happy with economic performance in '97**

MOSCOW, Dec 27: Russian President Boris Yeltsin yesterday in his weekly radio address expressed dissatisfaction with the country's economic performance in 1997, reports Xinhua.

The ITAR-Tass news agency quoted Yeltsin as saying it is evident to most people that economic successes are few in the outgoing year.

"The daily life of many of our citizens is still difficult, people reasonably complain of the slow pace of reforms, the President said.

Yeltsin said, "we will correct our mistakes and learn the lessons" to improve the economic situation.

The Russian President said that a main achievement in 1997 is the dialogues between confrontation sides, in his opinion, dialogue has replaced stand-off in Russia.

"Now matters are fought out not in streets but at the negotiating table, not political fanatics are debating but those who know how to work," Yeltsin said.

At the same time, the President said that there are few businessmen who care for social problems of their employees, create new jobs, do charity.

That is why the image of the Russian businessman is not very attractive for Russians, he said.

Yeltsin called on Russian businessmen to learn again how to live together and share concerns.

**China borrows \$3.5 b foreign loan to improve environment**

BEIJING, Dec 27: China has borrowed 3.5 billion dollars in foreign loans to improve its environment, an official said yesterday, reports AFP.

Xie Zhenhua, Director of the State Bureau of Environmental Protection, said at a conference on environmental protection that China has attracted more foreign funds to help treat pollution, the official Xinhua news agency said.

In addition to the 3.5 billion dollars, China also obtained 180 million dollars worth of grants to reduce pollution in 1997, he said.

"China has been active in expanding international cooperation on environmental protection issues in recent years, signing a series of international conventions and agreements," he said.

Instead, he said that China has been safeguarding the interests of developing countries.

**Bhorer Kagoj roundtable participants say Politics is key deterrent to anti-default steps**

Star Business Report

Speakers at a roundtable on financial sector reform yesterday identified political influence as a major factor for loans defaults and said reforms in the financial system must be accompanied by those in other sectors.

They also called for strengthening the supervisory capability of the central bank to fight defaulters.

The discussions were organised by vernacular daily Bhorer Kagoj and moderated by its editor Motiur Rahman.

Noted lawyer Dr Kamal Hossain said the main problem to arrest loan defaulting was that laws were not being implemented. He also said the government did not have the capacity to deal with financial corruption.

Dr Wahiduddin Mahmud of the Dhaka University said some realities of the country had to be changed for a healthy financial sector development.

"The problem of the financial sector has been created by political influence. Time has come to change the situation. The political leaders must not be obligated to any vested quarter, rather it should have its obligations to the people," Prof Mahmud said.

The other reality is that the weakness of the sector has stemmed from the irregularities over a long period, he pointed out.

"The question now is if new rules are to be applied against these irregularities, would the people have confidence in the financial system?" he asked. "A situation of instability may be created by this. Since the goal of the government should be to realise defaulted loans, a mild approach could be taken in this regard. But then again, the question would be: what is the guarantee that irregularities would not be perpetuated in the future?"

For this, he said, there should be enough signal from the government that irregularities in the future would not be tolerated.

"It is also true that all loans did not default because of irregularities or bad intention," Prof Mahmud said. "A big portion of it turned bad because of weak and wrong investment decisions. We have to ensure that whatever investments are taking place now, these are properly analysed to hedge against future defaulting."

Prof Mahmud said the defaulting loan has bloated to such a proportion that calculations will prove that the banking system's capital structure is now on the negative side. "This means the sponsors have no stake in the banks' loss or profit. This is why sponsors take a short-term exposure on the banks and take out money from their own banks."

Kazi Abdul Majid, managing director of Prime Bank, said the central bank has a weak supervision system which must be upgraded. "The officials who give loans as directed by the board of a bank get promoted. This must be stopped."

Abdul Awal Minto, chairman of National Bank Limited (NBL), said it should be clear to all how much of the defaulting loan was the principle amount. "It should be very small, and moreover, the government organisations mostly owe these loans," he said.

"We have to know why loans default," Minto said, "when loans are given, this is done knowing that these will default. Time is consumed and bribes are taken in sanctioning loans for which entrepreneurs default. The political turmoil hurts industries. These reasons have to be taken into account when talking about defaulting loans."

He said closure of the port for a single day means creation of Tk 10 crore defaulting loan for his bank and everyday of hartal means Tk 3-4 crore in defaulting loans.

Ibrahim Khaled, deputy governor of the Bangladesh Bank, said outside influence on bank-client relationship must be stopped to check loan defaulting.

Mahbubur Rahman, a director of NBL, said for best result, reform of the financial sector must be accompanied by reforms in other sectors as well.

"Identify the actual defaulters and punish them," he said. "For this the supervision of the central bank must be improved."

CK Hyder of Metropolitan Chamber expressed doubts about the government's plan to complete the necessary reforms in the next two years, and warned of a deteriorating situation if the government failed to do so. He said the inflexible monetary policy of the government was hurting the industry.

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**WB report on Bangladesh says Population growth rate edges downward**

The rate of population growth has edged downward from 2.5 per cent to around 2.2 per cent while the contraceptive prevalence rate (CPR) has risen from 8 per cent to 45 per cent during the last 18 years, said a World Bank report, says BSS.

The draft report "Bangladesh, country assistance review" released recently, said the fertility has also declined from around 7 per cent to 3.3 per cent during the same (1975 to 1993).

Fertility has declined rapidly as people in large numbers continue to express their willingness to have small families and to delay first child birth, the report observed.

The report added that there has been a rapid increase in CPR under socio-economic conditions that would not normally have been conducive to acceptance.

"While growth performance during the eighties and nineties has not been spectacular, good progress has been made in improving the general well-being of the population," the report said adding with aggressive immunisation programmes, particularly from the mid-eighties, infant mortality has declined and life expectancy improved.

According to World Bank, the infant mortality has declined to 77 in 1000 live births in 1994 as against 111.5 in 1981 while life expectancy has increased to 58 years in 1994 against 54 years in 1981.

Over the last 20 years, Bangladesh has built up an extensive health infrastructure. The country has 3,775 family welfare centres or health sub-centres (rural dispensaries) at the union level and 349 thana health complexes, the report mentioned.

These are at least well-staffed with medical and health personnel. A network of 5,000 salaried family welfare assistants and health assistants carries out services in the villages, the report said.

It said family planning services are now widely available as both government and non-government organisations are playing most important role. The contribution of the physicians, private clinics and traditional practitioners remain relatively small, the report added.

The report said external assistance has been accompanied by or facilitated rising total government expenditure on health and family planning, indicating its growing commitment.

The dollar rose against the yen amid mounting worries about the Japanese economy and fears of a brewing credit crunch that may cripple a number of cash-strapped Japanese corporations.

The dollar ended a shortened session at 130.41 Japanese yen against 129.83 late Wednesday, and unchanged at 1.7730 marks.