



Economics and money a big concern for 1998

Money will be on a lot of minds in 1998. Asians are anxious about shoring up their humbled currencies. Europeans are debating how to give up their national money and switch to a single currency. Russians just want to make some.

The world's perennial problems remain. Arabs and Jews enter another year still warily talking peace. Conflict simmers and flares across Africa. Poverty grips much of Latin America. Yet peace, however fragile, seems to be holding in some African nations long wracked by civil war. Economies are strengthening in much of the Americas. Democracy tenaciously retains its foothold in the Third World.

Humankind always has been a swirl of contradictions, a producer of good and ill, and the coming year promises more of the same.

The Associated Press asked some of its correspondents around the world to assess what lies ahead for 1998. Here are their reports:

Asia

Many Asian countries will be preoccupied with rebuilding their financial systems or trying to avert further currency collapses. They'll be closely watched by the United States and other nations whose markets have been roiled by Asia's economic stumble.

Governments accustomed to rapid growth will have to cope with rising unemployment and the political and social tensions it produces.

In Thailand and South Korea, which had the most bad debts and face the deepest recessions, outraged citizens hope newly elected governments will end the cronyism that helped produce the crisis.

No such change is likely in Indonesia, also badly hit. The national assembly is expected to expand President Suharto's powers to declare a state of emergency in case economic hardship produces unrest.

Japan seems to be learning from its neighbours' meltdowns and is expected to let more indebted banks and companies shut down rather than try to prop them up.

Hong Kong will hold its first elections under Chinese rule. Democrats who lost legislative seats with the handover say new election rules favour pro-business and pro-China parties.

Elections also are planned in the Philippines and in Cambodia, where strongman Hun Sen has quashed most opposition by force.

Chinese President Jiang Zemin plans cautious moves to reorganise or close debt-ridden state industries. His main challenge will be containing protests from laid-off workers, making 1998 an unlikely year for political reform or softening of dissent.

Beijing's tense relationship with Taiwan likely will be tested, if pro-independence forces on the island gain seats as expected in legislative elections.

Australia may face early elections because of a deadlock in Parliament over government efforts to restrict aborigines' land rights.

Europe

The European Union, in one of the biggest steps toward unity in continental history, is beginning the process of joining a dozen countries in a single currency — an act as much political as it is economic.

The new notes and coins won't fill cash registers until 2002, but the 15 EU leaders will decide over a long weekend in May who gets in on the first wave and the value of national currencies against the new "euro."

Eastern Europe will join the unity act as well when EU enlargement negotiations open with a number of former Soviet bloc nations.

Three of those nations — Poland, Hungary and Czech Republic — also anxiously await ratification of their invitations to join the 16-nations NATO military alliance. At the same time NATO is looking for ways to bring the suspicious Russians closer.

Bosnia will continue to preoccupy Europeans east and west. It is virtually certain the NATO-led peace force will extend its mission past June on the widely accepted assumption that withdrawal would lead to a resumption of war.

Two other clouds loom in the Balkans — between Serbs and Albanians in the Serbian province of Kosovo and between a Albanians and Macedonians in Macedonia.

Romania and Bulgaria, left out of the first phase of NATO and EU expansion, are striving to overcome years of bad post-communist government. While Hungary seems to have righted itself, the Czechs face a protracted period of economic and political instability.

Germans will decide in September whether to reward Chancellor Helmut Kohl with an unprecedented fifth term as head of Europe's most powerful economy. The opposition social Democrats are moving toward a more business-friendly posture in an effort to end the conservatives' 15-year lock on power, but they can't decide whether to challenge Kohl with a leftist or a moderate.

Russia and CIS

Persuading the people of former Soviet states, and Russians in particular, that reform is starting to work will again dominate the region in 1998. And stability in Russia is vital to world stability.

Ask Russians to sum up in a single word what's wrong with their country. Many will say reform.

Ask what they mean by reform and they start ticking off the problems: rising crime, going without pay for months, falling life expectancy.

In short, many Russians think reform is the name of the chaotic system they have lived under since the collapse of the Soviet Union at the end of 1991. Many people in other former Soviet republics say the same thing.

For all the grumbling, there are signs of progress. Russia expects to see its first economic growth since the 1980s. Individual rights are improving. And there are signs of prosperity in a few cities.

Progress in most other former Soviet nations lags far behind, although Ukraine hopes to see growth in 1998.

The problem, reformers say, is that decades of communist mismanagement cannot be fixed quickly. It will take years to turn Russia and its ex-Soviet neighbours into liberal democracies, but each year that passes peacefully boosts chances of success.

Russia can still go wrong, and some Central Asian nations and Belarus are sliding back to autocracy. Russia's communists and nationalists hope they can ride people's disillusionment to power. Hardliners are hoping for big gains in March's parliamentary elections in March.

Heading into 1998, the region is a bit more peaceful. Russia's war in Chechnya appears ended, but Tajikistan could slip back into civil war and there are worries of new fighting between Armenia and Azerbaijan.

Mideast

Israeli Prime Minister Benjamin Netanyahu and Palestinian leader Yasser Arafat face critical decisions that will determine the direction of the Arab-Israeli peace process.

Under pressure from the United States, Israel plans to offer to yield more land to the Palestinians, but it may not be enough to win back Arab confidence about Israel's overall intentions.

Another key test will likely be whether Israel is willing to curtail expansion of Jewish settlements in the West Bank, which Arafat wants as part of an independent Palestinian state.

For his part, Arafat will have to restrain Islamic militants and prevent suicide bombings to keep Israelis in a mood to compromise.

Israel's talks with Syria are unlikely to move forward unless Netanyahu's conservative government changes its policy and agrees to a deep withdrawal from the Golan Heights, which Israel captured in 1967.

Iran is gaining influence in the region under the new, more moderate leadership of President Mohammad Khatami. Saudi Arabia, Egypt and other Arab states that gave a cold shoulder to the recent US-sponsored regional economic conference are now looking more warmly at the Islamic regime in Tehran.

The rise of Iranian influence would likely spell an end to Washington's policy of keeping both Iran and Iraq isolated with economic and political sanctions.

Islamic insurgents still bedevil two secular Arab governments.

Muslim militants in Egypt are increasingly torn between calling a unilateral cease-fire and continuing attacks that angered many Egyptians by killing more than 60 foreigners in 1997 and devastating the lucrative tourism industry.

In Algeria, the government, is locked in a bitter battle with religious militants that has killed 75,000 people since 1992 and left extremists in control of pockets of the country.

Latin America

US President Bill Clinton plans to join Western Hemisphere leaders at April's Summit of the Americas in Chile.

Free trade is at the top of the agenda. But with Clinton struggling to win support for that at home, Latin Americans are moving ahead with their own free trade zones and reduced barriers to regional commerce.

The political bloodshed of the 1980s is fading into history in most of the Americas, replaced by concerns about violent crime and the seemingly eternal problem of dire poverty.

Most of the region's largest countries — Argentina, Mexico and Chile among them — expect strong economic growth from free-market policies, though benefits have been slow to trickle down to the poor.

Brazil was hurt by Asia's financial crisis, causing problems for President Fernando Henrique Cardoso, who is expected to seek re-election in 1998.

A more unusual race is shaping up in Venezuela, where Miss Universe 1981, Irene Saez, is considered a strong contender for the presidency. She has generally won praise as mayor of Caracas in the Caracas area.

Ecuador, Paraguay and Costa Rica also will have presidential elections.

Drugs and political violence continue to plague Colombia and Mexico.

The leading candidate in Colombia's presidential campaign, Horacio Serpa, is distrusted by Washington because of his ties to President Ernesto Samper, accused by US officials of taking drug money to win office. But he recently said he might back legislation to let suspected drug traffickers be extradited to the United States.

Colombians expect no letup in attacks by leftist rebels and paramilitary gangs that some suspect are linked to the army.

Mexico still struggles with repeated crises over the influence of drug traffickers, and enters the year with two small rebel movements relatively dormant but not quelled.

Caribbean

Pope John Paul II's historic trip to Cuba will pose a challenge for Fidel Castro and the Roman Catholic Church, whose relations have been frosty, if not hostile, since the 1959 revolution.

Castro's communist government hopes the January 21-25 visit will enhance its image by showing religious tolerance. One possible windfall: a papal denunciation of the US economic embargo of Cuba.

The church, meanwhile, hopes John Paul II can galvanize believers on the island and broaden its influence among Cuba's 11 million people. Cuba officially embraced atheism in 1962, and believers suffered for their faith.

Cuba wants more regional trade, and Caribbean countries are prepared to bring it back into the fold. While Washington disapproves of such moves, area leaders grumble that the US government hasn't come through with aid and scholarships promised at a regional summit last May. Look for some of those pledges to be fulfilled in 1998.

The region is looking for help after the World Trade Organization ruled in favour of a US complaint that Caribbean bananas compete unfairly in Europe. Without a hand, island farmers could turn to drug trafficking, leaders warn.

As it is, the drug trade is thriving. Squeezed in Mexico, traffickers are turning to the Caribbean as a preferred trade route. Washington will be fortifying its interdiction efforts in the region in coming months.

1998 may be a watershed year for Haiti. UN peacekeepers are gone, and the government is paralyzed by infighting, putting the US-backed democratic experiment in the Western Hemisphere's poorest nation at risk.

Puerto Rico marks 100 years of US rule with competing commemorations by advocates of statehood, independence and

the current commonwealth system. A proposed plebiscite on the island's status will be considered by Congress.

Africa

Four African giants — Nigeria, Congo, Sudan and South Africa — will set the continent's tone in 1998.

Nigeria's dictator Gen. Sani Abacha, will attempt the transformation from iron-willed military ruler to popular politician if he goes through with August elections.

Laurent-Desire Kabila, Congo's new strongman, will try to obtain much-needed aid and foreign investment while attempting to keep at bay those who call for a more open government and respect for human rights.

In Sudan, President Omar El-Bashir continues to insist his Islamic-based government is sincere about allowing regional autonomy for southern Sudan. But rebels, backed by neighbouring countries and the United States, will keep chipping away at northern authority.

South Africans are preparing for the day they will have to live without President Nelson Mandela. Thabo Mbeki has just replaced him as leader of the governing African National Congress and is widely expected to become president in two years.

Low-level conflict continues in Rwanda, where Hutu rebels are stepping up attempts to destabilize the Tutsi-dominated government.

Neighbouring Burundi likely will see more countries drop economic sanctions, but efforts are proceeding to coax its Tutsi regime and Hutu rebels into some kind of coalition government.

Personal rivalries remain a threat to the stability of Charles Taylor's fragile civilian regime in Liberia, and doubts persist the military junta in Sierra Leone will keep its promise to return power to the elected government it overthrew.

In Angola, Jonas Savimbi probably won't go to Luanda to fulfil his government role under the 1994 peace accord that formally ended a 19-year civil war. But international pressure is nudging his UNITA army toward giving up most of the territory and diamond fields it controls.

United Nations

The United Nations enters the new year with the prospect of further downsizing and downgrading as a forceful and independent global institution.

Iraq and its refusal to cooperate with UN weapon inspectors remains a thorn for the 15-member Security Council. No strong action seems likely, however, with the United States and the four other council powers unable to reach a consensus on dealing with Saddam Hussein.

Secretary-General Kofi Annan's efforts to restructure the organization have not been enough to persuade the United States to pay its one billion dollar in arrears.

As a result, the United Nations is expected to finish 1998 with a 200 million dollar deficit in the operating budget and owing 800 million dollar to countries that have provided troops to UN peacekeeping operations.

For years, the United Nations has lumbered along by borrowing from the fund used to reimburse countries for peacekeeping expenses. But as many peacekeeping operations close, that fund is dwindling.

Annan has warned that new sources of cash must be found unless the United States and other major debtors start paying their bills.

At the same time, the United Nations' role as an independent player in world affairs is clearly in decline. Annan's predecessor, Boutros Boutros-Ghali, was denied a second term in 1996, largely because Washington resented his independence.

Annan, in turn, has deferred to Washington and other major powers on such issues as sending peacekeepers to the Republic of Congo or increasing the oil revenues that Iraq can use to buy food and medicine.

Annan's supporters say he has little choice. Without resources and rights of a sovereign state, he must serve the interests of the UN membership, and especially its wealthiest and strongest members.

But critics argue Annan must also serve as an advocate for those without the power and the voice to influence the great powers.

Apex Tannery okays 25 pc dividend

The shareholders of Apex Tannery Ltd approved a cash dividend of 25 per cent at the 21st annual general meeting held at Shatipur, Gazipur recently.

Total sales of the company for the financial year 1996-97 stood at Tk 1219.65 million which was 6.9 per cent more than that of the previous year.

Profit after tax during the period was Tk 4.13 million, which is far less than previous year's profit.

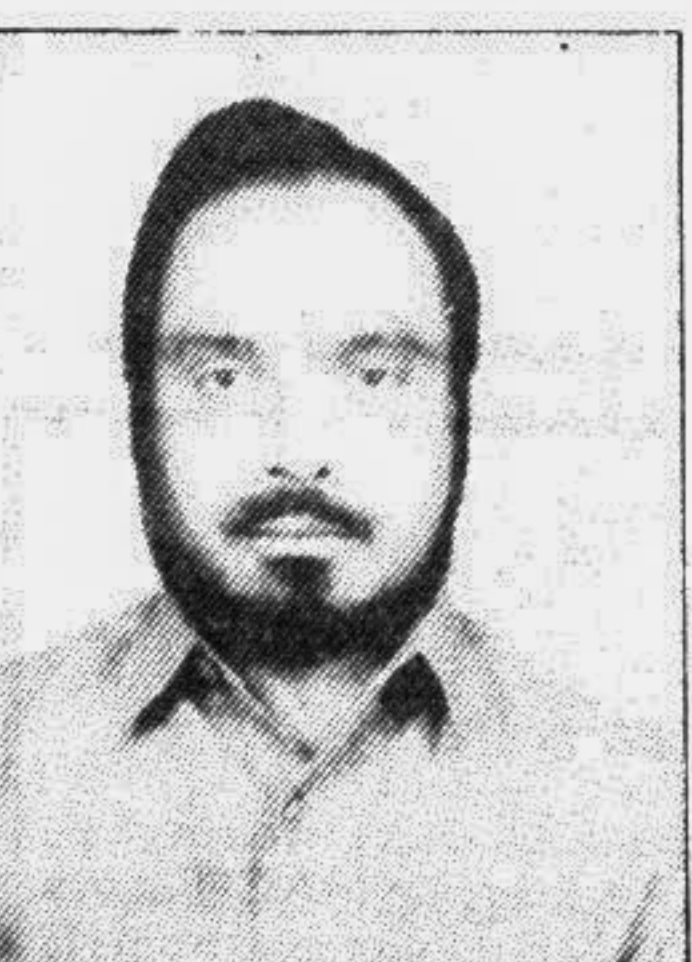
The shareholders adopted the accounts for the year 1996-97.

The meeting was presided over by Syed Manzur Elahi, Chairman of the company, says a press release.

Md Rahmatullah, MP, Managing Director and Syed Nasim Manzur, Director, and other senior executives of the company were also present.



Is it Ka? Yes, Finance Minister Kibria drew the Tk 20 lakh first prize winning number from that series. But which number? For the big one and the next winning the National Heart Foundation Lottery, let's turn to Page 9. — Star photo



New MD of Al-Arafah Islamic Bank

The Board of Directors of Al-Arafah Islamic Bank Limited at a meeting held recently approved the appointment of Abdul Ahad as Managing Director of the bank.

He was holding the charge of Managing Director in the capacity of Additional Managing Director, says a press release.

Prior to this appointment he held various responsible positions in his 33-year banking career.

Ahad started his career as Probationary Officer of Habib Bank Limited in 1965.

He joined Al-Arafah Islamic Bank Ltd. in August, 1995 as Deputy Managing Director.

He successfully completed a good number of training courses on banking and relevant issues at home and abroad.

Pubali Bank's AGM, EGM held

The 3rd extra ordinary general meeting and 14th annual general meeting of Pubali Bank Limited were held at the bank's head office building on Tuesday with EA Chowdhury, Chairman of the Board of Directors in the Chair.

Shareholders, directors, Managing Director and Dy. Managing Director of the bank were present, says a press release.

ROK co donates clothes to PM's Relief Fund

A South Korean garments company situated at Savar EPZ, Youngone Company Ltd, yesterday donated some winter clothes to the Prime Minister's Relief Fund, reports UNB.

Prime Minister Sheikh Hasina received the clothes at her Secretariat office this morning to distribute those among the cold-stricken people of northern region of the country.

Korean Ambassador in Dhaka, Tae Gyu Han, was present on the occasion.

Debt of S Korean corporations US banks to ease payment terms

NEW YORK, Dec 31: US commercial banks have agreed in principle to ease payment terms on short-term debt held by South Korean banks and corporations, a banking source said here yesterday, reports AFP.

Banks from the United States and seven other leading industrialised nations on Monday issued a statement noting "the positive reaction" of financial institutions in their countries to international efforts to "alleviate Korea's short-term liquidity concerns."

While the statement did not specifically raise the possibility of a rollover, a banking source familiar with the talks said it can be interpreted to mean that "they have agreed in principle to the rollover."

In Geneva a spokesman for Swiss Bank Corporation said Swiss private banks had agreed to a month-long extension for South Korean debt maturing at the end of the year.

A French banking source reported yesterday that French banks operating in South Korea had also agreed to a one-month rollover in loans coming due at the end of 1997.

Representatives of Swiss and French commercial banks joined counterparts from the United States, Britain, Canada, Germany, Japan and Italy at a meeting in New York on Monday to discuss private sector participation in a rescue effort for South Korea organised by the International Monetary Fund.

Banking sources here would not comment on a report in the Wall Street Journal that banks in the Group of Seven industrialised countries plus Switzerland could make a new credit line worth 10 billion dollars available to South Korea.

South Korean officials on Tuesday estimated the country's total external debt at 156.9 billion dollars at the end of November, with short-term liabilities accounting for 58.8 per cent or 92.2 billion dollars.

Following are the exposure levels for foreign banks in South Korea: Japan — 24.3 billion dollars; Germany — 10 billion dollars; United States — 9.4 billion dollars; France — 5.6 billion dollars; Britain — 5.6 billion dollars; and Belgium/Luxembourg — 4.3 billion dollars.

More Japanese investment likely

Japanese Ambassador to Bangladesh Yoshikazu Kaneko has expressed his confidence that Bangladesh is going to attract more Japanese investment in near future, reports UNB.

The ambassador conveyed this to the Executive Chairman of Board of Investment (BOI), Farooq Sobhan, during a meeting at his office yesterday.

Kaneko mentioned that many Japanese businessmen have already shown interest to invest in Bangladesh and some have already visited the country.

He pointed out that individual contact between the two country's businessmen is growing continuously.

The ambassador mentioned about the excellent investment friendly atmosphere prevailing in Chittagong Export Processing Zone and expressed his satisfaction over the services of BEPZA there and the performances of Japanese companies.

Kaneko highlighted appropriate promotional activities abroad about the investment atmosphere and EPZ facilities in Bangladesh, and opined for more investment seminars, workshops at different cities of Japan.

Sumitomo Bank to close 50 branches in Japan

TOKYO, Dec 31: Japan's Sumitomo Bank Ltd, is to close about 50 branches in Japan to prepare for the "Tokyo big bang" financial sector deregulation, a daily said Wednesday, reports AFP.

Japan's leading city bank would reduce the number of its domestic branches from 348 to around 300 by March 2000, Asahi Shimbun said.

The bank plans to strengthen services for individual clients, such as housing loans and telephone-banking services, it said.

Sumitomo's move marks a shift in its business strategy focusing on all-round services for clients ranging from large corporations to individuals, the daily said.

The planned closing of branches will result in a 20 per cent reduction from 1992 when the bank had 390 branches in Japan, it said.

Sumitomo will open 17 new offices in Tokyo and Osaka areas for providing housing loan services on weekends while tying up with supermarket operators to launch "in-store branches," it said.

BCI chief seeks to keep sanctity of Ramadan

Businessmen urged not to raise essentials' prices

Bangladesh Chamber of Industries has called upon the people to maintain the sanctity of the month of holy Ramadan beginning today, reports UNB.

In a statement BCI president Sharif M Aizal Hossain urged the businessmen not to increase the prices of the essentials for the cause of Ramadan.

He said some businessmen engaged themselves black marketing and create artificial crisis in the market. They make the general mass sufferer every year by increasing the prices of the goods.

The BCI president urged the government to take proper steps to prevent the artificial price increase and keep the prices of the goods within the purchasing capacity of the people.

Sharif Aizal laid special emphasis on the law and order situation of the country and urged to play an active role in order to maintain law and order during the holy month.

Ramadan is the holy month of self-rectification and self-restraint and we can set an example of self-restraint by forgetting and forgiving one another.

The BCI president urged all to implement the teachings of the Ramadan in all spheres of life.



Tomato was selling at Tk 40 a kilo yesterday, jumping from Tk 18 the previous day. Prices of other vegetables also shot due to what market sources said fog and traffic problems delaying ferrying of products from the northern districts. The Holy Ramadan might also have been one of the reasons. — Star Photo by Anisur Rahman

Faysal Bank to introduce Roze Munafa Account

Star Business Report

Faysal Islamic Bank of Bahrain will introduce "Roze Munafa Business Account" this month.

According to a company press release, Roze Munafa is a local currency PLS Account for corporate and personal business with the flexibility of current account.

The speciality of the scheme is that the balance in an account at the end of each day is calculated for profit. If a person deposits a certain amount of money as a day and withdraw it next day, the person would earn a profit on the remaining days of the month.

Other advantages of the account include no maintenance charges, no limit on withdrawals, account statement frequency of one's choice and monthly credit of profit.

Roze Munafa scheme serves as an opportunity for the business sector to earn profit even without having any amount in account.

MOU signed between BCSIR, UNI-LAB

A memorandum of understanding (MOU) has been signed between the Institute of Fuel Research and Development, BCSIR, Dhaka and UNI-LAB for estimation of Aromatic Hydrocarbon in jute bags at a meeting held in BCSIR recently, says a press release.

Under the agreement, Institute of Fuel Research and Development will test 'lignum' a hydrocarbon free jute processing lubricant based on vegetable oil developed by UNI-LAB for using in jute industries in place of harmful fuel batching oil (mineral oil). IFRD will also test mineral oil content of jute bags supplied by UNI-LAB.

It is mentioned that jute batching oil is composed of 20 to 30 per cent aromatic hydrocarbons which are carcinogenic and responsible for food contamination. If 'lignum' can be used in place of JBO then jute bags will be hydrocarbon free. Then it will be used in food packaging. UNI-LAB is engaged in export of jute goods for food-grain packaging.

Professor Moshazzaman, chairman, Bangladesh Council of Scientific and Industrial Research (BCSIR) and Shaheed Ahmed, Managing Partner of UNI-LAB signed the MOU on behalf of their respective organisations. The MOU will remain valid for three years till December 2000.