The Daily Star
BUSINESS
DHAKA SATURDAY, JANUARY 10, 1998

Harkin happy over child labour situation

The visiting US Senator, Tom Harkin, met Labour and Manpower Minister MA Mannan at the state quest house Meghna yesterday, reports UNB.

During the meeting they discussed matters of bilateral interests, particularly the issue of child labour.

The labour Minister informed the senator that child labour has already been eliminated from the garments of Bangladesh and will be eliminated from other sectors gradually.

Tom Harkin, the introducer of the bill in the US Senate that prohibits import of garments made by child labour to that country, expressed satisfaction over the steps taken by the government.

Labour and Manpower Secretary Ahsan Ali Sarker, American Ambassador to Bangladesh John C Holzman and other senior officials of Labour Ministry were present to the occasion.

Shrimp export 4 districts fetch Tk 467 cr in 5 months

From Staff Correspondent

KHULNA, Jan 9: Shrimp export from four districts of Khulna region fetched Tk 466 crore 55 lakh the last five months.

The districts are Khulna, Jessore, Satkhira and Bagerhat.

According to a source at the Export Promotion Bureau, Khulna, one crore 83 lakh 62 thousand and 319 pounds of frozen shrimps were exported from the districts during the months.

Foreign exchange earnings through exporting shrimp will increase further by the end of the current fiscal year, the local EPB office hopes.

Foreign investment in Pakistan increases

ISLAMABAD, Jan 9: The inflow of Foreign Investment into Pakistan increased by 26 per cent to 470.5 million US dollars in the first five months of the current fiscal year starting July 1, 1997, reports Xinhua.

The bulk of this investment was coming for the projects initiated by the previous government with 115 million dollars in the power sector alone, a local newspaper reported yesterday.

In the five months, direct investment increased by seven per cent against 265 million dollars in the corresponding period last year while portfolio investment increased by 72 per cent against 108 million dollars, the news reported.

During the period, the report said that total investment from the United Kingdom decreased by 270 per cent from 164.7 million dollars to 44.4 million dollars while total investment from the United Arab Emirates went up 600 per cent to 21.1 million dollars from three million dollars.

India committed to economic reforms

MADRAS, Jan 9: India's caretaker Prime Minister Inder Kumar Gujral assured overseas investors here yesterday that the country remained committed to economic reforms but would not be rushed into further liberalisation, says AFP.

Gujral inaugurating a three-day economic conference which has attracted several world leaders and around 1,200 delegates, said the Indian "elephant" was keen to avoid the recent mistakes of Asia's tiger economies.

He said the liberalisation of the economy would forge ahead, since all the main political parties taking part in national elections in February and March were committed to such an agenda.

But he warned the "partnership summit" that India was "not a tiger but an elephant," adding it would "move with a degree of caution."

Gujral whose coalition government collapsed in November, made his speech as ratings agency Moody's investors service Thursday said it was reviewing India's sovereign ratings for foreign currency bonds and notes and for foreign currency deposits.

It said it was considering a possible downgrade because of concerns over the "impetus for structural reform" in the country.

Gujral, however, told Thursday's conference, attended by Italian Prime Minister Romano Prodi at the head of a 100-strong business delegation and by Polish President Aleksander Kwaniewski, that the economy had "progressed and industrial growth has not suffered" in 18 months of coalition government.

Italian Prime Minister Romano Prodi is being presented with a crest of Federation of Bangladesh Chambers of Commerce and Industry by the chamber president Yussuf Abdullah Harun at a meeting held at a city hotel yesterday. — Star photo

S Africans see scope for expanding trade in Bangladesh

A visiting South African delegation Thursday said there is ample scope of expanding trade and business between Bangladesh and South Africa for mutual benefit, reports UNB.

The delegation members included Andrew Feinstein, a parliament member, and Simone Sultana, an economist with an Anglo-American Company. At a meeting at the Industry Ministry, they delivered talks on the ongoing restructuring of the South African economy.

They identified jute, textile, jewelry, shipping and development of infrastructure as the core areas of cooperation the two countries could strengthen.

Businessmen of both the countries can take joint venture initiatives in these sectors, they said.

Giving a brief resume of their economy during the White rule, the delegation members said the South African economy was stagnant with high inflation, constant trade imbalance, problems of foreign exchange reserve and lots of other problems.

But the present government has taken various steps, including a pragmatic monetary policy, to invigorate South Africa's economy, they said.

They also stressed the need for more interaction of the two peoples for strengthening economic and social bonds.

Executive Chairman of Board of Investment Farooq Sobhan laid emphasis on setting up of a full-fledged mission of South Africa in Bangladesh.

Former minister A M Zahiruddin Khan, economist Prof Rehman Sobhan, politician Rashed Khan Menon, former FBCCI president Mahbubur Rahman and president of Bangladesh Frozen Food Exporters Association Golam Mustafa were, among others, present at the meeting.

KL proposes using currencies other than US dollar for imports

KUALA LUMPUR, Jan 9: Malaysian Deputy Prime Minister Anwar Ibrahim disclosed yesterday that his country proposes to work out new agreements with supplier countries so that imports can be made using currencies other than the US dollar, says Xinhua.

"Under new contracts we hope that imports from the ASEAN countries, China, Pakistan and India could be made using their respective currencies," Anwar, who is also Finance Minister, told reporters after chairing a meeting of the cabinet committee on essential goods at the finance ministry.

He said that the Ministry of International Trade and Industry (MITI) and the Domestic Trade and Consumers Affairs Ministry would meet importers soon to discuss the matter.

Anwar said imports denominated in US dollars had become more expensive following the depreciation of the ringgit against the greenback.

"The problem is compounded by the fact that not only imports from the United States and Europe are denominated in US dollars, but also those from other countries," he said.

The US dollar has been appreciating steeply against Malaysia's currency — the ringgit.

Exchange Rates

Effective on January 8, 1998

Central Bank USD/BDT Rate: Buying-BDT 45.30/Selling-BDT 45.60

Selling TT/OD	BC	Currency	Buying TTClean	OD Sight DOC	OD Transfer
45.6600	45.7000	USD	45.2600	45.0850	44.9866
74.4754	74.8109	GBP	73.1854	72.9025	72.7433
25.1987	25.2208	DEM	24.7052	24.6097	24.5158
0.3499	0.3502	JPY	0.3416	0.3403	0.3395
31.1672	31.1945	CHF	30.4781	30.3603	30.2329
22.3495	22.3691	NLG	21.8331	21.7487	21.6698
26.1362	26.1591	SGD	25.4699	25.3714	25.2734
7.5136	7.5202	FRF	7.3991	7.3704	7.3507
32.1549	32.1831	CAD	31.4306	31.3090	31.1757
5.7075	5.7125	SEK	5.6015	5.5798	5.5656
29.6790	29.7050	AUD	28.5138	28.4036	28.2066
26.4828	26.5060	NZD	25.3456	25.2476	25.0575
5.9038	5.9090	HKD	5.8370	5.8144	5.7995

Usance Export Bills

TT DOC	30 Days	60 Days	90 Days	120 Days	180 Days
45.1654	44.8828	44.5057	44.0719	43.6005	42.5444

US. Dollar

	BUYING	SELLING
Cash Notes	45.20	45.75
T C	45.05	45.65

Libor

	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
USD	[illegible]	5.68750	5.71875	5.75000
GBP	7.48438	7.56250	7.58203	7.58203

Exchange Rates of Some Asian Currencies Against US Dollars

INDIAN RUPEE	PAK RUPE	THAI BAHT	MALAYSIAN RINGITT	INDONESIAN RUPIAH	PHILIPPINE PESO
39.72/39.75	44.0060	53.85/54.15	4.5874.60	7750/7975	44.24/44.34

Market Commentary

In the international foreign exchange market focus was on South East Asian currencies and what global leaders and policy makers have to say or do to defend the fragile Asian currencies. The currencies began to gain some strength on Friday in Asian and European markets on expectations of concerted interventions by central banks of US, Germany and Japan. Asian leaders started coming up with new commitments for economic aid packages. Indonesian President pledged his commitment to implement economic reforms involving US$40 billion. In a bid to end the recent crisis in Asian financial markets US President was reported to have personally got in touch with the Asian leaders. However, the market remained cautious and awaited any surprise move. In European trading USD ranged between 1.8080/1.8090 against DEM, 130.60/70 against JPY, while GBP ranged between USD 1.6220/30 a 0948GMT. Dhaka's forex & money market will reopen on Sunday and USD & call rate is expected to remain steady. Price of cash USD notes ranged between BDT 46.40 & BDT 46.80 on Thursday last.

— Standard Chartered Bank, Dhaka.

Vietnam imposes measures to prevent bird flu

HANOI, Jan 9: The ministries of health and agriculture are introducing measures to prevent the possible spread of bird flu from Hong Kong to Vietnam, government officials said Friday.

"The Ministry of Health's Preventive Medicine Department has sent warnings on the bird flu to health services in 61 cities and provinces in Vietnam and urged them to take precautionary measures" ministry official Trinh Quan Huan told The Associated Press.

Airport authorities in the capital, Hanoi, and the southern hub Ho Chi Minh City have been warned to be on the lookout for passengers arriving from Hong Kong who exhibit symptoms of bird flu, Huan said.

Influenza a H5N1 virus, known as bird flu, has killed four people and sickened at least 16 others in Hong Kong in the first documented outbreak among humans.

Hong Kong authorities have imposed sweeping measures to prevent the disease's further spread, including the mass slaughter of 1.3 million chickens.

In Vietnam, commercial airline pilots flying between Hong Kong and Vietnam have also been asked to watch for passengers who may be carrying the bird flu virus into Vietnam.

The Ministry of Agriculture is temporarily banning the import of poultry and eggs from Hong Kong.

There have been no reports of bird flu in Vietnam.

First-hand knowledge about industrial sector of Bangladesh sought

Italians show interest in telecom business

Star Business Report

Foreign direct investment (FDI) and relocation of industrial units from Italy to Bangladesh dominated the hour-long discussion among the business leaders of the two countries yesterday morning.

The business leaders held at threadbare discussion on relocating some industrial units with particular emphasis on textile and leather sectors.

Yussuf Abdullah Harun, President of the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), moderated the discussion held between the two sides at a city hotel.

The Italian businessmen showed interest in telecommunications sector expressing their desire for setting up industries in Export Processing Zones (EPZ).

The visiting Italian team was led by the Industry Minister Augusto Frontdzzi.

Executive Chairman of Board of Investment (BOI) Farooq Sobhan, and Privatization Board (PB) Chairman, Kazi Zafrullah, made brief presentations at the discussion delineating country's present economic scenario.

They also identified some areas which might attract Italian entrepreneurs for investment in Bangladesh and setting up of joint venture enterprises.

Responding to queries by the Bangladeshi entrepreneurs about the relocation of old machinery, Frontdzzi said from the Italian view point there was no objection or difficulties in this regard but he expressed his ignorance about rules and regulations in the receiving country, Bangladesh.

Clearing the confusion, BOI Chairman said Bangladesh has been urging FDI and relocation of industries from anywhere provided it benefits the country and helps its industrialisation.

Augusto Frontdzzi, leader of the Italian delegation, suggested the sending of a delegation from Bangladesh to Italy to gather a first hand knowledge about its industrial development.

"In Italy, there were many industrial districts concentrating on a particular sector like textile, leather, car, and electronics," Augusto said. Industrial districts are dominated by small and medium sized factories, he said adding that Bangladeshi entrepreneurs needed exposure to those areas before finalising what they actually wanted.

Dhaka Stock Exchange (DSE) Chairman, Rakibur Rahman, urged the Italian businessmen and traders to invest in the Bangladesh capital market which is open for foreign investors.

Welcoming the Italian entrepreneurs to business in Bangladesh, Kazi Zafrullah said there were many state-owned mills and factories which could be handed over to the foreign entrepreneurs and could be converted into modern units.

Particularly he mentioned Bangladesh Machine Tools Factory, Dockyard and 17 jute mills which have good infrastructure and land facilities for setting up or relocation of heavy machinery.

Zafrullah also assured full co-operation and all other logistic support of the govt to foreign investors.

Federation of Bangladesh Chambers of Commerce and Industry and General Confederation of the Italian Industry signed a protocol of cooperation yesterday. Confederation official Giovani Corduni and FBCCI vice president Kazi Shafiqul Islam initialled the protocol. — Star photo

Share prices fall across Asia as currency crisis continues

HONG KONG, Jan 9: Share prices fell across Asia on Friday, dragged down by continued volatility principally in Indonesia. Shares in Hong Kong dropped nearly four per cent, while Tokyo shares closed mixed, reports AP.

Singapore's main index took another battering as currency fluctuations in Indonesia continued to exert pressure on its neighbours.

Long considered one of Southeast Asia's most stable markets, Singapore's index has lost 21 per cent of its value so far this year, and analysts said more losses were expected.

In Malaysia, the index hit an all-time low in early trading.

In Indonesia, where economic problems have severely weakened that nation's currency, the rupiah, President Suharto promised to implement sweeping economic reform under an International Monetary Fund bailout plan, a senior Indonesian minister said.

But the rupiah remained volatile, rising in value in early trading to 7,750 to the US dollar, only to weaken to 8,550 by midday. Share prices were also down in early trading.

In Tokyo, domestic factors dominated the market as share prices first dipped, then rebounded, following a reported statement by a senior official of the ruling party that he favoured continuing special tax cuts beyond this year.

The key Nikkei average of 225 selected issues closed at 14,995.10 points, down 24.08 on the day.

The Nikkei Index had dropped as low as 14,724.28, in early trading, its lowest level since July 1995, after government officials downplayed the possibility of further economic stimulus and amid concerns about Asian economies.

It rebounded after Yoshiro Mori, a top official in the Liberal Democratic Party, reportedly said he favoured continuing a special two trillion yen tax cut the government announced for this year if the economy doesn't get better, Japanese news wires reported.

In Hong Kong, the index fell because of concerns over Wall Street's steep overnight drop of 99.65 points, rising interbank interest rates and Asia's currency troubles.

Hong Kong's key index closed down 359.89 points, or 3.9 per cent, to 8,894.64.

South Korean stocks ended down 2.3 per cent, breaking a seven-day gaining streak. But analysts said the dip was mainly technical. Concern over Asia's financial problems contributed to the decline.

The key index closed down 9.96 points at 414.

According to analysts, the local stock market still appears to be luring many foreigners back as they continue to increase their stock holdings.

Heavyweight blue chip companies led the market's fall, with Korea Electric Power Corp and Samsung Electronics Co both down. Banks also were weak due to continued selling pressure.

BANGKOK: In Thailand, share prices fell in early trading because of concerns about the country's financial institutions and a further downgrading of the country's credit ratings by Standard and Poors.

The Stock Exchange of Thailand index is down 1.50 points to 356.67.

JAKARTA: Indonesia's shares lifted 1.3 per cent, or 4.491 points, to 351.599 in early trading, but dropped to 343.431 points by lunchtime.

KUALA LUMPUR: Malaysian shares fell 2.5 per cent, or 12.85 points, to 494.31 near the end of the morning session, slightly up from a record low of 484.12 points in the early morning.

MANILA: Philippine shares crashed in their third-ever largest single day points loss. The key index closed down 137.85 points.

SINGAPORE: Singapore shares fell six per cent by midday, with no sign the drop will stop. The key index fell 77.44 points to 1,193.26

SYDNEY: Australian shares closed lower after nervous investors sold stock across the board as Asian markets slipped further. The key index fell 47.6 points to 2,603.1

TAIPEI: Taiwan shares fell to a six-week low, troubled by regional market weaknesses. The key index fell 40.96 points, or 0.53 per cent, to close at 7,737.2.

SEA economic crisis

Clinton, IMF send teams to Indonesia

WASHINGTON, Jan 9: The Clinton administration and the International Monetary Fund, responding to a worsening economic crisis, dispatched top officials to Indonesia to discuss salvaging a faltering bailout effort, reports AP.

President Clinton called Indonesian President Suharto on Thursday night from Air Force One to discuss the economic situation after the Indonesian currency plunged to a record low earlier in the day.

During the 20-minute call, Clinton made it "quite clear that the IMF programme needs to be followed," said a senior administration official, speaking to reporters on the condition of anonymity.

The White House said Deputy Treasury Secretary Lawrence Summers, the administration's point man on the Asian currency crisis, and a team of State Department and National Security Council officials would leave within the next few days for Indonesia and other countries in Asia.

White House spokesman Barry Toiv told reporters travelling with Clinton that the president had spoken to Singapore Prime Minister while on a fund-raising trip to New York and then with Suharto before departing for Texas.

Earlier Thursday, the IMF announced that its Managing Director, Michel Camdessus, and Deputy Director Stanley Fischer were also being sent to Indonesia for emergency consultation.

The IMF said Fischer would head directly for Indonesia while Camdessus was expected to travel first to South Korea for a meeting Sunday in Seoul with President-elect Kim Dae-Jung and other officials.

South Korea, Indonesia and Thailand all received IMF rescue package last year.

After Kim pledged to fully implement the IMF programme, the fund, the United States and other countries announced three weeks ago they were accelerating disbursement of South Korea's 57 billion dollars bailout package in what proved a successful effort to halt a free-fall in its currency.

The statements from the administration and the IMF Thursday held out a promise that a speed-up in Indonesia's 40 billion dollars programme might follow if Suharto's government pledges to follow the IMF austerity programme.

Rupiah bounces back against US dollar

JAKARTA, Jan 9: A day after it plunged to a record low and set off a wave of panic-buying in supermarkets, Indonesia's currency bounced back against the US dollar early Friday, reports UNB.

Supermarkets reopened without the frenzied crowds of Thursday when nervous shoppers stripped shelves of sugar, rice, cooking oil and other food staples fearing big price hikes and possible shortages.

The capital, Jakarta, appeared calm.

"It's business as usual," one store manager said.

Dealers said the rupiah gained ground on news that Washington-based chiefs from the International Monetary Fund would visit Indonesia in coming days to discuss how to handle the economic crisis.

The rupiah slid by 26 per cent to a record low of 10,550 rupiah against the dollar Thursday.

It rebounded Friday morning following an IMF statement that said the dramatic depreciation had been "a significant overreaction by the market."

The rupiah was being quoted in early trading in Jakarta at 7,750 rupiah to the dollar — roughly the level it was trading at before Thursday's crash.

KL rejects IMF's help

KUALA LUMPUR, Jan 9: Plagued by the same currency crisis devastating other Asian countries, Malaysia is trying to avoid an IMF-led bailout, worried that the medicine might be worse than the illness, reports AP.

From government cutbacks to calls for people to use less sugar in their coffee and tea, the country has been taking measures big and small — all in the name of independence.

Prime Minister Mahathir Mohamad, an outspoken critic of the conditions that the IMF imposes as part of its rescue programmes, said in a live television appearance Friday that accepting such help would amount to "economic colonialism."

"We would not be able to control our economy and would throw it open to foreign domination whereby they would come in and buy our banks and companies at cheap prices," Mahathir said.

The ringgit has lost 16 per cent of its value over the past week and hit new lows four consecutive days before stabilising a bit Thursday. It has fallen nearly 50 per cent against the dollar since the region's currency crisis began last July.

Share prices have shed 60 per cent of their value since last February, when Malaysian stocks posted their best performance.

The government has shelved millions of dollars in public works projects — from a massive, partly built hydro-electric dam in Borneo to airports and highways.

Deputy Prime Minister Anwar Ibrahim said last month that Cabinet ministers and senior government officials will get a 10 per cent pay cut. Raises for lower bureaucrats will be frozen this year.

The ministers also agreed to spend their vacations in Malaysia. A circular issued to government agencies said civil servants would have to follow suit; their entertainment expenses will be trimmed by at least 10 per cent, too.

Chicken farmers in HK face long struggle to rebuild the industry

HONG KONG, Jan 9: The stink of chickens fills the barns, but the rows of wire cages hold only bits of feathers. There is no clucking, no squawking.

Kwan Wing-kin's 30,000 chickens were among the 1.3 million slaughtered last week in the government's drastic move to wipe out a flu virus that has leapt into the human population, according to AP.

The A H5N1 virus has sickened at least 16 people, killing four, and authorities suspect the victims caught it by handling infected chickens or their waste. No new human cases of the flu have been found since the slaughter, easing public panic.

But for the chicken industry, recovery will take years.

Flocks bred over decades to suit local taste were wiped out. Tens of thousands of workers were laid off, and some farmers fear the burden of mortgages and other overhead will force them out of business before they can resume selling birds.

A ban on importing live chickens is expected to be lifted at the end of January or early February.

"Retailers and wholesalers can start selling imports right away when the ban is lifted," Kwan said. "But it will be months before our chickens are big enough to sell."

The government, which normally does not subsidize farming, has put together a 96.6 million dollars package to help the chicken industry recover.

The package includes dlrs 13.3 million to cover direct losses, and 83.3 million dollars in low-interest loans to maintain or restart businesses.

Associations of farmers, vendors and poultry truckers, who had demonstrated for four days in anger over a smaller draft compensation package, said Thursday they were satisfied.

But Kwan said the nearly 77,000 dollars he will receive is still not enough to put him back on his feet.

Eggs and breeders cost at least 51,000 dollars, he said, possibly more because of an expected surge in demand after the ban is lifted.

He'll also need cash to pay two workers, the mortgage and other expenses during the five months it will take to ready a new flock for market.

Kwok-Ming-cheung, another farmer, predicted the industry will take two years to recover.

Kwok, who holds a master's degree in poultry nutrition science, said the slaughter wiped out a prized local breed known as the "quality chicken," developed in the 1970s to suit Hong Kong taste.

Kwok said the "quality chicken" is the product of marriage between a meaty but bland American breed and a leaner but tastier southern Chinese breed. The meat of the plump "quality chicken" is laced with fatty tissue, making it more tender and juicy, he said.

Developing a new mixed-breed with those virtues would take two years, Kwok said.

The crisis may have an upside: heightened awareness of the local farming industry, said Tang Siu-tong, chairman of the legislature's health panel.

"The government is likely to pump more money into the industry, Tang said.

The Agriculture and Fisheries Department is one of the government's smallest and least prominent — unsurprising when the sector accounts for less than 0.2 per cent of gross domestic product.

Now that the government knows chickens can pass flu to humans, a department official said, it has to pay more attention. Already, it has promised to better enforce farm hygiene and tighten supervision of chicken imports, 80 per cent of which come from mainland China.

Kwok said farmer unions want the government to support research and a system of tagging chickens so consumers can tell local birds from imports.

"You have to give Hong Kong people confidence in eating local chicken, he said.