

## DSE appoints CEO

Golam Quddus Chowdhury, a chartered accountant, has been appointed the chief executive officer (CEO) of the Dhaka Stock Exchange (DSE), reports BSS.

A DSE press release said that the councillors of the bourse made the appointment to fulfil its commitment to appoint a professional CEO to separate the policy-making and management responsibilities of the stock exchange.

A former consultant with the Securities and Exchange Commission (SEC) Chowdhury has long experience both in multi-national and national companies as a top management staff.

During his professional career he gained experience in setting up pharmaceutical, textile and other industries and management consultancy work.

A keen sportsman, Chowdhury is the Secretary General of Bangladesh Olympic Association.

## World economic forum opens today

GENEVA, Jan 28: The White House sex scandal and Asia's financial crisis will be the hot topics at the World Economic Forum in Davos, which opens Thursday with a line-up of 2,000 business, political and academic luminaries plus Hillary Clinton, reports AFP.

The classy Swiss ski resort is once again rolling out the red carpet for bigshots attending the event, which runs from January 29 to February 3, and includes a weekend when invitees will be given time off to hit the ski slopes.

The solo theme this year was originally "priorities for the 21st century, including introduction and impact of the Euro, China's integration into the global mainstream and the biotechnology and information technology revolutions."

But the turbulences in Asia forced organizers to come up with a double billing. The shock events of the last six months will be discussed under the framework of "managing global volatility."

Thailand's premier Chuan Leekpai will be on hand to discuss effort to pull his country out of its economic mess.

Chinese Vice Premier Li Lanling, Japan's Vice-Minister of Finance Eisaku Sakakibara and a team dispatched by South Korea's President-elect Kim Dae Jung will also make the trip to Davos.

International Monetary Fund and US treasury officials will lend their weight to debates on the mayhem unfolding in Asia and how to prevent fresh crises.

However, Hillary Clinton seems set to steal the spotlight if her trip goes according to plan. The US First Lady defending her husband over allegations of sexual misconduct with a former White House intern, is due to arrive in Davos Sunday night and appear at the forum on Monday.

The visit to Switzerland though may not happen if the political climate in Washington continue to deteriorate.

Politics will take a lower profile this year with the absence of regulars such as Palestinian leader Yasser Arafat and Egyptian and Israeli heads of state. The Middle East peace process drew the most attention at last year's conference.

But there will be no shortage of heavyweight politicians.

German Chancellor Helmut Kohl is pened in to speak at the opening plenary session Thursday. Russian Prime Minister Viktor Chernomyrdin is on the participants' list along with a roster of South American and African presidents.

Technologists will also be thick on the ground. The most famous of the pack beleaguered Microsoft's Bill Gates who is also the richest person in the United States will talk about strategies for the 21st century.

Larry Ellison, the chief of oracle corporation is lined up to speak in a different session.

## German banks facing risks from Asian econ crisis

MUNICH, Germany, Jan 28: German banks are facing larger-than-expected risks from the Asian financial crisis because of their high exposure to the region, but the danger can be contained, the IFO Economic Institute has said, reports Reuter.

The current financial crisis in Asia has shown German banks once again that downward reactions cannot be ruled out, even, or especially, in emerging markets with high growth rates, IFO said in a report.

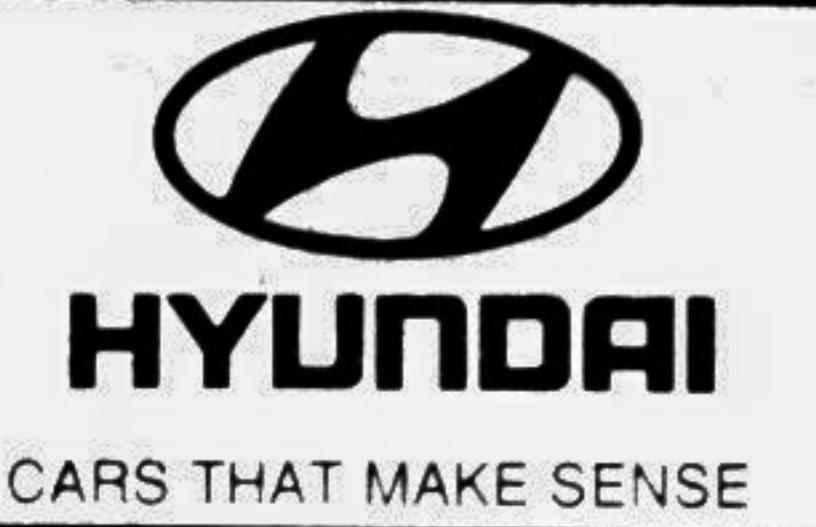
"Transactions should, therefore, be carried out with particular care..." the report added.

The total short term exposure of German banks in the troubled Asian region was 141 billion marks in September 1997, IFO said, citing statistics from the Bundesbank.

But the Institute also noted that the exposure was relatively limited.

## The Daily Star BUSINESS

DHAKA THURSDAY, JANUARY 29, 1998



## Matia speaks of mismanagement, corruption

# Kibria directs banks to disburse Tk 1000cr agri loan by June

Finance Minister Shah AMS Kibria yesterday directed the banks to disburse at least Taka 1000 crore agricultural loan during the next five months, reports BSS.

He also directed the Krishi Bank and other banks to come up with separate programmes within 15 days to expedite the agricultural loan disbursement of agricultural loan by different banks.

The minister was presiding

over a high level meeting held to review overall agricultural loan disbursement position, an official handout said here yesterday.

Agriculture Minister Begum Matia Chowdhury at the meeting expressed dissatisfaction over the mismanagement and corruption in disbursement of agricultural loan by different banks.

The meeting also decided to establish a committee at national level to monitor the agriculture loan disbursement situation, as proposed by the agriculture minister.

The meeting was told that so far the banks disbursed Taka 691.22 crore as agricultural loan out of the total Taka 2352.50 crore targeted for disbursement during the current

fiscal year.

Out of the total disbursement target of Taka 1000 crore of the Krishi Bank, it disbursed Taka 356.81 crore and recovered Taka 455.71 crore this year.

The meeting was attended by Finance Secretary, Banking Division Secretary, Bangladesh Bank Governor and Managing Directors of Krishi Bank and other nationalised banks.

## Indian rupee ends 2-week rise against dollar

BOMBAY, Jan 28: The Indian rupee's two-week rise against the dollar ended today as the central bank stepped in to buy greenbacks, dealers said.

The rupee opened at 38.56 to the dollar and weakened to 38.60 within an hour of trade.

Mridul Gokhale, at foreign exchange and travel house Thomas Cook, said: "It seems the RBI does not want the rupee to rise against the dollar beyond 38.50."

"We expect the market to be patchy today, with some demand for the greenback as the market want to see how far the RBI will defend the current rupee-dollar exchange rate."

The currency, which closed at 38.34 to the dollar yesterday, has been recovering against the dollar during the past fortnight on RBI intervention after Asian market turmoil and the fall of India's government pushed it to an all-time low of 40.34.

Amar Sha, at foreign exchange house Meeklai and Meeklai, said: "The RBI bought dollars yesterday for the first time after October."

"But the outlook on the rupee is still negative as India's economic fundamentals do not look too good, with rising interest rates hitting corporate profits."

RBI Governor Bimal Jalan said last month that an exchange rate of 38.55 rupees to the dollar was "reasonable."

The rupee lost almost 13 per cent to the dollar between September, when it stood steady at 35.70 and the start of 1998, it currently remains almost eight per cent weaker than its September level.

## US labour costs jump

WASHINGTON, Jan 28: US labour costs jumped in the final three months of 1997 as workers raged the biggest quarterly gain in their pay and benefits in five years, the Labour Department said yesterday, reports Reuters.

The department reported that its employment cost index, a measure of labour costs that combines wages and salaries with fringe benefits, increased 1.0 per cent in the fourth quarter, the sharpest rise since identical one the last three months of 1992.

The number surpassed the expectations of US economists of a Reuters survey, who had forecast a 0.9 per cent gain in the index.

The fourth-quarter reading brought the increase in worker compensation for all of 1997 to 3.3 per cent, the largest calendar-year rise 3.5 per cent in 1993.

In the last quarter of 1997, wages and salaries rose 1.1 per cent, a seven-year high. The cost of benefits such as health care broke trend of subdued increases by rising 0.9 per cent, a three-year high.

French bank BNP has a 70.9 per cent stake in BNP Primeeast, which was founded in 1994 by a group of former Morgan Grenfell Asia Executives, the report said.

The purchase of Peregrine's Hong Kong and China operation would strengthen BNP's operation there, the source told the Business Times.

The deal also means Primeeast's staff of 150 in Hong Kong, Indonesia, the Philippines, Singapore and Thailand, will be doubled with the entry of more than 150 of Peregrine's top personnel, including Peregrine Managing Director Francis Leung, the report said.

BNP had talked a confidential offer for Peregrine's equity business covering mainland China, Hong Kong and Taiwan, the source told the Business Times.

The deal also means Primeeast's staff of 150 in Hong Kong, Indonesia, the Philippines, Singapore and Thailand, will be doubled with the entry of more than 150 of Peregrine's top personnel, including Peregrine Managing Director Francis Leung, the report said.

Most people in the market think it's plausible," said David Gilmore, a partner at Foreign Exchange Analytics in Essex, Connecticut. Analysts said the market apparently paid no attention to the announced resignation of Japan's finance minister in the wake of a scandal involving two finance officials.

The perception in the market place that the Bundesbank would like to see the dollar reverse its gains from Monday, said Dennis Pettit, a foreign exchange manager at Long-Term Credit Bank of Japan Ltd.

In New York trading late Tuesday, the dollar was quoted at 125.32 yen, down from 126.85 yen Monday. The US currency also settled at 1.7892 German marks, down from 1.7956.

The yen benefited from news in Asia, starting on its home turf.

In Japan, traders have been pleased since last month by continued government hints about financial stimulus pack-

## Bribery scandal

# Japanese finance minister resigns

TOKYO, Jan 28: Chastened by a scandal that has engulfed his ministry, Japan's finance minister submitted his resignation Wednesday after two officials under his supervision were arrested on bribery charges, reports AP.

Prime Minister Ryutaro Hashimoto formally accepted the resignation from Hiroshi Mitsuzuka on Wednesday morning, a spokesman from Hashimoto's Liberal Democratic Party said. The prime minister will concurrently serve as finance minister until Mitsuzuka's successor is chosen.

Mitsuzuka was pressed to resign after prosecutors raided the ministry Monday and opposition lawmakers vowed to block critical national budget legislation until he quit.

Mitsuzuka had announced Tuesday that he would resign to take responsibility for the scandal, which centres on allegations that Finance Ministry officials accepted lavish dinners and other entertainment from banks in return for tipping them off about the ministry's "surprise" inspections.

Mitsuzuka has not been directly implicated in the scandal, but Japanese officials often resign to take responsibility for wrongdoing by their subordinates.

Hashimoto has not yet decided who will replace Mitsuzuka said the LDP spokesman, speaking on condition of anonymity.

Members of a Mitsuzuka-led faction within the LDP, however, are pushing for Sohei

## BNP buys Peregrine's HK, China operations

SINGAPORE, Jan 28: Banque Nationale de Paris (BNP) and a Singapore-based affiliate have purchased the Hong Kong and China operations of failed Hong Kong investment bank Peregrine Investment Holdings Co. Ltd, a financial newspaper here reported.

BNP's financial group had also been interested in snapping up Peregrine Assets Management (PAM).

Peregrine, once Asia's largest independent investment bank, filed for liquidation on January 12, suffering under an estimated 400 million US dollars of debt.

Homegrown financial group BNP Primeeast, together with its major shareholder Banque Nationale de Paris, has bought the greater China operations of Peregrine... for an undisclosed sum, the Business Times said, citing a source close to Peregrine.

French bank BNP has a 70.9 per cent stake in BNP Primeeast, which was founded in 1994 by a group of former Morgan Grenfell Asia Executives, the report said.

The purchase of Peregrine's Hong Kong and China operation would strengthen BNP's operation there, the source told the Business Times.

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The dollar's fall against the mark came as a senior Bundesbank official, Franz-Christof Zeitler, said he didn't have any problem with currency levels as they were. He also downplayed the possibility of inflation becoming a serious factor in the German economy.

The perception in the market place that the Bundesbank would like to see the dollar reverse its gains from Monday, said Dennis Pettit, a foreign exchange manager at Long-Term Credit Bank of Japan Ltd.

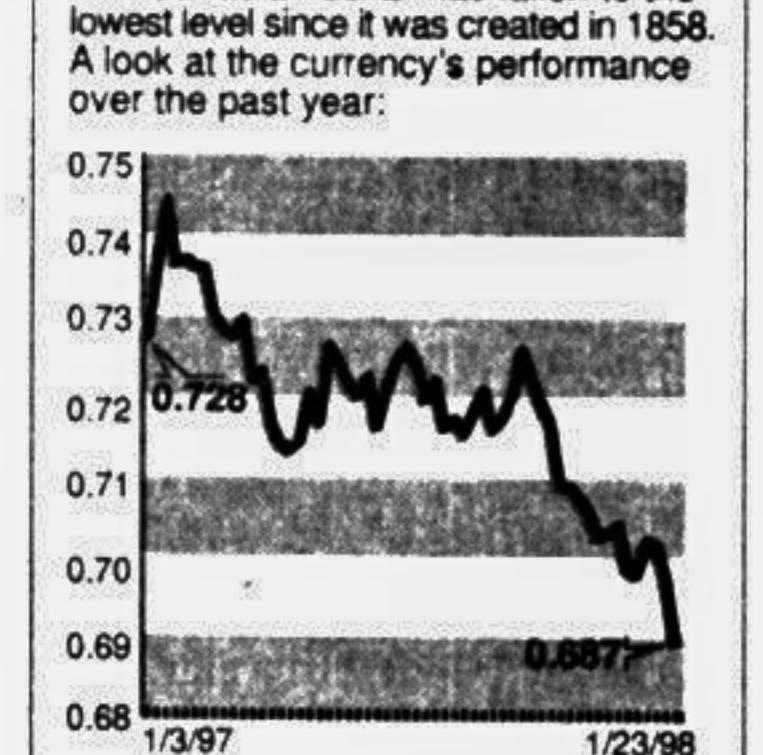
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## Canada's dipping dollar

The Canadian dollar has fallen to the lowest level since it was created in 1958. A look at the currency's performance over the past year:



The market's selling rate for the Canadian dollar is 0.6870.

## IMF welcomes Indonesia's reform plan

WASHINGTON, Jan 28: The International Monetary Fund welcomed Indonesia's latest measures to rehabilitate banking sector and said they should help resolve a financial crisis which is crippling the troubled tiger economy, reports Reuter.

In a statement released late on Monday, IMF Managing Director Michel Camdessus said the measures announced in Jakarta would both continue and extend a revised package of reforms first announced on January 15.

"It is my conviction that the new measures will be implemented effectively and will contribute to a resolution of Indonesia's present crisis," he said.

Opposition politicians will likely press for the resignation of Takeshi Komura, a vice minister and the top career official in the ministry, the Nihon Keizai newspaper reported. Komura is said to have even more power than the Finance Minister, who is a political appointee.

Koichi Miyagawa, 52, and Toshimi Tanitachi, 48, the ministry officials at the centre of the scandal, were arrested for allegedly telling banks in advance when the ministry would conduct surprise inspections in exchange for 40,000 dollars in wining and dining over four years.

The scandal has been especially embarrassing for the ministry because Japanese media have focused on reports that the officials were entertained in restaurants featuring waitresses wearing short skirts and no underwear. Meals there cost more than 30,000 yen (250 dollar) per person, according to media reports.

The ruling Liberal Democratic Party is expected to propose another set of stimulus measures around February 20, before the February meeting of the Group of Seven finance minister and central bankers in Britain.

Meanwhile, the US dollar was quoted at 125.62 yen, down 0.64 yen from late Tuesday in Tokyo but higher than its late New York rate of 125.32 yen.

Thai shares closed sharply higher because investors were confident of Thailand's efforts to turn around ailing economy.

The Stock Exchange of Thailand (SET) index rose 11.12 points, or 2.6 per cent, to 434.22.

Indonesian shares also surged. Traders said foreign bar-gain-hunters were buying back stocks in anticipation that the government's efforts to stabilize the rupiah through the banking reforms announced Tuesday will be successful.

In late trading, the rupiah was quoted at 10,475 rupiah to the dollar, compared with its close Tuesday at 11,800 rupiah.

The Jakarta Stock Exchange's Composite Index closed up two per cent, or 9,627 points, to 485,938 points.

Also rising were Philippine stocks,