

SHOWROOMS:

SANYO

Gulshan — 31 Gulshan Tower, Gulshan-2, Dhaka.
Tel: 9882192

Malibag — 89, DIT Road, Malibag, Dhaka.


Mirpur — 674, Rokeya Sarani, Kazipara
Mirpur, Dhaka.

Uttara — Baly Complex, Sec-3, Uttara, Dhaka
Transfin Trading Limited
Tel: 819625-9, 815306-9

The Daily Star

BUSINESS

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HYUNDAI

CARS THAT MAKE SENSE

Mango production may fall this yr

CHAPAINAWABGANJ, Mar 6: Mango production in Chapainawabganj and Rajshahi districts appears to suffer setback this year due to late budding caused by foggy weather, reports UNB.

Severe cold wave and dense fog during the budding period of mango trees had triggered pest attack on the buds. It was later provoked by untimely rainfall.

"Mango production this year will fall by at least 20 per cent," said an officer at the Mango Research Centre of the district.

He said mango trees need a constant temperature of 20 to 25 degree Celsius for budding, but the temperature had remained far below the necessary level during departure of winter in this two districts.

Due to the untimely rain, he said, there was a vegetating growth in the mango trees, hampering the reproductive growth.

He said there are 1.20 lakh acres of mango orchard in the country, producing 1.75 tons of mango every year.

In Chapainawabganj, mango orchard covers 26,000 acres of land with about half a million of trees and about 30,000 people directly involved in mango trading.

Australia-Iraq wheat trade continues

SYDNEY, Mar 6: The Australian Wheat Board said Friday its business with Iraq is continuing as normal despite Australia's support for the United States in the Gulf crisis, reports AP.

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"Australian Wheat Board's business hasn't been affected," said the board international general manager, Nigel Officer.

"Our business relationships are extremely good, our contracts with Iraq have been approved by the United Nations and the payment mechanism for them from the Iraqi government is in place."

The Iraqi Grain Board, the Australian Wheat Board's customer, is a key long-standing client and despite facing difficulties during the years since the Gulf War we have continued to maintain our excellent relationships with them.

"Officer said the Australian Wheat Board currently had a ship discharging wheat in Iraq, while others were waiting to offload. The Australian Wheat Board was Iraq's preferred supplier of wheat and it had found a regular market there since the 1991 Gulf War, he said.

Officer said since the introduction of the UN Oil for Food programme in December 1996, the Australian Wheat Board had sold 2.2 million metric tons of wheat to Iraq, more than 50 per cent of its import requirements.

Its business with Iraq was worth 138 million US dollars (200 million Australian dollars) a year, he said.

IMF to reopen its office in Sudan

KHARTOUM, Sudan, Mar 6: The International Monetary Fund will reopen its office in Khartoum in recognition of Sudan's 5-year-old economic and financial reform programme, the finance minister said Thursday, reports AP.

Minister Sabir Mahamed Hasan said the IMF also has agreed to put on hold for a year its threat to suspend Sudan from the international body because of the country's failure to pay its 1.7 billion dollar debt.

The African nation was paying off its arrears to the IMF at a rate of about 2.5 million dollars a month, but increased the figure to 4.5 million dollars a month, an amount that the IMF had sought.

"This is an achievement that will likely alter the way the world finance bodies look at the Sudan," Hasan was quoted as saying by the state-owned radio.

He said Sudanese and IMF officials will meet in April to discuss an intermediate economic reform programme Sudan is planning to implement.

The radio did not say when the financial institution will open its office, and the report could not be immediately confirmed.

Sudan's total foreign debts are estimated at about 20 billion dollars.

The IMF closed its office here in 1985, and Sudan adopted the reform programme in 1992, which included lifting subsidies, opening the market to competition and floating the currency.

The government also sold loss-making corporations and trimmed its spending. From a record 120 per cent some three years ago, the inflation rate came down to under 28 per cent last February, according to government figures.

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Difficulties in payment alleged

Raw jute export to China triples

By Rafiq Hasan

Bangladesh's raw jute export to China has almost tripled during the first half of the current fiscal year though the exporters faced difficulties in getting export money, sources at Bangladesh Jute Association said.

Leaders of BJA, a platform of raw jute exporters and traders, said that China became the single largest buyer of Bangladeshi raw jute and its import increased to six lakh bales during July-December period last year from a merely two lakh bales of the corresponding period the previous year.

The BJA leaders alleged that the Chinese buyers are doing dilly-dally in payments without having any valid reason against the Letters of Credit (LCs).

Though the exporters draw money from the local banks

against their LCs, they have to be responsible for non-realisation of the bank money from the buyers, said Rezaul Karim, Senior Vice Chairman of BJA.

The Chinese buyers are even threatening to send back the goods labeling them as low quality. "This kind of allegation is quite illogical and against the agreement," Rezaul said.

According to buyer-seller agreement, a buyer can demand compensation if the items are found below quality and even he can go for arbitration but can not stop payment against the LCs, he added.

The Chinese buyers are also trying to give lower price showing different lapses in the export documents, the BJA leader alleged further.

Giving an instance, an official of the BJA said a Singapore-based importer Universal Commodities Ltd had been holding up payments for the last two months against six thousand tonnes of raw jute imported from Bangladesh.

Besides, payments of another consignment of about three thousand tonnes exported to the Chinese buyers directly remained unpaid for about last three months, the official said. The value of the exported raw jute was estimated at more than Tk 12 crore.

The exporters feared that the export to China may decline in future as it becomes uncertain whether the Chinese banks would pay against the LCs opened for raw jute imports.

A high official at the Ministry of Jute acknowledged the matter and said that the gov-

ernment was trying to solve the problem through diplomatic initiatives. The Chinese Embassy in Dhaka was apprised of the matter and requested to take initiative about it, the official said.

Meanwhile, the country's total export of raw jute stood at 14.43 lakh bales till January 15 this year earning Tk 263.75 crore as against 9.22 lakh bales valued at Tk 258.05 crore during the same period the previous year.

According to exporters, the export earning did not increase much compared to the volume due to lower price of the product.

On an average, raw jute price was Tk 2798 per bale during the last harvesting season while it declined to Tk 1827 per bale during current season, according to BJA.

Currency crisis

Suharto fires another central bank official

JAKARTA, Mar 6: Indonesia's unstable currency dropped nearly six per cent against the dollar before recovering Friday amid uncertainty about government plans to revive the rupiah, reports AP.

President Suharto, meanwhile, fired the central bank's director for foreign exchange and met economic advisers to discuss ways to lift Indonesia's limping economy out of its slump.

The foreign exchange director, Budiono, will be replaced soon, officials said. Budiono, who like many Indonesians goes by only one name, was part of a central bank team under former bank governor Soedradjat Djwandono, who was dismissed Feb 17 amid reports he opposed the controversial idea of a currency board.

Western governments have argued strongly against a board, which would set the rupiah at a fixed rate against the dollar, saying it could jeopardize a 43 billion dollar bailout for Indonesia.

Traders said a board is unlikely to be introduced before March 15, when the International Monetary Fund is scheduled to hand over a second loan of three billion dollars as part of the rescue package.

"The market is quite certain that they won't come out with a currency board" until at least after the end of next week, said Sani Hamid, a strategist with the Singapore branch of MMS International, a US research house.

"It's kind of like, 'I'm safe until then,'" he said.

Goldman Sachs and Co., a US securities firm, said in a report Friday that a currency board will probably take effect in mid-1998 and Suharto is likely to announce the measure in the next two weeks.

Rupiah-selling pushed the Indonesian currency down to 10,950 to the dollar by midday Friday before it recovered, to 10,050, nearly three per cent higher than its close a day earlier.

The rupiah slipped 10 per cent Thursday.

The rupiah has lost more than 70 per cent of its value since Asia's financial crisis erupted last year.

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Fighting financial crisis

US House body okays \$18b for IMF

WASHINGTON, Mar 6: Despite concerns over multibillion-dollar bailouts for faltering Asian economies, the House Banking Committee approved the Clinton administration's 18 billion dollar request for the International Monetary Fund, reports AP.

The measure, passed Thursday by a surprisingly large 40-9 margin, provides for a US contribution of 3.5 billion dollars to an IMF emergency fund to deal with future financial crises and 14.5 billion dollars to the international lending agency's reserves.

The bill now goes before the House Appropriations Committee but is not expected to reach the floor for a vote until May. The Senate also is considering an IMF funding bill.

President Bill Clinton issued a brief statement praising the vote.

"This bipartisan legislation will help ensure that the IMF has the funds it needs to protect American jobs and exports," Clinton said.

Rep David Bonior, the House Democratic whip, said the measure included provisions providing for worker and environmental protections. "I could not have supported a bill that continued the status quo," he added.

Bonior and other liberals, who opposed trade legislation

Pak PM distributes 4,000 acres of land among peasants

ISLAMABAD, Mar 6: Pakistan Prime Minister Nawaz Sharif yesterday distributed 4,000 acres (1,600 hectares) of land among peasants in southern Sindh province, saying he would launch a similar scheme for agricultural graduates, reports AFP.

Sharif, quoted by the official Associated Press of Pakistan news agency, said more land would be given away to landless peasants in Sindh and other parts of the country.

The government would provide electricity, tractors, health and education facilities as well as bank loans to those given the land, he said.

He said he had a plan to give government land to agricultural graduates for cultivation with a view to reducing unemployment and boosting agricultural production.

Sharif said Pakistan had an agriculture-based economy but the country was spending around two billion dollars annually on food imports.

During his earlier 1990-93 term Sharif distributed 175,000 acres (70,000 hectares) of land free of cost among more than 16,000 farmers, he said.

Tourist arrival in Thailand increases

BANGKOK, Mar 6: Tourist arrivals in Thailand jumped 13.61 per cent in January compared to the same period last year.

Prime Minister's office Minister Jurin Laksanavisit said the number of foreign tourists in the first month of year had increased by 13.61 per cent compared to the same period last year.

Some 703,741 arrivals were recorded in January, bringing in revenues of 26 billion baht (604.7 million dollars), although declines were seen in important Asian markets including Japan and South Korea.

"It will help the economic situation here because all revenues are in foreign currencies, it will help our national reserve and liquidity," Jurin said.

Bid to boost trade

India, Myanmar jointly upgrading border road

YANGON, Mar 6: Myanmar and India are jointly implementing a 160-kilometer Tamu-Kalay-Kalaywa motor road upgrading project in Tamu, a Myanmar border town linking India, to facilitate border trade between the two countries, the New Light of Myanmar newspaper reported yesterday, says Xinhua.

The growth in Myanmar-India border trade called for improvement of the border road which is vital for commerce and communications and would contribute towards regional development, better trade and travels, said Khin Nyunt, First Secretary of the Myanmar State Peace and Development Council, during an inspection tour to Tamu on Tuesday.

Trade relations between Myanmar and India grew after the two countries formally signed a border trade agreement in April 1995.

India is one of Myanmar's five major trading partners with a trade volume between them amounting to about 198 million dollars in 1996. India's exports to Myanmar were registered at 75.8 million dollars, while its import from the country at 122 million dollars, indicating a balance of trade in Myanmar's favour, according to Myanmar official statistics.

Latest statistics show that total trade volume between Myanmar and India stood 209 million dollars in the first 10 months of 1997, increasing by 27 per cent or 45 million dollars from the same period of the previous year.

Stocks, dollar up in Tokyo

TOKYO, Mar 6: Japanese stocks rebounded Friday on reports the government is poised to prop up stock prices and cut taxes. The US dollar edged up against the yen, reports AP.

The benchmark 225-issue Nikkei Stock Average rose for the first time in four sessions, closing up 283.42 points, or 1.68 per cent, to 17,131.97. On Thursday, the average shed 247.05 points, or 1.45 per cent.

Pressure is building on Japan to shore up its ailing economy. Washington is pressing Tokyo to spur demand for goods from Asia's struggling economies, and business leaders want higher stock prices to help them book a profit when the fiscal year ends March 31.

The government has to take some steps, said Yoshihiro Ito, general manager of stock trading at Okasan Securities Co.

A flurry of stories in the local press raised hopes Japan is about to act.

Friday's Mainichi newspaper reported the government is likely to pour one trillion yen (7.8 billion dollars) from the publicly-managed postal savings into the stock market by the end of March.

And the Nihon Keizai business daily reported Friday the government may hammer out a fresh economic stimulus package as early as next week.

The Nihon Keizai also reported Friday evening that US Treasury Secretary Robert Rubin urged Japan to move forward with tax cuts worth "several trillion yen."

The broader Tokyo Stock Price Index of all issues listed on the first section of the Tokyo Stock Exchange rose 11.69 points, or 0.92 per cent, to close at 1,287.95. The TOPIX closed down 14.66 points, or 1.14 per cent, the day before.

Companies dependent on the domestic economy, such as Nippon Steel Corp. and Bank of Tokyo-Mitsubishi Ltd, gained along with top exporters NEC Corp and Sony Corp.

An estimated 400 million shares changed hands on the first section, compared with 398 million shares the day before.

Advancing issues outnumbered decliners 2 to 1.

The dollar rose overnight in New York but ceded most those gains in Tokyo trading Friday as optimism swelled for a Japanese market stimulus package.

The dollar bought 127.22 yen in late afternoon trading, up 0.10 yen from late Thursday in Tokyo but well below its late New York rate of 127.81 yen overnight.

The dollar traded as low as 126.90 yen and as high as 127.86 yen.

The yield on the benchmark No. 182 10-year Japanese government bond climbed to 1.610 per cent from Thursday's finish of 1.575 per cent, driving its price down to 109.33 yen from 109.59 yen.

Japanese banks apply for \$16b rescue fund

TOKYO, Mar 6: A string of Japanese banks yesterday applied for more than two trillion yen (16 billion dollars) in rescue funding under a government scheme to prop up their weak capital, officials said, reports AFP.

But their demands fell far short of the total 13 trillion yen on offer, disappointing the stock market and analysts.

The nation's nine commercial city banks, led by the world's largest bank of Tokyo-Mitsubishi Ltd, applied for 100 billion yen each, to be raised via preference share issues, subordinate bonds or loans.

Six of Japan's seven trust banks, the three long-term credit banks and three regional banks also applied for money. Banks were at first reluctant to ask for the funds until Tokyo-Mitsubishi's President, Satoru Kishi, encouraged them to think again.

"The measures (by banks) lack significant long-term impact, especially as they fail to directly address critical problems related to non-performing assets," said James Fiorillo, banking analyst at ING Barings.

The Tokyo stock exchange Nikkei Stock Average closed down 1.4 per cent, or 247.05 points, at 16,848.55, in part a reaction to the applications, dealers said.

To qualify for the funds, the banks must first be screened by a panel at the Deposit Insurance Corp., the nation's deposit safety net. The Deposit Insurance Corp. holds a 75 per cent stake in the state-backed resolution and collection bank, which is accepting the applications.

The panel's guidelines rule out banks which have incurred losses or have not paid dividends for the past three years.

All the 21 applying banks are expected to win approval.

Nippon Credit Bank Ltd said Thursday it would raise 60 billion yen via a preference share issue and would also raise more funds through subordinate loans, without specifying the amount.

Nippon Credit is seeking to raise a combined 300 billion yen, the largest of the applications, an industry source said.

"Banks will be able to raise the amounts they want," the source added.

Sumitomo Bank said it would raise 100 billion yen via subordinated bonds in exchange for large cuts in staff, directors pay and the number of branches.

Sumitomo would axe 850 staff to 14,500 over the next three years and cut directors pay by 30 per cent in the next fiscal year from April.

Fuji Bank also asked for 100 billion yen through subordinated bonds while it planned to cut 850 jobs.

Industrial Bank of Japan Ltd the country's largest long term credit bank, asked for 100 billion yen, while long-term credit bank of Japan applied for 200 billion yen, sources said.

As the banks queued to ask for money, chief cabinet secretary Kaneko Muraoka dismissed criticism that the scheme would revive the so-called "convoys" of government protection for the industry.

"Individual financial institutions apply on their own judgment," Muraoka told a news conference.

"It is not the convoy system, as the panel will make its decisions strictly in light of its guidelines," he said.

Under the "convoy system" the finance ministry has in the past effectively ensured institutions will not collapse, despite their debts.

He also welcomed the banks' restructuring plans, which have included deep cuts in staff numbers.

HK stocks rebound

HONG KONG, Mar 6: Share prices in Hong Kong rebounded Friday on bargain-hunting following Thursday's sharp declines, reports AP.

The blue-chip Hang Seng index rose 115.85 points, or 1.1 per cent, closing at 10,919.53. On Thursday, the index had tumbled 547.13 points, or 4.9 per cent.

Turnover fell to 7.54 billion Hong Kong dollars (966 million US dollars), down from Thursday's 9.90 billion Hong Kong dollars (1.26 billion US dollars).

Brokers said bargain-hunters snapped up blue-chips following Thursday's plunge in share prices, which was triggered by renewed financial uncertainties in the region.

Trading was light as many investors remained on the sidelines ahead of employment figures to be released later Friday in the United States, they said.

The Hong Kong market lacked direction in absence of any fresh news, said Miles Remington, a dealer at Socgen-Crosby Securities Ltd.

Remington said trading was dominated by institutional investors.

Eastern Ins managers' confce held

Star Business Report

A conference of managers of Eastern Insurance Co Ltd was held in the city recently.

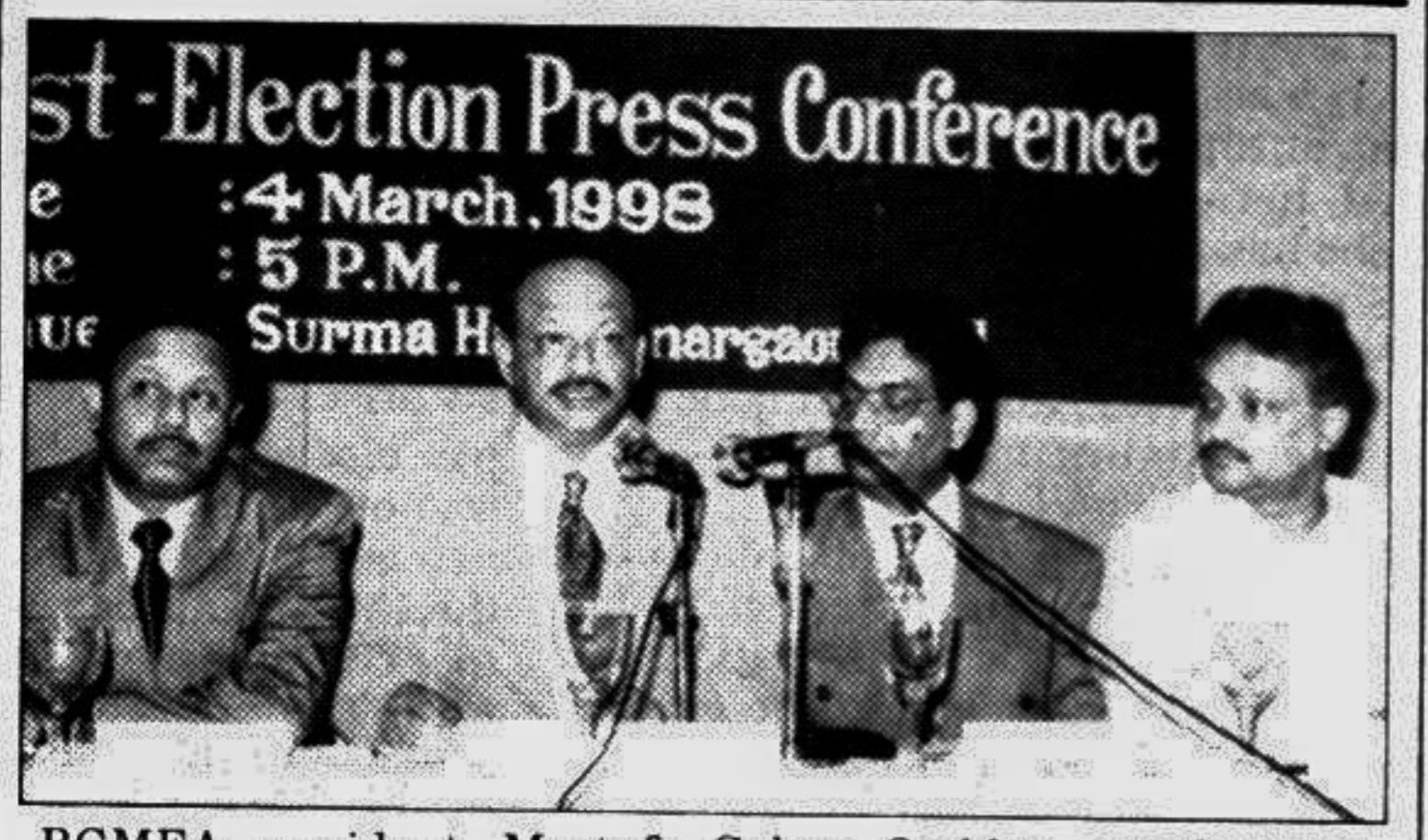
The Managing Director of the company, MA Ali Bhuiyan, inaugurated the conference, says a press release.

It was attended by M Haider Chowdhury, Chairman, Mukhlesur Rahman, Faiz Ahmed, Mohiuddin, Directors, and Iftikhar Ahmad, Dy Managing Director.

32 Managers, Executives and awardees of branches and Head Office of the company were also present.

In his inaugural speech, the Managing Director expressed satisfaction at the business performance and services of the employees towards the nation.

The company has been able to give incentive bonus and business performance awards to the Managers and other officials.



BGMEA president, Mostafa Golam Quddus, speaking at the organisation's post-election press conference at a city hotel recently.

Exchange Rates

Following is the forex trading statement by Standard Chartered Bank, Dhaka.

Central Bank USD/BDT Rate: Buying-BDT46.15/Selling-BDT 46.45

Selling		Buying	
TT/OD	IC	TT Clean	OD Slight Doc
46.5100	46.5500	46.1100	45.9350
77.0206	77.0668	75.6204	75.3334
25.7673	25.7895	25.2658	25.1699
0.3685	0.3689	0.3597	0.3583
31.7691	31.7964	31.0714	30.9535
22.8663	22.8859	22.4489	22.3637
28.4988	28.5233	27.8947	27.7889
7.6673	7.6739	7.5516	7.5229
32.9624	32.9908	32.2222	32.0999
5.8503	5.8553	5.7566	5.7347
31.8128	31.8402	30.6170	30.5008
12.5027	12.5134	11.7030	11.6586
6.0153	6.0204	5.9481	5.9256
12.4692	12.4799	12.1984	12.1521

USANCE EXPORT BILLS

TT DOC	30 Days	60 Days	90 Days	120 Days	180 Days
46.0150	45.7310	45.3520	44.9162	44.4425	43.3813

US Dollar

Buying	Selling	1 Month	3 Months	6 Months	12 Months
Cash	46.05	46.60	5.68750	5.68750	5.71875
Notes	46.05	46.60	5.68750	5.68750	5.71875

Exchange Rates of Some Asian Currencies Against US Dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
39.45/39.60	44.00	44.10/44.40	3.8200/3.9000	10350/10650	1635/1638

Market Commentary

The local forex and money market was closed for weekend. Last week trading in the local foreign exchange market was moderately active with higher demand for US Dollar. In the interbank market US Dollar ranged between Taka 46.38 and 46.45. The call money rate surged on Thursday due to payment of treasury bills where the majority comes on Sunday. Call money rate ranged between 6 and 24 per cent for the week. The market will reopen on Sunday, while Taka rate is expected to come down drastically.

In international forex markets, the US Dollar gained against all the currencies. US Dollar traded at 1.8314/24 DEM, 127.25/35 Yen and GBP at 1.6352/62 US Dollar.

Foreign banks cast doubt over China's growth forecast

SHANGHAI, Mar 6: Foreign bankers in China cast doubts on Premier Li Peng's insistence yesterday that China will meet its targeted economic growth rate of eight per cent this year, reports AFP.

"We don't believe in eight per cent. We believe the sluggish export growth will cost one per cent in growth and keeping up the strength of the renminbi and depressed consumer demand another half per cent," a German banker said.

"I guess it will be around six per cent," the Beijing-based banker said.

A French banker in Beijing said the eight per cent gross domestic product (GDP) growth rate was a target that might not be impossible to achieve but would be difficult.

"If they have strong political power, why not?" he said.

Economists have calculated that China has to maintain its GDP growth at least eight per cent in order not to increase its jobless rate.

Citibank's Shanghai branch Manager Zhong Mingming said the bank and forecast a 7.5 per cent inflation adjusted growth for China.

"But, personally, I think it is a little low. I think it is possible to achieve eight per cent because inflation is zero," he said.

He cited other reasons supporting an eight per cent growth rate including higher investment on public works and the

This was more than the 750 billion dollars Vice Premier Li Lanning said at the world economic forum in Davos, Switzerland, last month that China would spend on infrastructure construction to spur economic growth.

Unable to count on exports which turned the trade balance into a surplus of 40 billion dollars last year, China was looking to infrastructure spending and stimulating consumer demand to drive growth this year, an analyst at Fudao Investment Fund said.

hugely inflow of foreign investment in recent years.

"I am more concerned about exports because of the effect of the Southeast Asian crisis which will pull down the GDP but the original growth target of eight to 10 per cent has already been scaled down," he said.

Chen Jinghua, the State Planning Commission Director, said last week that the Government would invest one trillion dollars in the next three years, with a focus on infrastructure, housing and high technology industries.



M Haider Chowdhury, Chairman of Eastern Insurance Co Ltd, spoke at the Manager's Conference in the city on Monday.