

Canadian minister visits CIDA-aided projects

The visiting Canadian Minister for International Cooperation, Diane Marleau, visited a number of CIDA-aided projects of Proshika in Sreenagar (thana of Munshiganj) district on Wednesday, reports UNB.

During the visit, the Canadian Minister talked to the people of grassroot level, particularly the women who are involved in income generating activities with the help of Proshika.

Marleau also held meeting with the newly elected women members of union parishad and exchanged views with them.

Among others, members of her delegation and Canadian High Commissioner to Bangladesh Nicholas Etheridge were present, said a press release yesterday.

BSS report says, the Canadian Minister also visited CIDA aided development projects in Mymensingh on Tuesday.

Marleau met the beneficiaries of the Rural Bittahin Institution (RBI) at Bhaluka in a round table and directly exchanged views with them through interpreter.

She was briefed about how the target group women members are improving their condition through various income generating activities like tree plantation, cattle raising, water management and pisciculture.

Later, she visited the Rural Maintenance Project (RMP), another CIDA aided project in Mymensingh, under which the destitute women work for rural roads, maintenance initially and later they start small-scale income generating activities through their savings.

Marleau had launched with the RMP graduates who have just passed the initial level and became self-reliant through income generating activities.

G Bradshaw MP, Mr Nicholas Etheridge, Canadian High Commissioner to Bangladesh and other members of her entourage were present during the visits.

Banned fertilisers sell in Netrokona

NETROKONA, Apr 10: Single super phosphate (SSP) and aluminum sulfate fertilisers are openly being sold in different hats and bazars of the district, defying the government ban on its sale, reports UNB.

An organised gang of unscrupulous traders were said to have been involved in swindling the farmers by selling aluminum instead of zinc sulfate.

According to experts, zinc sulfate is very much useful in Boro cultivation while the aluminum sulfate is detrimental to soil.

Local farmers alleged that the concerned authorities were keeping blind eyes to the dishonest traders as they were getting kickback for their inaction.

Official sources said a total of 3 lakh hectares of land have been brought under IRR-Boro cultivation in 10 thanas of the district this year.

Share prices in Tokyo fall

HONG KONG, Apr 10: Share prices slipped on the Tokyo Stock Exchange Friday, but most other markets were closed for the Easter holidays, reports AP.

Tokyo's benchmark 225-issu Nikkei Stock Average fell 55.54 points, or 0.34 per cent, to close at 16,481.12. On Thursday, the average closed up 160.04 points, or 0.98 per cent.

Traders said prices fell because investors were critical of a 16 trillion yen (120 billion dollars) plan announced on Thursday by Japanese Prime Minister Ryutaro Hashimoto to stimulate the country's faltering economy.

The market was down throughout the day as investors registered their disapproval that the stimulus package didn't contain anything unexpected.

The broader Tokyo Stock Price Index of all issues listed on the first section fell 3.39 points, or 0.27 per cent, to 1,251.35. The TOPIX closed up 12.40 points, or 1.00 per cent Thursday.

Malaysian shares fell on lingering fears of corporate defaults after construction concerns Wembley Industries Holdings BHD, was put under receivership.

The Kuala Lumpur Stock Exchange's Composite Index, which tracks share prices of 100 key stocks, fell 2.79 points, or 0.4 per cent, to 673.14.

Taiwan shares also closed lower, dragged down by the decline in the technology sector. The Taipei stock market's key Weighted Stock Price Index fell 36.29 points, or 0.39 per cent, to 9,054.02.

Share prices on the Seoul Stock Exchange closed marginally higher. The Korea Composite Stock Price Index rose 0.18 of a point to 468.29.

That shares also closed slightly higher in thin trading. The Thailand SET Index rose 1.9 points, or 0.4 per cent, to 446.13.

Markets were closed in the Philippines, Hong Kong, Australia, New Zealand, Singapore and Indonesia.

Rajshahi Sugar Mills cuts losses

From Our Correspondent

RAJSHAHI, Apr 10: Rajshahi sugar mills minimised its losses by nearly Tk three crore in the just-ended crushing season over the previous season.

The mill incurred a loss of about Tk 7.56 crore in the 1997-98 season.

According to the mill sources, the loss was Tk 10.47 crore in the previous year.

Corruption, irregularities and fall in sugar procurement are the main reasons for the loss.

The mill fixed a target to crush 1,60,000 metric tons of sugarcane to produce 12,400

metric tons of sugar in the just concluded crushing season of 1997-98. But the mill crushed 23,576 metric tons of sugarcane more than the target.

According to the sources, one metric ton of sugar was produced by crushing 14.1 metric tons of sugarcane. But the target was to produce one metric ton of sugar from 12.9 metric tons of sugarcane.

Meanwhile, the sale of sugar is satisfactory this year. The mills has about 4,000 metric tons of sugar in the store house that is expected to be sold within a few months.



Canadian Minister for International Cooperation, Diane Marleau, at a CIDA-aided Proshika project in Srinagar, Munshiganj, recently.

Indonesia to face record food deficit: FAO, WFP

ROME, Apr 10: Indonesia will face a record food deficit as a result of reduced harvests, the UN Food and Agricultural Organisation (FAO) and the World Food Programme (WFP), announced here yesterday, says AFP.

An FAO/WFP mission to the country estimated that approximately 7.5 million poor Indonesians in 15 provinces may experience acute food shortages during the upcoming dry season.

The food deficit coincides with the country's reduced ability to buy imported goods because of its financial crisis, the UN agencies said.

Steep food price increases and rapidly growing unemployment are adding large numbers of people to those already living below the poverty line, threatening the food security of millions in the world's fourth most populous country.

Large-scale international assistance will be needed to meet the shortfall in rice, the country's principal staple food, said the UN agencies urging donor countries to assist Indonesia in managing its drought and financial crisis related food problems.

FAO, WFP estimated a 1998 harvest of some 47.5 million tons of paddy, a 3.6 per cent decline over last year's already reduced production, and over six per cent below the 1996 harvest.

At the root of this shortfall is one of Indonesia's worst droughts in this century caused by the El Nino weather phenomenon. The effect on the 1998 crop has so far manifested itself in up to two months delay in crop planting, followed by irregular and below-normal rains in many parts of the

country.

It has not affected most to Java, the principal production area, however.

In addition to drought, rice production has also been affected by reduced use of fertilizers and high quality seeds, the costs of which have soared as a result of an about 70 per cent devaluation of Indonesia's rupiah.

As a consequence of the paddy production shortfall, Indonesia faces a record import requirement of about 3.5 million tonnes of rice during the current marketing year 1998-99, which ends on 31 March 1999.

This figure must be treated with utmost caution, as it is based on the assumption of more or less normal weather conditions during the second crop season of 1998, which accounts for about one-third of annual production, the agencies added.

Renewed drought would further increase the rice supply gap.

According to the two UN organizations, the Indonesian government plans to import approximately 1.5 million tons between April and September 1998. This would leave an uncovered deficit of two million tons, for which international assistance will be required in the form of rice loans, grants, concessional imports and targeted food aid.

FAO and WFP said the major challenge now is to ensure the food security of the country's 7.5 million poor people. Rice and overall food prices have increased by some 50 per cent over the last 12 months and recorded a further steep rise in the past two months.

Japanese business leaders hail tax cut decision

TOKYO, Apr 10: Japanese business leaders on Thursday hailed Prime Minister Ryutaro Hashimoto's tax cut decision while opposition lawmakers urged him to step down, reports AFP.

Heads of Japan's leading business groups welcomed the premier's move to give much awaited income tax cuts totalling 31 billion dollars over two years.

Shoichiro Toyoda, Chairman of the Federation of Economic Organisations known as Keidanren, said in a statement he "highly appreciates the premier's political decision."

It was a decisive step that Prime Minister Hashimoto drew up the largest-ever economic package with the main pillar of fiscal spending exceeding 10 trillion yen," the head of Japan's largest business group said.

Jiro Ushio, Chairman of the Japanese Association of Corporate Executives, welcomed the tax cuts which marked a "turnaround" of Hashimoto's tight-spending policy.

"I welcomed the drastic policy change," Ushio said in a statement.

"With this, I think our country's policy stance was clearly conveyed domestically and internationally."

Ushio said, however, the special income tax should be given on a permanent basis while bringing down Japan's corporate tax rate to an "international level" in less than three years.

Japan Chamber of Commerce and Industry Chairman

Kosaku Inaba also said in a statement that the tax break signalled a policy change by Hashimoto.

"As the Prime Minister clearly stated, I want to see the revision of the fiscal reform law realised in the current session of parliament" through June, Inaba said.

But Inaba warned that the Japanese economy "has completely fallen into a deflationary state and corporate earnings have deteriorated to an unprecedented level."

"I believe economic measures need to be implemented from an extra-long term perspective," Inaba said.

"Given that, it was regrettable that the income tax cut was only two trillion yen this year," he said, adding the cut "should have been a large and permanent one."

"Making drastic actions on the emergency state we are facing now is the way to fulfil (Hashimoto's) political responsibility," Inaba said.

Opposition parties condemned Hashimoto's decision and threatened a no-confidence motion.

"Approving of the Prime Minister like him would mean he does not need to take responsibility for whatever he does," democratic party of Japan leader Kan Naoto was quoted as saying by Jiji Press.

Tetsuzo Fuyushiba of the lower house ally, the good governance party and the democratic reform party, was quoted as saying by the news agency that Hashimoto "gulped down bureaucrats demand."

Defence spending risks budget control efforts of GCC states

ABU DHABI, Apr 10: Efforts by Gulf Arab states to control their budget deficits are at risk because of high defence spending and growing development needs, against the backdrop of low oil prices, economists said yesterday, reports AFP.

The situation could be aggravated this year if oil prices remain as low as 14 dollars a barrel since most members of the six-nation Gulf Cooperation Council (GCC) have planned higher expenditure, they said.

"Recalling their statements over the past years, GCC governments have planned to eliminate the budget deficit by the year 2000. But we are now in 1998 and the deficit has only been slightly cut," a Gulf economist said.

"The reason is that they can not make large spending cuts because this will harm growth. The factors putting pressure on the budgets are the high percentage of defence spending and their growing populations."

Figures provided by the Cairo-based Arab League show military and security expenditure has sapped more than a quarter of the income of the six-nation Gulf alliance over the past six years.

Iraq's invasion of Kuwait in 1990 and its threats against the other GCC countries triggered the plans by the economic, political and defence group to bolster their armies at a time when

they were already dishing out more than five per cent of their gross domestic product on the military sector.

Defence experts said allocations for arms purchases could be reduced in future but large funds would still be spent on maintenance of weapons, training, and the expanding armies and military installations.

"The deficit in the GCC budgets was sharply trimmed in 1996 and 1997 but this was mainly due to a surge in oil prices," an economic expert said.

"Unless there are major spending cuts this year, the shortfall could soar because of weak oil prices and the absence of other major income sources."

GCC states - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates - do not publish figures on defence expenditure although they give budget breakdowns for other sectors.

But high military outgoings and increased development allocations for their growing populations pending.

In 1996 when oil prices surged to an average 20.2 dollars a barrel, Saudi Arabia overshot projected expenditure by more than eight billion dollars.

GCC states, which control nearly 45 per cent of the world's proven oil wealth, have repeatedly underlined the need to bol-

ster their defence capabilities despite financial difficulties.

They have spent more than 50 billion dollars over the past six years on advanced western weapons, although they are in dire need of liquidity to fund development projects, mainly manpower, health, education and other fields.

Gulf officials have said defence allocations would not affect development and growth, but several projects have been shelved while allocations for non-military sectors have been reduced.

That explains a sharp slowdown in their economies during the three years that followed the 1990-1991 Gulf crisis. In real terms, the economies of Saudi Arabia and some other members recorded negative growth.

The six GCC members have also tried to replenish international cash reserves drained by low oil prices and heavy payments for the Gulf War and financial aid for Iraq during its 1980-1988 war against Iran.

The reserves are below half their level of around 25 billion dollars in the early 1980s. In Saudi Arabia, by far the biggest GCC member, they are still sharply fluctuating because of its failure to control spending.

"In such a situation, I don't think GCC states will be able to issue a balanced budget in the near future," an expert said.

Indian state bank employees work 161 days a year

NEW DELHI, Apr 10: Indian state bank staff work less than one day in two on average, a trade body revealed in remarks published today, says AFP.

The figures announced by the All India Association of Industries (AIAI) coincided with another public holiday - the third in a row this week with a fourth due next week.

The AIAI, quoted by the Indian Express, said employees in state-run banks worked 161 days a year.

Workers it said benefited from weekend 30 days holiday, sick leave, 12 days of 'casual leave' allowed to Indian workers in case of emergencies - and more than 20 public holidays as well as a handful of special days off granted by banks.

"In April alone public sector banks will be closed for six government holidays in addition to the four Saturdays when they work for half-day and four Sundays" the AIAI said.

That would cost them more than 250 million dollars.

Indian government offices and banks were closed on April 8 for the Muslim festival Eid, on April 9 for the birthday of Mahavir Jain, a leader of the Jain religious community and on April 10 for Good Friday.

They will also close on April 14 for the birthday of an Indian political leader who helped frame the Indian constitution.

"Banking unions, however, said they should not be singled out."

They argued in a statement "it is not the bank employee alone who are enjoying the holidays even industry is enjoying holidays on many of these days."

Many foreign companies and investors according to the AIAI, have cited "the large number of holidays discouraging foreign investment and domestic industry feels that banking holidays will have a cumulative effect on the economy."

The industry body said if the public sector banks want to remain in business they would have to cut down on the number holidays.

Indonesian economy to start recovery by year-end

JAKARTA, Apr 10: Indonesia's economy will shrink by five per cent in 1998 but a newly-signed reform package will help it start recovery by the end of the year, the government said Friday, reports AP.

Ginandjar Kartasasmita, the top economic minister, released details of a fresh agreement with the International Monetary Fund designed to lift the suspension of a 43 billion dollar bailout.

The broad programme features privatisation of some state assets and the abolition of restrictions on foreign ownership of banks. The deal with the IMF was struck on Wednesday after three weeks of negotiations.

The bailout, which has faltered twice before, is needed to help get Indonesia out of severe economic trouble. It hinges on whether President Suharto is willing to push through reforms that will hurt the business interests of his family and associates.

Ginandjar said Indonesia was now willing to endure the tough structural changes needed to haul the world's fourth most populous nation out of economic ruin.

"If this programme is fully implemented, we believe our economy will improve gradually,"

China needs reform to avoid financial crisis, says WB

BEIJING, Apr 10: China may have avoided the worst of the Asian financial crisis, but it needs to boost demand and carry out wide-ranging reforms if it is to remain immune, World Bank officials said Friday, reports AP.

The World Bank has pledged to help support China's growth-inducing economic policies and counsel Beijing on how to make banks and other institutions sound enough to prevent a similar financial crisis.

Jean-Michel Severino, World Bank vice-president for East Asia and the Pacific, said the bank strongly supported China's plans to slash government bureaucracy by half and increase domestic investment by up to 15 per cent this year to help stimulate economic growth.

Severino cited plans to encourage private home ownership and invest in road-building and other infrastructure projects as useful steps toward stimulating consumption.

The government is going in exactly the right direction," he said. "We are very encouraged by what is happening here."

Severino said that his own data did not show any appreciable impact from the crisis on China's exports and foreign investment.

But he was reluctant to speculate on the prospects for attaining the government's economic growth target of eight per cent this year.

Economists consider that level the minimum required to create jobs for millions of workers being laid off due to reforms in the state sector.

"The financial crisis may be stabilising, but the economic crisis is still there," Severino said. "I would not bet my life on

any number. ... The bottom line is we are in a very unstable situation."

The World Bank has spent 29 billion dollars in China to date and has pledged 2.5 billion dollars in loans to China this year to support capital spending and various infrastructure and poverty fighting programmes.

Severino said Beijing should draw lessons from the experiences of its neighbors and put more resources into education and technology development to enhance competitiveness; make financial institutions more autonomous to prevent corruption and political meddling in investment decisions and ensure that the pace of liberalisation does not outstrip the ability of regulators to police financial markets.

In a report published late last year, the World Bank called the financial sector "the soft underbelly of China's reforms" and estimated that 20 per cent of the assets of the four main commercial banks were non-performing, giving them negative net worth.

Yukon Huang, director of the World Bank's programmes in China, said that China's ambition to build large conglomerates capable of competing in the world economy can only succeed if the right management decisions are made.

The World Bank is sponsoring seminars in China to share expertise on such issues, he said.

Huang said the bank was also considering ways to blunt the social impact of reforms of the government and state enterprises, such as the loss of jobs, pensions and health care traditionally provided by state companies and farms.



Phee Jung Sun, Regional Secretary of the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), exchanging views with BCF chief Kutubuddin Ahmed in the city yesterday.

Dollar falls sharply

TOKYO, Apr 10: The second day in a row of aggressive market intervention by the Bank of Japan on Friday pushed the US dollar sharply lower against the Japanese yen, reports AP.

The dollar bought 129.03 yen in late trading, down 3.11 yen from late Thursday in Tokyo and also well below its late New York rate of 131.19 yen overnight.

A Japanese monetary official, speaking on condition of anonymity, told Dow Jones Newswires that the central bank sold "several billion dollars" Friday.

It was the second consecutive day of BOJ intervention. In New York trading Thursday Japan's central bank sold between one billion dollars to two billion dollars in an attempt to stem the yen's recent decline against the dollar.

"The BOJ has been really

persistent," said Yasuhisa Morikuni, vice president of foreign exchange at Bank of America in Tokyo.

The BOJ appeared to sell at various levels, including 130.30 yen, the high 129-yen-level and the mid-128-yen-level, triggering stop-loss selling. The thinness of the pre-Easter market contributed to the size of the move.

At one point, the dollar fell to 127.40 yen, its lowest level since March 11, when it hit 127.09 yen. Before the BOJ intervened, the US currency had reached an intraday high of 131.40 yen.

Just one week ago the dollar hit a 6 1/2-year high of 135.2 yen.

Friday's bout of intervention came just one day after Japanese Prime Minister Ryutaro Hashimoto announced his nation's largest-ever economic stimulus package.

Exchange Rates

Following is the Friday's forex trading statement by Standard Chartered Bank, Dhaka.
Central Bank USD/BDT Rate: Buying-BDT46.15/Selling-BDT 46.45

Selling TT/OD	BC	Currency	Buying		
			TT Clean	OD Sight	OD Transfer
46.5100	46.5500	USD	46.1100	45.9350	45.8366
78.2298	78.2971	GBP	76.5426	76.2521	76.0888
25.7673	25.7895	DEM	25.2658	25.1699	25.0747
0.3662	0.3665	JPY	0.3547	0.3533	0.3526
30.9242	30.9508	CHF	30.2361	30.1213	29.9978
22.9113	22.9310	NLG	22.4380	22.3528	22.2724
29.5865	29.6120	SGD	28.8729	28.7633	28.6479
7.6497	7.6563	FRF	7.5282	7.4996	7.4799
32.8693	32.8975	CAD	32.1324	32.0105	31.8752
5.9324	5.9375	SEK	5.8293	5.8072	5.7926
30.9292	30.9558	AUD	29.6848	29.5821	29.3813
13.2131	13.2244	MYR	12.3952	12.3481	12.3316
6.0106	6.0158	HKD	5.9420	5.9195	5.9091
12.4692	12.4799	SAR	12.1984	12.1521	12.1357

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	Libor				
	Buying	Selling	1 Month	3 Months	6 Months
Cash	46.05				