

Kibria, Tofael to meet business leaders today

Finance Minister Shah AMS Kibria and Commerce and Industries Minister Tofael Ahmed will meet business leaders at FBCCI auditorium here at 11 am today, reports UNB.

They will exchange views with the leaders of Federation of Bangladesh Chamber of Commerce and Industries and business community on the proposed budget for 1998-99.

Kibria tells JS

Govt encourages micro-credit programmes

Finance Minister Shah A M S Kibria told the Jatiya Sangsad yesterday that the government encourages micro-credit programmes to promote self-employment for the educated unemployed youths, reports BSS.

The employment generation (Karma Sangsthan) bank, with a capital of Taka 50 crore, will commence operations within this month, the minister said in response to a call attention motion moved by Begum Tahura Ali (women seat-Jamuna and Sherpur).

The finance minister said the jobless youths would be provided with loan from this bank mortgaging their certificates for self-employment and this micro-credit programme have rapidly created opportunities for self-employment.

Plan to reconstruct Lalmonirhat airport, JS told

Civil Aviation and Tourism Minister Engineer Mosharrif Hossain told the Jatiya Sangsad yesterday that the government was considering to reconstruct the Lalmonirhat Airport for the use of private airlines, reports BSS.

Replying to a call attention notice of Jatiya Party legislator Golam Quader (Lalmonirhat), the minister said a project in this regard has been placed before the Planning Commission for approval.

He said a private airline has shown interest to operate its flights in this route.

Merchant banking course opens

Organised by the Credit Rating Information and Services Limited, the course was inaugurated by its Chairman Jamaluddin Ahmed at BSB Bhaban in the city on Sunday, says a press release.

The main objective of the course is to fill the vacuum of professionals in merchant banking.

Rupali Bank computer course opens

S M Moniam Hossain, Managing Director (Current charge) of Rupali Bank Ltd, inaugurated a training course on computer operation & Using Microsoft Word-1998 at Rupali Bank Training Institute yesterday.

The Managing Director emphasised the importance and necessity of computer technology in modern era.

Meghna Life launches Loko Bima project

State Minister for Information professor Abu Sayeed inaugurated a new insurance project — "Loko Bima" — of Meghna Life Insurance Company at its head office in the city recently, the firm said in a press statement.

President of Bangladesh Insurance Association Md Mayeedul Islam also attended the inaugural function as special guest.

Chairman of Meghna Life Insurance Nizam Uddin Ahmed presided over the function. Managing Director Mujib-ud-Daula and "Loko Bima" project Director Amiya Kanti Dasgupta also spoke on the occasion.

'Budget proposals amount to death of our businesses'
Old car dealers decry proposed duty hike, reduction in depreciation

Star Business Report

Bangladesh Reconditioned Vehicles Importers and Dealers Association (BARVIDA) yesterday demanded that the maximum depreciation allowed assessment of old or reconditioned cars continue to be at the rate of 60 per cent.

The finance minister in his budget speech proposed to bring down the rate to 40 per cent, a measure that would make these much costlier. Car importers and dealers said this amounted a death sentence to their business.

They also decry the increased supplementary duties on various types of vehicles,

which were proposed in the new budget.

Protesting the budget proposals, car dealers across the country have kept their shutters down since June 13.

BARVIDA leaders, appearing at a crowded press conference, demanded refixation of 20 per cent supplementary duty on 1000 CC vehicles, 30 per cent duty on 1350 CC vehicles and 40 per cent duty on 1600 CC vehicles.

They further said that the higher rates of duty would lead to a drastic decline in import of cars, which would mean a reduction in revenue earning

from this sector. "This will go down below Tk 200 crore from existing Tk 270-280 crore annually," BARVIDA president Abdul Haque said.

They argued that devaluation in the manufacturing countries should also be taken into account in fixing the maximum depreciation rate.

The BARVIDA leaders said they would not open their shops until their demands were met.

Haque said the import of cars from Japan would decrease substantially, widening the bilateral trade gap.

Other leaders of the association who were present at the conference include Nirmal Kanti Dev, Alhaj Nurul Absar, Alauddin Bhuiyan, Alhaj S M Ishaq, M H Sharif and S A Naser.

The car dealers also disagreed with the finance minister's contention that reconditioned cars were responsible for polluting environment. Haque said the cars imported from Japan had an anti-pollution device called Electronic Fuel Injection (EFI). "Therefore, there is no scope for polluting environment," retorted Arikul Islam, research secretary of BARVIDA.

"These type of cars are being imported by 77 countries of the world including Britain and New Zealand," he said.

They said that the finance minister proposed to lower duty on vehicles upto 1000 cc

whereas no car below 1331 CC was being imported from Japan.

"The most popular cars are between 1300 and 1600 CC, but these will now go beyond the reach of the middle class.

"The price of a 1300 CC Corona DX was Tk 3.40 to 3.50 lakh but now it will increase to around Tk 4.75 lakh. While a 1500 CC car was sold at between Tk 4.80 and 5 lakh, but now the price will shot up to 6 lakh," Haque said while explaining the impact of the proposed duty increases.

Importers stop taking delivery of cars at port

Meanwhile, Our Chittagong Correspondent says, reconditioned car importers kept their showrooms shut for the third consecutive day today to protest the increase in duties in the proposed budget for 1998-99 fiscal year.

They also refrained from taking delivery of imported vehicles from Chittagong port, port sources said.

The importers of reconditioned vehicles staged demonstration at around noon today in front of the port jetty Gate No 4 demanding reduction in duties immediately.

BARVIDA gave the call for an indefinite shutdown of their showrooms from Sunday protesting duty hike and reduction in depreciation rate on reconditioned vehicles.



President of Bangladesh Reconditioned Vehicles Importers and Dealers Association, Abdul Haque, addressing the press conference at a city hotel yesterday. — Star photo

Intel enters Bangladesh

Star Business Report

Intel Corporation, the world's largest computer chip manufacturer, formally made its entry into Bangladesh market yesterday through its two local distributors Flora Ltd and Daffodil Computers Ltd.

"Personal computers have become very important to people from all walks of life, and Intel technology is at the heart of most of these systems," said Intel's South Asia Director Atul Vijaykar, who made a presentation on the company's business to mark the launching.

"The population of South Asia is 20 per cent of world population. Whereas the density of computers in this region is 0.01," Vijaykar said, pointing at huge market potentials in the region.

He termed the proposed Bangladesh budget for 1998-99

a "progressive one" and said it would help growth of information technology, one of the country's main growth industries and areas of employment opportunities.

He, however, said illegal trade of computers should be eliminated.

Intel, the chip maker, is also a leading manufacturer of personal computer, networking and communication products.

Intel Semiconductor Ltd, the Hong Kong-based Asia-Pacific subsidiary, sells and markets microprocessors, platforms and communication products in Australia, Hong Kong, India, Indonesia, Malaysia, New Zealand, Pakistan, the Philippines, China, Singapore, South Korea, Taiwan, Thailand and Vietnam.

IMF is delaying cash payments to Pakistan

WASHINGTON, June 16: The International Monetary Fund is delaying cash payments to newly nuclear Pakistan while its experts weight the impact of economic sanctions, International Monetary sources said on Monday, reports Reuter.

The sources, who asked not to be identified, said an IMF team would travel to Islamabad soon to assess how the sanctions were hitting Pakistan's budget and already troubled economy.

"We are planning to send a mission as soon as possible to Pakistan for discussions with authorities," said one source. "Disbursements are subject

to completing this review. Until the review process is completed, no disbursements can be made."

By sending a new mission to Islamabad and extending the review period, the IMF is effectively bowing to pressure from its major shareholders and setting the stage for a lengthy delay in payments under Pakistan's existing 1.6 million dollar loan.

The IMF had expected to release an instalment at the end of June. But management had little choice but to put the loan on hold after sanctions imposed when India and Pakistan shocked the world last month with a series of nuclear tests.

Govt plans extensive sericulture cultivation in CHT

The government is planning to go for extensive sericulture cultivation in Chittagong Hill Tracts soon.

State Minister for Textiles, A K M Zahangir Hossain, who stayed in the hill districts for three days last week, told BSS yesterday that the region had vast opportunities to generate alternative employment through cultivation of mulberry trees and cocoons... The three and the cocoons are needed to produce silk yarn.

He said detailed projects will be submitted to the Special Affairs Division of the Prime Minister's office soon, the textile ministry will also mobilise

an unutilised fund of Taka one crore for implementing the projects, he said.

K M Zahangir said the weather is very congenial there and the boshtis (growers) are very enthusiastic to resume sericulture cultivation, which they gave up earlier due to shortage of seeds and cocoons (eggs).

The minister said growing of cocoons and cultivation of mulberries do not need huge capital, manpower and a longer period. It does not even require extra land and round the clock care. He said a cocoon becomes full bloomed within 23 days to produce silk yarn and there could be four harvests a year.

One cocoon can generate 6 to 7 hundred metres of silk yarn. The Sericulture Board is now trying to produce better quality cocoon eggs which can produce at least 1000 yards of silk yarn, the minister said.

He said the Sericulture Board will supply cocoons and mulberry trees to the growers of Chittagong Hill Tracts. Government is also planning to strengthen the activities of regional office of the Bangladesh Sericulture Board (BSB) in Rangamati and Bangladesh Sericulture Research Training Institute (BSRTI) regional centre at Chandragona, K M Zahangir said.

BIBM course on 'corporate planning' in banks ends

A 10-day training course on 'corporate planning in banks' was concluded at the Bangladesh Institute of Bank Management (BIBM) yesterday, says a press release.

The course aimed at familiarising the participants with the concept of corporate planning and developing skills for preparation and implementation.

Dr Muinul Islam, Director General of BIBM, presided over the concluding session of the course and gave away the certificates to the participants.

Participants were drawn from different banks and financial institutions.

The course contents, inter-alia, included techniques and formulation, strategic and tactical planning, goal-setting and performance measures and evaluation of corporate planning.

Md. Abu Bakar and Fahmida Chowdhury, BIBM faculty members, jointly worked as coordinators for the course.

Estrada plans to sell govt stake in PAL

MANILA, June 16: President-elect Joseph Estrada said Tuesday he plans to sell the government's stake in strike-ravaged Philippine Airlines, the country's flag carrier, reports AP.

The financially troubled airline announced Monday it will lay off 5,000 workers — nearly 40 per cent of its current 13,000-member workforce — in an effort to survive after a crippling pilots' strike.

The 12-day strike by more than 600 pilots has cost the company more than two billion pesos (50 million dollars), PAL said.

The airline was already in serious financial difficulties as a result of an ambitious redefining programme launched shortly before Asia's currency crisis reduced passenger numbers and inflated operating and loan repayment costs.

A PAL official said Tuesday it has decided to dispose of all but 14 of its 54 planes and suspend all orders of new planes as part of a retrenchment programme.

The airline met Monday with banks that together have a

loan exposure of 1.5 billion dollars to PAL and warned them of possible delays in repayments, Senior Vice President Avelino Zapata said.

The Philippine government totally owned PAL, Asia's first airline, until selling part of it in 1992. Its stake has since been diluted further because it did not acquire new shares when the airline's capitalisation was increased.

Estrada said Tuesday that the government's stake is now about 28 per cent.

"I plan to totally privatise it," Estrada said in a television interview.

Estrada, who takes office June 30, said one reason for selling the airline is that government representatives on PAL's board have abused perks from the airline, including fat allowances and free plane rides for them and their families.

The pilots' union went on strike June 5 to protest a new management policy of ordering pilots to retire who have reached 20 years of service or flown 20,000 hours, regardless of age.

G-7 can stabilise yen, says WB official

MELBOURNE, June 16: It will be up to the Group of Seven leading industrialised nations to stabilise the tumbling Japanese yen, a critical factor for any economic recover in Asia, a senior official of the World Bank said Tuesday, reports AP.

Jean-Michel Severino, the World Bank's Vice President for East Asia and the Pacific, said the G-7 had a lot of experience in formulating currency stabilisation plans, and that supporting currencies was a common element.

"I think it's in this group (G-7) that the key solutions are lying," Severino said at a conference of Asian region business and economic leaders.

But the Japanese government must also present a "consistent and coherent" approach to solving its own problems if any international stabilisation plan is to work, he said.

Speaking at the Australia Summit, Severino said now was a critical time for the management of the Asian economic crisis, with the outcome delicately balanced.

"We have one crisis behind us and we have entered a period of deep and probably long-lasting depression (in east Asia)," he said.

"Growth rates for the region in 1998 will be in the range of minus-two to minus-15 per cent and the prospects for 1999 are gloomy as well."

He said the crisis had cost

the five countries most affected — Thailand, the Philippines, Malaysia, Indonesia and Korea — an amount equivalent to around 80 per cent of their gross domestic product through the withdrawal of credits and capital outflows.

Additionally, the collapse of regional stock exchanges and massive drops in exchange rates had had an enormous impact on individual wealth.

Perhaps the most disturbing aspect was that depression was taking place in virtually all of the region at the same time.

"The depression is being exported from one country to the other and everybody is going down at the same time," he said.

"Regional trade, which makes up 50 per cent of the total exports of the region has halved since last year."

"Finding a way to bring the whole region up at the same time is probably the most critical question we have to ask ourselves."

Also at the summit, Thailand's Deputy Prime Minister Dr. Supachai Panitchpakdi warned of dire worldwide consequences if the Japanese currency could not be stabilised.

"If the yen dropped with no bottom a second Asian crisis would take place," Supachai told reporters. "That in turn could lead to a world recession."

"The whole world should pay more attention to the Japanese problem."

Yen jumps against dollar

TOKYO, June 16: The Japanese currency jumped against the dollar today climbing above the 143-yen level, to 142.35 shortly after 11:30 am (02:30 GMT), dealers said, reports AFP.

"Sellers are likely to be speculators who had built long (dollar) positions, rather than one particular investor, said a dealer at Sanwa Bank."

"The dollar had stayed at high levels recently, and there has been market wariness," he said.

Most dealers dismissed the possibility the Bank of Japan had intervened to buy yen.

But a dealer at a European Bank said: "I cannot think of any special reason for the sudden fall."

The currency soared 4.3 yen from its trading level of 146.65-67 yen two hours earlier.

For the past week the yen has been in a fast downward slide against the dollar as the economic crisis in the world's second largest economy deepened.

Japanese government officials admitted today they were feeling the heat from the rest of Asia, which is haunted by the specter of another round of currency devaluations sparked by the yen's fall.

Chief Cabinet Secretary Kanezo Muraoka admitted he had heard "remarks from the European Union, China and other nations calling for a correction in the weak yen."

"We are strongly concerned about the yen's excessive fall, and will cope with the issue appropriately with cooperation from other countries," Muraoka told a news conference.

Tokyo's chief economic planner Koji Omi admitted the yen was causing pain across Asia, where stock markets have tumbled in the past week.

"Considering the psychological impact and Asian economies' situations, the yen's excessive weakness is not favourable for the Japanese economy or the world economy," he said.

China won't devalue yuan, calls for stabilising yen

BEIJING, June 16: China expressed deep concern Tuesday about the pressure imposed on Asian economies by the weak Japanese yen, but said it would not devalue its own currency in response, says AP.

Foreign Ministry spokesman Zhu Bangzao said quick action to halt the yen's slump was needed to help Asian economies recover from the region's nearly year-long financial upheaval.

But while urging Japan and other countries which he did not name to stabilize the yen, Zhu indicated that China has no plans to devalue its currency, the yuan, also known as the renminbi, or RMB for short.

"The international balance of payments in China is in good shape and the RMB will remain stable," he said at a twice-weekly briefing for reporters.

China's decision not to devalue its currency has been widely praised for keeping battered Asian economies from sinking further. China has used its decision not to devalue, despite pressures on its economy, to project itself as a responsible partner in the global market.

"In stabilizing the financial crisis, China has made tremendous contributions. China has taken risks and paid prices," Zhu said.

China's central bank governor, Di Xianglong, also has criticized Japan for not stabilizing the yen, and the bank's newspaper, the Financial News, on Monday blamed both the United States and Japan for allowing "the yen to depreciate without making any efforts" to stabilize it.

Zhu stopped short from openly blaming Tokyo or Washington but said China hoped Japan and "relevant countries" will "strengthen cooperation to prevent an escalation of the situation."

Japan is a major Chinese trading partner and investor. The weaker yen is likely to make it tougher for China to attract Japanese investment.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients.

Currency	Selling TT & OD	Buying TT Clean	Selling BC	Buying OD Sight	Buying TT & OD
USD	46.5050	46.1100	46.5450	45.9570	45.8850
GBP	76.5240	75.3207	76.5886	75.0708	74.9531
DEM	25.941	25.570	25.9564	25.4722	25.4323
JPY	0.3248	0.3195	0.3250	0.3185	0.3180
FRF	7.7751	7.562	7.7818	7.5311	7.5193
SAR	12.4302	12.2574	12.4409	12.2168	12.1976
MYR	11.4052	11.3641	11.4996	11.3264	11.2801
AED	12.6969	12.5193	12.7078	12.4778	12.4583
KWD	156.3193	145.1826	156.4538	144.7009	144.4742
QAR	12.8120	12.6301	12.8230	12.5882	12.5665

Bill buying rates:

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
46.0112	45.7258	45.3415	44.9573	44.5730	43.8045

US dollar London Interbank Offered Rate (LIBOR) as of June 7, 1998

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months	
Cash	45.8850	46.5050	USD	5.6525	5.8875	5.71875	5.75	5.78125
T/C	45.8850	46.5050	GBP	7.5625	7.8875	7.8875	7.8875	7.8875

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.27042/295	44.42/44.41	43.20/43.30	4.0475/4.0578	15050/15250	1428/1435

Amex notes on Tuesday's market
The local interbank foreign exchange market was moderately active. US dollar demand was moderate in the market. USD/BDT traded mostly within a range of 46.4530 to 46.4650.

The call money market was active as call rates reached 22%. Shortage of liquidity and absence of one of the major lenders has driven the rate up. Average call rates ranged between 13% and 22%.

The dollar fell as low as 142.40 yen in the morning, triggered by the sales of US funds and increased caution about dollars recent gains against the yen. Rumors about Moody's Investors Services downgrading the sovereign debt of Japan proved to be false as one of their spokespersons denied any such plans.

As there was no intervention from the Bank of Japan, USD soon resumed its gain against the yen and closed at 146.08/16 in New York Monday.

Dealers predict that the Japanese economy is unlikely to come out of the slump soon, so USD would stay strong against the yen. USD recovered to 146 in roller-coaster Tokyo trade in before Tokyo closed, caused by the fall in Tokyo stock index. GBP/DEM was above 2.96 after strong RPI report and expectations of UK interest rates may rise. GBP/DEM traded at 2.9585/90. GBP weakened against USD and was trading at 1.6452/62. DEM weakened against USD and closed at 1.8080/90 in New York.

At 1900 local time in the international market the USD traded at 1.7988/93 DEM, 144.27/32 JPY, 6.0320/30 FRF, 1.4981/86 CHF, and GBP at 1.6478/83 USD.

Japan to freeze Serbian funds, halt investment

TOKYO, June 16: Japan said Tuesday it will halt investment to Serbia to help efforts to persuade the Yugoslav and Serbian governments to end their crackdown on ethnic Albanian separatists in the province of Kosovo, reports AP.

Tokyo will also freeze funds held in Japan by the governments to bolster those efforts, said Kanezo Muraoka, Japan's chief government spokesman.

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