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# The Daily Star BUSINESS

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## Cement, CI sheet dealers blast budget

From Our Correspondent

KUSHTIA, June 19: Cement and CI sheet dealers in the district criticised the proposed 1998-99 budget for expanding VAT net to the building materials at retail level.

The dealers demanded withdrawal of the proposed VAT on these items.

Besides owners of motorised vehicles reacted to the proposed increase in yearly road taxes on vehicles.

Vehicles drivers blasted the proposed budget as driving license renewal fees increased in it.

Bijoy Kumar Kejriwal, President, Kushtia Chamber of Commerce and Industry, criticised the expansion of VAT net to retail level of cement and CI sheet.

## China welcomes US intervention to stem yen slide

From Our Correspondent

BEIJING, June 19: China on Thursday welcomed US intervention to stem the slide of the yen and urged further action to stabilise markets in the Asian region, while reasserting it would not devalue the yuan, reports AFP.

"This intervention was necessary and we welcome it," foreign ministry spokesman Zhu Bangzao told a regular media briefing.

The devaluation of the Japanese yen has had an outstanding adverse influence on the Chinese economy... but we are still committed not to devalue the renminbi (Yuan)," Zhu said.

Faced with growing pressure on the yuan in recent days, China's Finance Minister and other top officials have publicly voiced concerns that China might be forced into an eventual devaluation, despite Beijing's pledge to maintain its exchange rates.

The head of China's central bank, Dai Xianglong, has led a torrent of calls from Beijing for Tokyo to take action to bolster the yen.

His reaction to the intervention was equally positive.

"We are glad to see that the exchange rate of the Japanese yen is picking up," Dai was quoted by Xinhua news agency as telling a Beijing conference.

The head of the people's bank of China reaffirmed the yuan would not be devalued, saying "it's unnecessary to do that," the report said.

## Japan is still world's biggest overseas aid donor

From Our Correspondent

TOKYO, June 19: Japan kept its place as the world's biggest overseas aid donor for the seventh year in a row in 1997, despite a slight decline in the figures, government officials said today, reports AFP.

Japan's Official Development Assistance fell by 0.9 per cent from the previous year, a foreign ministry official said, citing OECD data.

The United States, the second largest donor in 1996, fell to third place, with its net contribution falling 34.2 per cent, the statistics showed.

The decline was mainly due to the exclusion of US aid to Israel from Washington's total overseas assistance as Israel is no longer designated as an overseas development aid recipient nation.

French overseas aid rose 14.8 per cent from a year before to 6.348 billion dollars, snatching second place from the United States, according to Organisation for Economic Co-operation and Development figures.

Germany was placed fourth with 5.913 billion dollars with Britain fifth with 3.371 billion dollars.

## Russia to seek \$10b aid from IMF

From Our Correspondent

MOSCOW, June 19: Finance Minister Mikhail Zadornov confirmed yesterday that Russia would start talks with the IMF next week on a new financial aid package of at least 10 billion dollars, reports AFP.

Zadornov told a press conference that an International Monetary Fund mission due to arrive in Moscow on Monday would sit down with government officials to thrash out the terms and conditions of a new loan, in which both international financial organisations and private market operators would participate.

"From Monday we will start talks on an additional financial help," Zadornov said. "The volume of this aid must not be less than 10 billion dollars. Participants will be not only international financial organisation but financial markets."

Zadornov was speaking after Russia's new financial ambassador to the global financial community Anatoly Chuabais said Moscow needed 10-15 billion dollars to stabilise jitters markets and ease the pressure on the rouble.

## First ten months of current FY

# Major items fail to reach export target

By Govinda Shil

Merchandise exports of Bangladesh grew by 16.75 per cent and fetched Tk 18,846 crore during the first ten months of the current fiscal year, according to the latest statistics of the Export Promotion Bureau.

The exporters, however, failed to reach their target of 4,183.33 million US dollars during the period and they actually received 4,173 million dollars.

But the exporters fulfilled their target in terms of taka as the devaluation of the currency helped the country gain the targeted export revenue. In taka, the export target was fixed at 18,825 crore for July-April period.

Major export items like, knitwear and hosiery products, raw jute and jute goods, frozen

foods and leather fell short of target during the period.

The government set target for knitwear and hosiery products was Tk 3,698 crore while they earned Tk 3,337 crore. For frozen foods, the target was Tk 1204 crore while it received Tk 1105 crore from exports.

Raw jute fetched Tk 419 crore against its set target of Tk 469 crore. Jute goods received Tk 1038 crore against its target of Tk 1155 crore.

Only the readymade garment surpassed the target by Tk 989 crore. It received Tk 10,395 crore against its target of Tk 9406 crore.

Export Promotion Bureau Vice Chairman Faisal Ahmed Chowdhury is hopeful about achieving the overall export target at the end of this financial year.

He told The Daily Star that the country's export basket was heavily dependent on RMG from where we needed a shift.

"We need to diversify our export items," he said, and added that traditional items should go for high value adding products. He said fashion garmentweaves and leather products might help exporters receive more orders in the international market.

The country's 36.93 per cent export revenue came from the US market which imported 1541 million US dollars worth of Bangladeshi products during the period.

The US buyers imported readymade garments worth about 1155 million dollars, frozen shrimp worth 124 million dollars, and knitweaves valued at 169 million dollars.

## Tk 80 cr BRDB micro-credit for the rural poor

Star Business Report

"Rural Bittahen Programme" of Bangladesh Rural Development Board has set a target to disburse Tk 80 crore as micro-credit among the rural poor during the next financial year 1998-99.

This was disclosed at the project steering committee meeting held in the city recently with Syed Marghub Mursheed, Secretary of Rural Development and Cooperative Division in the chair.

The Director-General of BRDB, Mufazzel Hossain, the Chief of CIDA for Bangladesh, John Moore and other high officials of Bangladesh government and CIDA were present on the occasion.

At the meeting, the project activities of the current financial year was discussed and the proposed work plan of the next financial year was approved, says a press release.

About 16915 Bittahen Samabaya Samity with 474824 members have been formed under the project. Since inception of the project, an amount of Tk 40680.00 lakh has been disbursed as micro-credit to 352547 members of assetless families for income generating activities like beef fattening, pisciculture, mat making, tailoring, nurseries, irrigation pump machines, small trading, rickshaw van pulling, paddy husking, pottery, handicraft, can & bamboo industries and many other innovative income generating activities.

Apart from providing credit, about 87138 members have been trained in the field of social development and various income-generating activities.

About 90626 members received skill development training and over 98680 received training on awareness development leadership and cooperative management.

The members of this project have accumulated an amount of Tk 3753.00 lakh as their own capital through weekly savings and purchase of shares since inception.

## 2 new varieties of mustard developed

From Our Correspondent

MAGURA, June 19: Bangladesh Institute of Nuclear Agriculture (BINA) has developed two new high yielding varieties of mustard, BINA Sarisha-3 and BINA Sarisha-4, official sources here said.

According to the sources, the new varieties are able to tolerate water-logging and prevent ultermia disease.

The life cycle of BINA Sarisha-3 is 85 to 88 days and BINA Sarisha-4 is 80 to 82 days.

About 1.8 tonnes and 1.6 tonnes of mustard are likely to be produced per hectare of land with the cultivation of BINA Sarisha-4 and BINA Sarisha-3 respectively, the sources added.

## 2-month ETDA course ends

From Our Correspondent

KUSHTIA, Jun 19: A two-month training course on stitching, tailoring and embroidery conducted by Employment and Technology Development Agency (ETDA) was concluded at Daulatpur thana recently.

The course was completed with the help of Female Secondary School Assistant Project of Education Ministry.

A total of 40 dropped out female students took part in the course.

The concluding session presided over by TNO, Daulatpur, was attended by Ahsanul Huq Molla, MP, as chief guest and Nasrudin, Assistant Director, Female Secondary School Assistant Project (FSSAP), Dhaka, as special guest. Sewing machines and certificates were distributed among the participants of the course.

## 33 govts sign telecom emergency pact

TAMPERE, Finland, June 19: Representatives from 33 governments signed a pact on Thursday to streamline customs procedures for importing essential telecommunications equipment, like mobile phones, to sites of disasters and accidents, reports AP.

The aim is to save lives by saving time.

"This convention is absolutely essential to emergency operations," said Larry Roeder, head of the US delegation. "It's a partnership, a team effort to save lives."

Rescue work is often hampered by red tape at national borders, delaying aid teams reaching accident spots.

"The importance of the convention is that it allows us and nongovernmental organizations to freely move telecommunications equipment across borders," said John Rushby from the UN High Commissioner for Refugees. "It will ease the work on the ground."

In addition to those who signed the agreement in Tampere, 170 kilometres (105 miles) north of Helsinki, dozens more countries pledged their commitment but did not have the

authority to sign, said Finnish Development Aid Minister Pekka Haavisto.

"We consider this agreement a major breakthrough in international rescue work and 33 signatories is a good start," Haavisto said.

The United States was expected to sign the convention by the next UN General Assembly scheduled this fall, said Roeder from the State Department.

The agreement, hammered out at a three-day meeting that ended on Thursday, has to be ratified by signatories before it becomes legally binding. However, many nations were expected to adopt the guidelines immediately.

"We are in a cyclone area, and see nothing but good in this agreement," said Chelsea Denny from the Ministry for Telecommunications in Brabados. "Our government will definitely sign it."

Since 1970, floods, earthquakes, hurricanes and other disasters have caused damage estimated at 120 billion dollars, killing an average of 100,000 people a year as well as leaving millions homeless, relief agencies said.

## India, Nepal agree to fight smuggling

NEW DELHI, June 19: India and Nepal agreed on Thursday to jointly combat terrorism, smuggling and drug trafficking, an official said, reports AFP.

The official said the decision was taken at a meeting of Home Secretaries of both the nations held here.

"It was also agreed that territories of both nations would not be allowed to be used for activities targeted against each other," the officials said.

India's northwestern states, where militants have been fighting for a separate homeland for decades, border Nepal, the Indian spokesman said.

Most of the militant group had setup bases in Nepal and Bhutan after a crackdown by Bangladesh.

"Both sides also agreed to enhance bilateral cooperation in the field of training of police, immigration and civil aviation security officials," he said.

## Oil seed farming gaining popularity in Magura

From Our Correspondent

MAGURA, June 19: Oil seed cultivation is gaining popularity in the district.

According to the Agriculture Extension Department (AED), oil seeds like teel, sunflower, sarisha, tishi have been cultivated in several hundred acres of land in different areas of the district.

The farmers in Sripur thana and its adjoining areas have shown keen interest to cultivate teel.

During the last season, farmers cultivated sunflower, sarisha and tishi largely and saw increased rate of production, the sources added.

## WB approves \$300m loan for Malaysia

WASHINGTON, June 19: The World Bank approved a 300 million dollar loan on Thursday to Malaysia to help stimulate its faltering economy and deal with the social consequences of the financial crisis in Asia, says AP.

A statement by the bank said the loan would provide the Malaysian government "with the necessary budget flexibility to maintain spending on social sectors—namely education and health—while increasing spending on targeted programs for the poor in rural and urban areas."

The bank's director for Malaysia, Ngozi Okonjo-Iweala, said in the past few decades Malaysia had achieved substantial economic growth and poverty reduction.

"We want to help Malaysia protect those gains by improving economic conditions, stimulating growth, and extending assistance to those most vulnerable to the effects of the regional economic crisis," he said.

Unlike several of its neighbors, Malaysia has not needed to ask the International Monetary Fund for a rescue package but its currency, the ringgit, is feeling the effects of the crisis that hit Thailand, Indonesia and South Korea last year.

Analysts say Malaysia is applying the economic tough economic austerity measures to its economy that the IMF has ordered for these three countries.

The loan is the first by the bank for Malaysia in four years. Malaysia is expected to seek another 700 million dollars credit from the bank before the end of the year.

## China makes fresh proposal for WTO membership

BEIJING, June 19: US Trade Representative Charlene Barshefsky, met with her Chinese counterpart Friday, hoping to reach agreement on terms for China's membership in the World Trade Organisation before President Clinton's trip to China next week, reports AP.

The talks came after China submitted a fresh proposal that offers foreign companies increased access to China's service sector, allowing more foreign competition in the mainland's tightly controlled financial industry, telecommunications and legal and accounting professions.

A Chinese official described the offer as "very comprehensive."

Officials on both sides said they wanted to have an agreement set by the time Clinton arrives next Friday. A WTO accord would round out a summit conspicuously lacking in substantive agreements. However, a breakthrough appeared unlikely.

"We have substantial concerns with regard to the proposal, which the Chinese have submitted," said Jay Ziegler, USTR spokesman.

Barshefsky met Friday afternoon with Foreign Trade Minister Shi Guangsheng to discuss how quickly key differences could be narrowed.

In addition to unresolved "technical" issues, China and the United States disagree over the general pace of liberalization.

## Yen rises in Tokyo, stable in London, but falls in New York

TOKYO, June 19: The US dollar fell against the yen here on Friday, reports AP.

In late afternoon, the dollar bought 134.97 yen, down 1.19 yen from late Thursday in Tokyo and also below its late New York rate of 137.83 yen overnight.

Ryuichi Takami, assistant manager of the treasury department with Sanwa Bank, said both Japanese and foreign speculators aggressively bought the yen late Friday afternoon, pushing the dollar lower.

For much of Friday's trading, the dollar remained in a narrow range as players avoided from making significant moves prior to the weekend meeting of deputy finance ministers and central bankers from the Group of Seven industrialized nations.

Finance officials from other Asian nations will also attend the Tokyo meeting to discuss ways of stabilizing local currencies and economies in the region.

"Whatever they say or don't say will drastically affect equity, currency and bond markets Monday," said Geoffrey Bennett, a senior salesman at ING Barings.

US Deputy treasury secretary Lawrence Summers met with Bank of Japan Governor Masaru Hayami on Friday morning, and Hayami told him that writing off the pile of bad debts held by Japanese banks is

vital to revitalizing Japan's sagging economy.

Meanwhile, the dollar rose against the Japanese yen in New York on Thursday as traders recovered from the previous day's coordinated intervention that sent the US currency reeling.

The dollar also rose against the German mark as problems resurfaced with Russia, one of Germany's main banking partners.

The dollar rose to 137.83 yen in late New York trading on Thursday, from with 136.37 yen on Wednesday. The dollar also was changing hands at 1.7948 German marks, up from 1.7860.

On Wednesday, the Clinton administration ventured into foreign exchange markets for the first time to aid Japan's ailing currency and recessionary economy.

Traders estimated the two countries sold two billion dollars each to buy yen, pushing the dollar down by 4.8 percent. The dollar was trading at 143.47 yen late Tuesday after nearly hitting an eight-year high this week.

The dollar's rise on Thursday, however, was capped by fears of further intervention; dealers said a momentary decline occurred while the US Federal Reserve was checking exchange rates, a precursor to intervention.

Dealers also were aware that Deputy Treasury Secretary

Lawrence Summers, New York Fed Chairman William McDonough and Japanese officials were meeting in Japan.

Meanwhile, International Monetary Fund officials said Russia needed to take further steps to uplift its sagging markets and economy. The IMF also put off cobbling together a bailout package for Russia, which caused dealers to drop the mark and buy dollars for safety.

Other late dollar rates in New York, compared with late Wednesday: 1.4976 Swiss francs, up from 1.4890; 6.0155 French francs, up from 5.9885; 1.769.49 Italian lire, up from 1.759.65; and 1.4700 Canadian dollars, up from 1.4607.

The British pound rose to 1.6728 dollars, up from 1.6689 dollars.

An AFP report from London says: The yen was stable against the dollar early Thursday afternoon on the London Forex Market as operators waited for the result of a trip to Tokyo by senior US Treasury Official Lawrence Summers, but the Japanese currency firmed against leading European currencies.

The dollar was trading in early afternoon at 136.70 yen against 136.66 in the morning, 136.93 late Wednesday in New York and 137.65 yen in London Wednesday evening.



Motorists take a nap in front of a sale cloth shop while waiting for customers in downtown Bangkok on Thursday. To survive economic crisis, shop owners have attracted buyers with amazing sale reduction. —AP/UNB photo

# Japan prepares to tell world how it will fix economy

By Todd Zaun, AP writer

TOKYO, June 19: Under intense pressure following a US move to put up the plunging yen, Japanese leaders scrambled on Thursday to explain how they plan to bring the world's second biggest economy out of its deepest recession in 50 years.

Prime Minister Ryutaro Hashimoto, in an hour-long nationally televised news conference, said the nation's economic health would improve after the government implements its latest stimulus plan.

He also pledged that his government would come up with a plan to clean up the problems of bad loans at the nation's banks.

Declining financial markets severely discouraged consumers, Hashimoto said conceding that his government's decision to raise the nation's tax last year had hurt the

economy. "Japan has fallen into a state of excessive lack of confidence," Hashimoto said. "These are very hard times."

The prime minister made the comments just hours before a group of US finance officials was scheduled to arrive in Tokyo.

The delegation, headed by Deputy Treasury Secretary Lawrence Summers, was to attend a series of private talks with Japanese leaders, and a broader meeting of international finance officials was set for Saturday.

On Wednesday, the United States joined Japan in intervening in currency markets to support the sinking yen.

The dollar sales pushed the US currency down more than five yen from its previous day's level in Tokyo, a drop of 3.6 per

cent. In late Tokyo trading on Thursday, one dollar bought 136.88 yen compared with 142.00 yen late Wednesday.

The dollar's decline took some of the pressure off Asia's troubled economies, where it was feared excessive yen weakness could deepen the region's currency crisis.

But the problems that first drove the yen lower remained unresolved. In the eight years since Japan's high-growth economy ground to a halt, the troubles in the nation's financial and real estate sectors have only worsened.

In meetings scheduled for Friday and Saturday, Japan is expected to outline for international finance officials its plans for finally cleaning up the mountain of bad loans at the nation's banks.

Hashimoto said repeatedly during his news conference that "bad debts must be cleared from the banks' balance sheets," although he offered no concrete proposals.

Finance Minister Hikaru Matsunaga said on Thursday that ministry officials and politicians are meeting to discuss measures for resolving the bad-loan problems and that he will explain them to Summers.

Politicians from Japan's governing Liberal Democratic Party have promised recently to draft legislation to fix the bank mess before and upper house election July 12.

Matsunaga, who was to meet with Summers on Friday, denied media reports here that Japan had promised a permanent income tax cut in exchange for US support of the yen.

Hashimoto also avoided making any commitment to extending income tax cuts beyond next year. A one-time tax cut included in the government's 16 trillion yen (\$11.7 billion) economic stimulus plan has been criticized as unlikely to do much to boost the economy.

Japan's financial system is struggling with 77 trillion yen (\$ 562 billion) in bad loans, many left from the collapse of the real-estate market in the early 1990s.

"The important thing for Japan is to resolve the bad debt problem as early as possible," said Eisuke Sakakibara, a vice minister at the Finance Ministry who was scheduled to meet with Summers late Thursday.

The bad-loan problem has curtailed economic growth by making banks reluctant to make new loans to even healthy

companies. Japan announced last week that it economy was in recession, raising concerns that it would drive its trouble neighbours deeper into their own economic slumps.

Japan called for a meeting in Tokyo on Saturday of finance officials from around the world to discuss the Asian economic situation, Matsunaga said.

Finance officials from the Group of Seven, which includes Britain, Canada, France, Italy, Japan, Germany and the United States, are expected to attend along with as many as 22 senior officials from the "Manila Framework Group" of Asian countries. Representatives from the International Monetary Fund, the World Bank and the Asian Development Bank were also expected to attend.