

India's inflation rate touches 34-month high

NEW DELHI, July 26: India's inflation rate has touched a 34-month high of 8.08 per cent due to a huge increase in the price of vegetables and other food products, officials said, reports AFP.

A finance ministry spokesman said the annual rate is the highest since November 1995 when the figure touched 8.3 per cent.

The annual rate stood at 4.7 per cent at the end of July last year and later dropped to a 10-year low of 3.75 per cent in August.

The ministry spokesman said a 72 per cent increase in the price of vegetables since April had fuelled the spurt.

Prices of other food products also rose by 13 per cent in the past three months while onion and potato — the staple food of most Indians — had risen 116 per cent in the past month.

The official said prices of some non-food items also rose marginally while the index for fuel, power, lubricants, textiles, rubber and plastic declined slightly.

Economists attributed the inflation rate, which is measured by the wholesale price index with 1981 as a base for calculation, to poor demand in the economy.

India's economic growth for the year to March 1998 fell to five per cent after three years of seven per cent average growth.

Analysts say lack of reforms in the agriculture sector and the government restrictions on the sale of agricultural commodities have resulted in a shortage.

A lacklustre budget by India's current coalition government, led by the right-wing Hindu nationalists, has also contributed to higher inflation. It depressed stockmarkets and the rupee as confidence slumped.

Finance Minister Yashwant Sinha did a u-turn in his budget last month by cutting the eight per cent increase in import duties to four per cent.

The cuts in import levies were forced on the government after fears they would fuel inflation and reduce the competitiveness of exporters using imported raw materials.

Some economists have predicted that inflation would rise by 2.5 percentage points because of the import duty plan.

PAL reaches accord with striking workers

MANILA, July 26: Striking ground personnel at financially troubled Philippine Airlines agreed to return to work on Sunday after the company said it would reinstate 1,800 union members laid off during an earlier strike by the airline's pilots, reports AP.

The ground crew union agreed, however, on the need for retrenchments to save the airline, and both sides accepted guidelines on how it should be done, officials said.

"We are very pleased," PAL executive vice president Manolo Aquino said. "This demonstrates the union's support for the airline's rehabilitation and to ensure the success of the rehabilitation plan."

PAL had laid off 5,000 of its nearly 14,000 workers as part of a massive retrenchment programme triggered by the 22-day pilots' strike last month.

All 1,800 returning workers will be members of the ground crew union, union president Alex Barrientos said. They will also have the option of early retirement with full benefits, he said.

Government labour officials said they have begun mediating with PAL's third union, for flight attendants, over a similar settlement.

The strike, which began last Wednesday, came as foreign ministers from the Association of Southeast Asian Nations were arriving in Manila for annual meetings. They are being joined on Sunday by Cabinet officials from 10 other countries, including the United States, Japan, China and Europe.

The pilots' walkout was a devastating blow to the already deteriorating financial condition of the 57-year-old airline, Asia's oldest.

Vietnam plans to create 5m new jobs by 2000

HANOI, July 26: The Vietnamese government has approved a programme to create five million new jobs by 2000, an official said yesterday, reports AFP.

The programme approved on July 11 provides for vocational training to be given to one million people, the official from the national programme for job creation management board said.

About 550,000 workers are to get loans from the national fund for support of job creation, he said.

The official Vietnam News Daily said yesterday that according to the approved national goal programme on job creation 200, businesses and production facilities with many female and handicapped workers will receive loans to expand and create businesses.

About 230,000 people helped by the programme will have stable jobs this year though funded projects, the paper said.

Estimates show about eight million people will need work in Vietnam by 2000, it said.

Favourable policy regime but problems are power, ports and roads: EU envoy

Star Business Report

Ambassador Michael Drury, head of the EC mission in Dhaka, said yesterday that Bangladesh had the "most favourable foreign investment regime" in Asia but that poor infrastructure acted as the deterrent.

Drury told Foreign Chamber members that problems of power supply, surface communication and inefficient ports were putting Bangladesh behind others in the region.

He said the country was now better placed in terms of macro-economic stability and that its foreign exchange management gave it an upperhand over the tiger economies in East Asia, hit hard by the regional crisis.

"The Asian crisis could be seen as a window of opportunity for the government, opposition, bureaucracy, private sector and civil society to press for the badly-needed reforms," Drury said.

He observed that the banks were in a mess because of "debt culture" and that there was an acute energy crisis coupled with deficiency in the communication system. "No effort must be spared to lift these burdens off the shoulders of those who produce wealth through enterprise."

Drury also pointed out that the state must also support the private sector in improving the standard of industrial goods, particularly through joint ventures, funding feasibility studies, promote quality testing and protection of intellectual property. In this regard, he assured

of EC assistance for Bangladeshi businesses. Drury gave a lecture on "EU-Bangladesh trade and effect of the euro on the cross border financial transactions of Bangladesh with EU member countries" at the monthly luncheon organised by the Foreign Investors' Chamber of Commerce and Industry (FICCI) at a city hotel.

In 1997, EU imports from Bangladesh totalled Tk 8,800 crore while its exports to Bangladesh stood at Tk 3,300 crore, he said.

ports — by about 11 per cent, according to 1997 figures. The EU ambassador said the figures for the year showed a satisfactory growth in trade between Bangladesh and EU in both directions — a 19 per cent increase in the value of EU imports from Bangladesh.

The business was largely in Bangladesh's favour — by almost US \$ 1.2 billion, which is equivalent to Tk 5.5 thousand crore.

Drury said that textile sector was the best performer, contributing 84 per cent of the total exports, marking a 26 per cent growth in 1997 over the previous year.

The other major export items were jute and jute products with four per cent, frozen fish or shrimps another four per cent, and hides, skins and leather with 3.4 per cent.

Low fish exports were explained by the ban on Bangladeshi shrimps during August-December last year. Drury said that the EU had recently tightened rules on hygiene standards for food imports, under pressure from consumers.

"Although EU is an accessible market," Drury warned, "it is not an easy one. The buyers, who are sophisticated and discriminating, mostly go for quality products, irrespective of their origin. The safeguards in the import regulations relating to hygiene and safety have been passed into law because of public pressure."

"One advantage of the single market is that any imported product that conforms to the standards of the country of importation cannot be denied entry into the other countries of the EU, even if it does not comply fully with the standards of those countries," Drury said.

Another change that will in the medium-term simplify trade with the EU is the introduction of the euro to be launched in January, 1999. Drury said, "It won't actually replace the national currencies of the 11 participating countries until the year 2002, but the value of euro in every currency has already been fixed. And to holding of bank accounts and making contracts in euro will be possible from January 1, 1999."



Michael Drury, Ambassador of the Commission of European Union speaking at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce and Industry (FICCI) held at Pan Pacific Sonargaon Hotel yesterday. Vice-President of the Chamber Hugh E. Tweed, Chamber Secretary Jahangir Bin Alam and FICCI Committee Member Nicholas John Scott Miller are also seen. — FICCI photo

Obuchi to vow economic boost during ASEAN meet

MANILA, July 26: Japan's soon-to-be prime minister Keizo Obuchi said Sunday he will reassure the United States, Russia and Asian countries of his country's commitment to revitalise the economy during his whirlwind round of meetings Sunday, reports AP.

On the flight from Tokyo to Manila for the Regional Forum of the Association of Southeast Asian Nations, Obuchi told reporters he was aware of the concerns among Asian countries about the state of Japan's economy, and would emphasise his pledge to action during his discussions.

"I want to communicate strongly my ideas for revitalising the domestic economy and making a contribution to Asia," Obuchi told reporters on the plane.

However, in his first meeting, a 25-minute chat at the Manila Hotel with Russian Foreign Minister Yevgeny Primakov, the subject of the economy never came up, said Russian Foreign Ministry spokesman Yevgeny Primakov. Japan and Russia are both grappling with deep-seated economic and financial problems.

It was unlikely that US Secretary of State Madeleine Albright would let her later meeting with Obuchi pass without

talking about economics. The United States has exerted heavy pressure on Japan to offer big tax cuts and push tough reforms of its banking system to boost its sick economy, the largest in Asia.

The US-Japanese meeting was added to the schedule at the last minute, after Obuchi, the foreign minister, was elected Friday as leader of the Liberal Democratic Party, a post that virtually guarantees he will become prime minister this week.

Asked by reporters on the plane about his choice for finance minister in the new administration, Obuchi said, "This will be the economic revitalisation Cabinet, so of course I want someone appropriate for that."

He said someone who could grapple with the bad-debt problems hanging over the financial sector in particular would be needed.

The ASEAN investment area will be launched in October, spelling out ways of attracting greater and more sustainable levels of foreign direct investment (FDI) into the region from both ASEAN and non-ASEAN sources.

"Within the framework we should explore the possibility of fast-tracking some sectors," said Ho Meng Kit, Managing Director of Singapore's Economic Development Board and chairman of the meeting.

He noted the region's main sources of direct investment were from countries such as Japan, South Korea, Taiwan and fellow ASEAN neighbours. These countries are themselves not doing well. He has to make ourselves even more attractive to investment especially from economies such as the US, Europe or even among each other," said Ho.

Suthad Setboonsarung, Deputy Secretary-General of the ASEAN Secretariat, gave an indication of how much FDI has been lost amid the crisis.



SAA Masrur, head of corporate banking, Standard Chartered Bank, speaking at a workshop on 'euro' organised by the bank for foreign exchange dealers in Bangladesh on Thursday. — SCB photo

Yen slide drags major Asian units down

HONG KONG, July 26: Major Asian currencies slumped against the US dollar dragged down by the yen's slide on reaction to the victory of Keizo Obuchi as the ruling Liberal Democratic Party President and Japanese Prime Minister, reports AFP.

JAPANESE YEN: The yen was battered by the emergency of Foreign Minister Keizo Obuchi, reputed for his lack of expertise in economic matters, as Japan's next prime minister charged with a task to pull the country out of its recession.

The Japanese unit stood 140.53-55 to the dollar late Friday, down from 138.94-96 to the dollar a week earlier, and was seen likely to be swayed by the Obuchi's formal election to the premiership and the formation of his cabinet next week.

It fell for three straight days after Monday's public holiday, touching 141.67-69 to the dollar late Thursday after the US ratings agency Moody's investors service warned that it might count its gilt-edged ratings for Japan.

Then the yen slumped to 141.70 to the dollar in mid-afternoon trading on Friday when the ruling Liberal Democratic Party elected Obuchi as

its President. But the yen quickly recovered against the foreign investors led profit-taking on the dollar's gains, dealers said.

The market was keen to see who becomes finance minister after Obuchi takes over as prime minister on July 30.

AUSTRALIAN DOLLAR: The Australian dollar closed the week, down more than one US cent because of the political changes in Japan, and economist warned the short-term risk was for the currency to head lower.

The dollar was trading at 61.92 US cents Friday from 61.33 a week before.

Economists said the link between the Australian dollar and the Japanese yen remained strong and potential volatility in the yen in the week ahead could drag the Australian currency down.

Commonwealth Bank economist Michael Blythe said the unsettled state of the Australian dollar was not likely to be helped by developments overseas in the coming week.

On the Reserve Bank of Australia's trade weighted index, the Australian dollar closed the week at 58.2 from 58.7 a week

before. **HONG KONG DOLLAR:** The Hong Kong dollar closed Friday at 7.7475-7.7485 against the greenback compared to 7.7482-7.7492 last week.

INDONESIAN RUPIAH: The Indonesia rupiah closed trade Friday at 13,800 to the US dollar, weakening from 13,150 to the greenback at loss the previous week, affected by political uncertainties at home and regional weaknesses, dealers said.

MALAYSIAN RINGGIT: The ringgit slumped to 4.1300 against the dollar Friday, down from 4.0850 a week earlier in line with other regional currencies tracking movement of the yen, dealers said.

"The ringgit is so far holding well but its strength will depend on the situation unfolding in Japan," a money market dealer said.

Dealers said the currency spent much of the week watching the Japanese political situation and the results only came in after the market closed.

PHILIPPINE PESO: The Philippine peso closed the week at 42.11 pesos to the dollar, down 1.49 per cent from 41.49 to the greenback on July 17.

SINGAPORE DOLLAR: The



Rokia A Rahman, President, Bangladesh Employers' Association (BEA), distributed certificates among the participants of the two courses on "Training of the Trainers (TOT) on Gender Awareness" organised by the association under a BEA-ILO project on Thursday at the BEA Conference Hall. Helle L. Scholer of the ILO Area Office is also seen in the picture. — BEA photo

KL awaits \$2.9b Shell investment PR status to foreigners can boost Malaysian economy

KUALA LUMPUR, July 26: Malaysia should offer permanent resident (PR) status to rich foreigners who can bring in at least 250,000 dollars to help boost the economy, a chamber group was reported as saying yesterday, reports AFP.

This can help speed up the government's aim of reviving the ailing economy without having to borrow from financial institutions overseas, said Johor Associated Chinese Chamber of Commerce president Low Nam Hui.

"We have received requests from rich businessmen in Indonesia, Taiwan, Hong Kong and even Singapore who are willing to bring in their savings to Malaysia if they are given PR status," Low told the Star Daily.

"Since the government has allowed more than one million foreigners to work in the country, we feel it is time to allow those with money to stay in Malaysia."

Low said if Malaysia opened its door to 100,000 rich foreigners each bringing in at least one million ringgit (250,000 dollars), there would be more than one billion ringgit parked in local banks.

At the moment, PR status is only given to investors who have stayed in the country for more than five years but there is no provision for those with money who wanted to stay in Malaysia, he added.

Malaysia has more than 22 million people, of which some 55 per cent are ethnic Malays. Chinese make up about one-third of the population, followed by Indians and other minorities.

Another report says: Shell Malaysia Ltd will pump 12 billion ringgit (2.9 billion dollars) into Malaysia for capital investment and operating expenditure over the next five years, a report said today.

India to transfer hospital services to private firms

NEW DELHI, July 26: The Indian government decided on Saturday to hand over hospital maintenance services to private firms as a strike by more than 70,000 hospital workers here entered its sixth day, reports AFP.

An official spokesman said the Union-nationalist government had decided to allow private companies to take over "sanitation and maintenance services in hospitals" after a meeting chaired by the health minister.

Private contractors will be offered contracts for cleaning, laundry, catering and other services, he said, after talks on Friday with striking workers failed to reach agreement, paralysing services in all the Indian capital's state hospitals.

A spokesman for the strikers said an offer from the government for higher pay was "unacceptable."

The strikers are demanding higher wages, quicker promotions and "enhanced patient care allowance and washing allowance."

Reports said patients had begun cleaning their own wards in an attempt to ensure their treatment continues.

On Thursday, at least 40 people were injured when striking medical workers clashed with police while trying to march on the Indian parliament.

30 foreign investment plans cleared

Another report says: Indian government on Saturday cleared 30 foreign investment plans worth 52 million dollars, including a proposal by Ford Motor Co of the United States, an official spokesman said.

US-based advertising firm, Lintas Inc was permitted to increase its stake in its Indian subsidiary from the present 40 per cent to 49 per cent.

The spokesman said Ford Motors Co's 2.5 million dollars proposal to set up a wholly-owned computer software subsidiary got the go ahead.

He added that plans by two other US companies, Cincinnati Milacron to raise its shares by 12 percentage points in an Indian firm and Illinois Institute of Technology were also given the green light.

The United States had imposed sanctions on India after its May nuclear tests and analysts say New Delhi would open up more sectors an allow more firms to invest here in a bid to put pressure on Washington to lift the sanctions, which were eased earlier this month.

Among other proposals cleared were Midal Cables of Bahrain to invest 15 million dollars on a 100 per cent subsidiary to make aluminium wire rods and conductors for power transmission projects.

Italian Cita Foods was also granted permission to set up a 100 per cent subsidiary to sell Pizzas in India.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 22.7.98

Berth No.	Name of vessels	Cargo	L port call	Local agent	Date of arrival	Leaving
J/1	Dong Fah	GI	Sing	Seagology	5/7	28/7
J/2	Ekalestari	Rice (G)	Kaki	USTC	13/7	31/7
J/3	George	Sugar(G)	Sing	Seacom	20/6	30/7
J/4	Pengun	GI	-	SMSL	R/A	27/7
J/5	Adhiguna Jaya-1	Rice(G)	Kaki	USTC	11/7	26/7
J/6	Lu Shan	Sugar(G)	Hong	Seacom	9/6	26/7
J/7	Yong Jiang	GI	S. hai	Bdship	27/6	26/7
J/8	Rong Jiang	Rice(G)	Kaki	OWSL	14/5	7/8
J/9	Zilina	GI	Sing	AASS	25/6	26/7
J/	Arktis Sea	GI	Sing	Sunshine	10/7	27/7
J/	Moonee-98	GI	Thai	Rainbow	13/7	27/7
J/10	Calagan	GI/Wheat(P)	Sing	Seagology	13/7	26/7
J/11	Delight Glory	Cement	Sing	PSAL	20/6	30/7
J/12	Kota Cahaya	Cont	Sing	PHI(Bd)	17/7	26/7
J/13	Banglar Moni	Cont	Sing	BSC	22/7	26/7
CCT/1	Diligence Cont	Cont	Sing	BSC	22/7	26/7
CCT/2	Dala	Cont	Col	RSL	19/7	27/7
CCT/3	Banglar Robi	Cont	Sing	BSC	29/6	26/7
RM/14	Ryomang	Cement	Sing	Delmure	19/7	26/7
CCJ	Kan Ann	C.Clink	Malu	Seacom	22/7	31/7
GSJ	Alhaguna Nigraha-1	Cement	Tanj	Jaycee	8/7	1/7
TSP	Sukarawan Naree	R Phos	Hama	Seacom	15/7	31/7
RM/4	Elang-II	Cement	Tanj	PSAL	15/6	3/8
RM/5	Amethyst Rvter	HSD	Sing	KSTPL	21/7	27/8
RM/6	Elang-III	Cement	Kar	USTC	20/6	31/7
DDJ	Banglar Shourabh	C Oil	-	BSC	R/A	26/7
DD	Banglar Jyoti	Repair	-	BSC	R/A	28/7
DDJ/1	Tanary Star	Idle	Para	PSAL	-	-
RM/8	Josey	Idle	Kaki	USTC	28/4	31/7
RM/9	Banglar Kallol	Repair	-	BSC	2/7	29/7

Vessels due at outer anchorage

Name of vessels	Date of arrival	L port call	Local agent	Cargo	Loading port
Dawn	27/7	-	Litmond	Sugar(G)	-
Ror Sarawak	26/7	Sing	PI (Bd)	Cont	Sing
Yayasan Tiga	28/7	Yang	Cl	Vehi	-
Solat Glory	28/7	-	Litmond	Mop	-
Penta Pongawa	28/7	-	MHCSL	Cement	-
Qc Pintail 15/7	26/7	Sing	QCSL	Rice(G)	Sing
Karia Sentosa	28/7	-	USTC	Sugar(G)	-
Hermes	28/7	-	USTC	Sugar(G)	-
Kota Berjaya 19/7	28/7	Sing	PI (Gd)	Cont	Sing
Pan Noble	30/7	-	Oil	GI	-
thong Chuan	29/7	-	Bdship	-	-
Tien Mu	28/7	-	Seagology	GI	-
Alligator Miracle	28/7	-	BBA	Scraping	-
Mid Lan 19/7	29/7	Sing	Nol	Cont	Sing
Banga Btraj 6/7	30/7	Sing	Bdship	Cont	Sing
Xpress Padma 6/7	31/7	Sing	RSL	Cont	Sing
Qc Teal 14/7	29/7	Sing	QCSL	Cont	Sing
M. Regina 19/7	30/7	Sing	PI (Bd)	Cont	Sing
Xpress Nil Giri 20/7	30/7	Sing	Rsl	Cont	Sing
Bonson2	30/7	-	Seacom	R Phs	-
Arktis	30/7	-	Seacom	C clink	-
Good Faith	30/7	-	Litmond	Sugar(G)	-
helsinki	30/7	-	Litmond	GI (Copro)	-
Dong Long-1	30/7	-	Seacom	GI(Copro)	-
Esso Argo 23/7	30/7	-	Prog	GI	-
Manaslu 23/6	31/7	Col	Baridhi	Cont	Col
Asian Premier	31/7	-	Prog	GI	-
Porsich 23/7	31/7	Sing	QCSL	Cont	Sing
Banglar Doot 23/07	2/8	Sing	ISC	Cont	Sing

Vessels at Kutubdia

Name of vessels	Cargo	Last port call	Local agent	Date of arrival
Laut Tide	-	-	B.Bay	R/A (3/7)
Aspiros	C Oil	RASTQ	BSL	22/7

Vessels at outer anchorage

Ready on:	Cargo	L port call	Local agent	Date of arrival
Andh				