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# The Daily Star BUSINESS

DHAKA SUNDAY, AUGUST 9, 1998

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## Indo-Bangladesh trade affairs seminar today

A seminar on 'Indo-Bangladesh Trade Affairs' will be held at the auditorium of Federation of Bangladesh Chambers of Commerce and Industries at 3.30 pm today, says UNB.

Commerce Secretary Sayed Alamgir Farooque Chowdhury will attend the seminar as chief guest while Prof M Kabir Hasan of New Orleans University, USA, will present the keynote paper.

The seminar has jointly organised by FBCCI and Centre for Development Research (CDRB), said a press release.

## CPE programme of ICMAB held

A day-long Continuing Professional Education (CPE) programme 1998 was organised by the Institute of Cost and Management Accountants of Bangladesh at ICMA auditorium in the city on Friday, says a press release.

State Minister for Local Govt, Rural Development and Cooperatives Mofazzal Hossain Chowdhury Maya inaugurated the function as chief guest.

Rafiq Ahmad, president of the institute, presided over the programme.

M Abul Kalam Mazumdar, chairman, seminar and conference committee spoke of the activities of the institute.

Rafiq Ahmed urged the minister to increase the government grant for the institute and allocate a land for its expansion.

The programme was aimed at up-dating Cost and Management Accountants (CMAs) with latest development in the global economic, commercial and accounting fields to face future challenges of new millennium.

Three papers on 'Environment and Role of Accountants, Manufacturing Resources Planning and Strategic Management Accounting' were presented.

The state minister in his speech underlined the importance of Cost and Management Accountants in materializing the commitment of present government to have accountability and transparency in all activities aimed at the welfare of the people and economic emancipation of the nation.

He emphasised the need for implementation of Cost Audit as provided in the Companies Act, 1994 and assured support for its implementation.

A large number of IMAB members and guests attended the programme.

## RAKUB's regional managers' confce held

Star Business Report

The 30th Regional Managers Conference of Rajshahi Krishi Unnayan Bank (RAKUB) was held recently. The conference was chaired by the Managing Director of the bank Md. Yeasin Ali, says a press release of the bank issued yesterday.

In his speech, the managing director directed creation of asset through income-generating activities and for the acceleration of banking business.

Analysing the overall activities of the bank, he said that there was no alternative to recovering more and more classified loans in order to make banking business successful. He advised to become careful to all concerned for not making new loans to be bad loans.

He called for regularising all the time-barred cases.

He said, the bank's loan disbursement and loan recovery targets for the current year (1998-99) have been fixed at Tk 300 crore and Tk 525 crore respectively.

To achieve the targets, he asked all concerned to make pragmatic plans from the very beginning of the financial year.

For the achievement of food sufficiency, he also called for expediting loan disbursement among the poor and the marginal farmers, so that the rural economy can revived through creation of employment opportunities.

Among others, general Managers M. Ziaul Haque and Md. Nasirullah, delivered their speeches. The conference was presided by the Deputy General Manager FRM Hafizul Islam.

## Pirojpur Poura budget declared

PIROJPUR, Aug 8: Pirojpur pourasava today announced a balanced budget of Tk 6.53 crore for the current fiscal 1998-99, Reports UNB.

Additional Deputy Commissioner (General), S. Ahmed, announced the budget at a press conference at the pourasava auditorium.

The ADC said no additional tax was imposed in the new budget.

Of the revenue earning, Tk 4 crore will come from development taxes and other sectors.

The expenditure includes construction of roads, bridges, culverts, office, bus terminals, markets.

A total of Tk 83 lakh will be spent for revenue, he added.

## FEISCA adopts Dhaka Declaration

# Include power grid proposal in SAARC action agenda

A regional workshop in the city yesterday stressed the need for the inclusion of a proposal on SAARC power grid in the agenda of action of South Asian Association for Regional Cooperation (SAARC), reports UNB.

The two-day workshop on 'Improving the availability of power in South Asia — search for optimal technological options' adopted a set of recommendations under 'Dhaka Declaration'.

The declaration said 'The creation of the SAARC Grid for ensuring power supply must be high on SAARC agenda of action'.

Federation of Engineering Institutions of South and Central Asia (FEISCA), an organisation of engineers of Bangladesh, India, Nepal, Pakistan and Sri Lanka, will be willing to extend any technical

support, if necessary, to the proposal. It said that a new spirit of cooperation would help resolve not only power supply, but also all infrastructure developments, and catalyse the economic resurgence of the region.

The workshop was jointly organised by 'FEISCA' and Institute of Engineers' Bangladesh (IEB) at the Engineers' Institute.

The workshop, reviewing the power supply situation in South Asian countries, made seven recommendations to improve the availability of power in the region.

The recommendations include taking up the issue of interconnections of power networks for exchange or trading of electricity as a programme under SAPTA/SAPTA in the SAARC forum as a matter of

policy. It also recommended to harness national resource potential such as hydro, coal and gas on joint venture basis for large scale power generation under SAARC umbrella.

The experts from Bangladesh, India, Nepal, Pakistan and Sri Lanka attended the workshop. They observed that for common benefit all the members countries must work together.

On an average the demand for power was increasing at an annual rate of about nine per cent in the region doubling its magnitude every eight years.

the experts opined. They said this entails an addition of generation capacity of about 10,000 megawatt during the next eight years.

To take care of this growth, the experts said, it would require 200 billion US dollars or about 25 billion US dollars per year.

Addressing the concluding function State Minister for Power and Energy Prof Rafiqul Islam assured that all the recommendations of workshop would be given due priority by the Bangladesh government.

The concluding session was presided over by Prof Ajoy K Gosh, President FEISCA and was addressed among others by IEB General Secretary Akhtar Hossain and FEISCA Secretary General Dr MAK Azad.

## Prices of essentials still high in city markets

Star Business Report

Prices of essentials were high but almost stable last week in city kitchen markets while prices of soap increased country-wide, market sources said.

Prices of washing soaps have increased mainly because of increase in duty on raw materials, traders said. Prices of 'Wheel' brand soap increased by one taka per piece and was now selling at Tk 9. Market sources said prices of other toilet and washing soaps might also increase soon.

Although this is the vegetable season, but floods have held back reasonable price adjustments, retailers said. Bringal was selling at Tk 14 to Tk 16 per kg, cucumber Tk 12 to Tk 14, potato Tk 10 to Tk 12, radish Tk 12 to Tk 14 and tomato Tk 50 to Tk 60 per kg.

Prices of onion, dried chilli, garlic were high. One kg of onion was selling at Tk 25 to Tk 26, garlic Tk 56 to Tk 60, and dried-chilli at Tk 110 to Tk 120. Ginger was selling at Tk 36 to Tk 40 per kg last week.

Prices of fine rice was still

high. One kg of *nazirshali* was selling at Tk 18 to Tk 19. *Nazirshali* was selling at Tk 17 to Tk 17.50 per kg in the previous week. Pajjan was selling at Tk 17, *suarna* at Tk 16 and *IRRI* at Tk 14 to Tk 14.50 per kg.

One litre of non-canned soybean oil was selling at Tk 53 to Tk 54 while the average selling rate of canned oil was Tk 55 per litre. Prices of *palau rice* (*chintigura* and *kalgira*) were stable at Tk 32. Sugar was selling at Tk 32.

## China gets 57m yuan aid

BEIJING, Aug 8: China has received 56.62 million yuan worth of relief funds and materials from overseas so far this year, reports Xinhua.

Of the total, 9 million yuan was received for flood relief purpose since the floods occurred in late June, said an official with the Ministry of Civil Affairs at a news conference today.

## Empty container crisis Shippers' Council for withdrawal of penal rent

Star Business Report

M R Ali, Chairman of Shippers' Council of Bangladesh (SCB), has expressed his grave concern over the acute shortage of empty containers in Chittagong and Mongla ports which has virtually paralysed the country's export trade, especially garment and jute exports, says a press release issued yesterday.

Ready-made garment export cargo worth hundreds of crores are waiting to be shipped and same is the case with jute goods.

The chairman on Thursday held a discussion meeting with the representatives of shipping lines operating in Bangladesh to identify the reasons behind shortage of empty containers.

The shipping line representatives attributed the dearth to the 43 per cent decrease in imports by South Asian countries from the European and American countries as against 30 per cent increase in exports from these countries.

Acute shortage of empty containers has been further aggravated by unilateral imposition of high penal rent for retention of import container beyond 10 days and reduction of free time of import containers by the Chittagong Port Authority.

M R Ali suggested withdrawal of high penal rent on retention of import containers to save the garment and jute goods exporters. He also emphasised diplomatic level discussions to remove slot problem of ships from Singapore.

## Nick Leeson to undergo cancer operation soon

SINGAPORE, Aug 8: Doctors will perform surgery soon on the cancer-stricken former stock futures trader whose huge losses led to the collapse of Britain's oldest merchant bank, a Singapore daily reported Saturday, reports AP.

Nick Leeson, the infamous British dealer, is scheduled to undergo an operation early next week after having been diagnosed with colon cancer, The Straits Times said.

Leeson has served 2 1/2 years of a 6 1/2-year sentence in a Singapore prison after having been convicted on fraud charges for his role in the 1995 collapse of Barings Bank.

He was found to be suffering from colon cancer on Aug 5. The cancer has spread to his lymph nodes.

The 31-year-old is currently under guard in the prison ward of New Changi Hospital, not far from Changi Prison, where he had been confined.

Singapore attorney John Koh said a plea for early release has already been submitted to authorities. Britain's Press Association news agency reported earlier this week.

"An application has been made in order to allow Mr Leeson to return to Britain," Koh was quoted as saying. "We can not say how long that will take or indeed whether it will be successful."

## HK confident it can face attack on currency

HONG KONG, Aug 8: Officials said Saturday they could not prevent speculative attacks on Hong Kong's currency, but that they could — and would — make sure they did not succeed, says AP.

Hong Kong took a break along with the rest of Asia from a week of continuous bad economic news that made it appear the region was only sinking deeper into its economic mess.

The territory was at the centre of much of the action during the week. The stock market fell 12 per cent, to just above 7,000, on a string of poor mid-year corporate earnings reports.

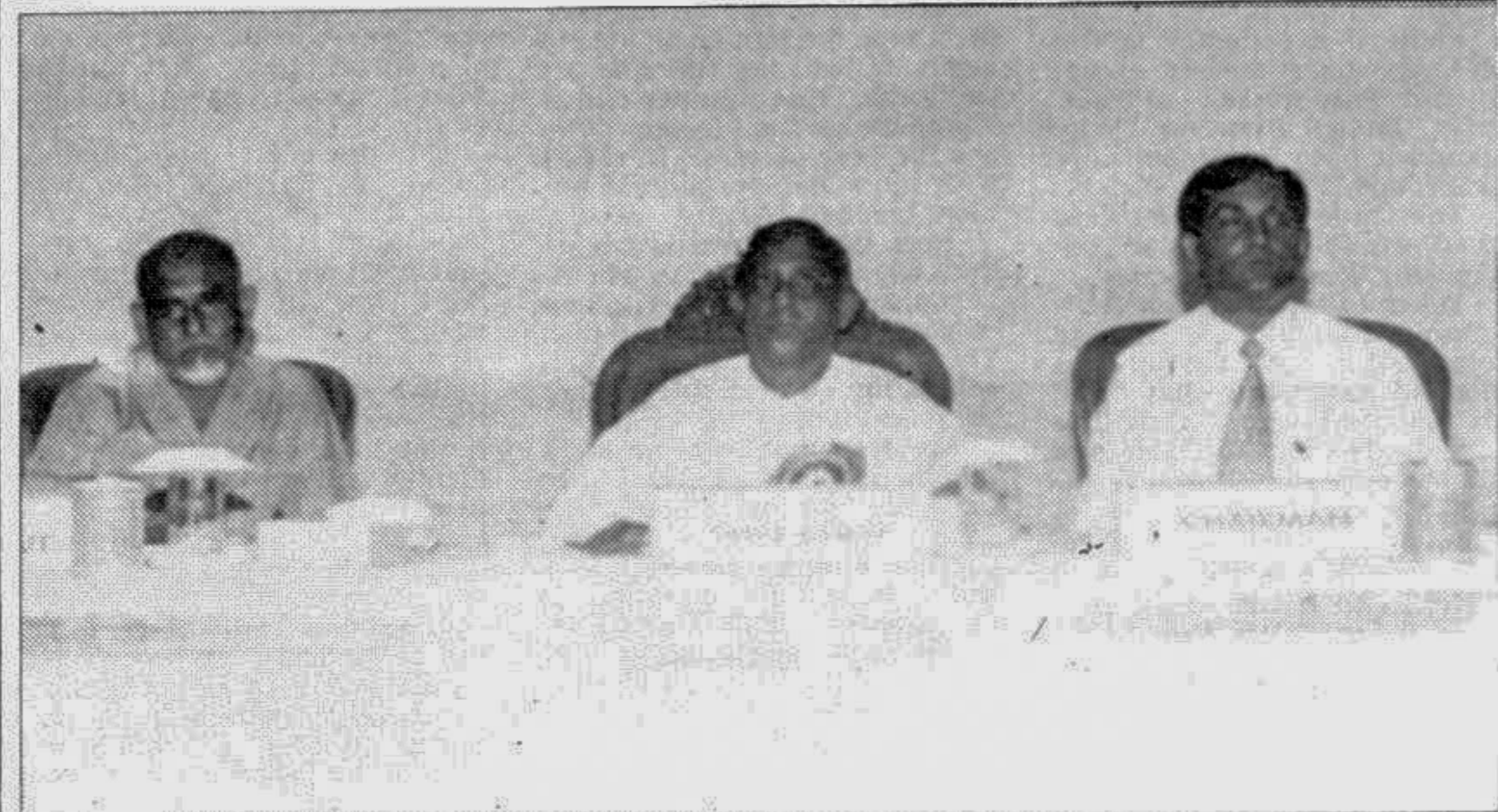
Speculators were reported to be active in the currency markets, betting that the Hong Kong dollar's peg of 7.80 to the US dollar would be broken. Their calculations appeared to be based on the assumption that the Japanese yen would continue to depreciate, and China would be forced to devalue its yuan currency.

With no dramatic announcements from Japan's new prime minister, Keizo Obuchi, at a key policy address on Friday, the yen continued to fall against the dollar.

Added to that were fears about the US economy, which suffered drop of nearly 300 points on Tuesday before posting small gains each of the last three days of the week. If the US economy turns sour, Asia's traditionally export-driven economies would lose a market they need to work themselves out of trouble.

Fears of a vicious circle of devaluations sent markets lower throughout Asia, and Hong Kong Financial Secretary Donald Tsang told reporters Saturday that more speculative moves were likely.

(Glyn Roberts is Associate Editor of Gemini News Service)



State Minister for LGRD and Cooperatives Mofazzal Hossain Chowdhury Maya flanked by ICMAB President Rafiq Ahmed and the institute's Seminar & Conference Committee Chairman Abul Kalam Mazumdar at the CPE programme held on Friday. — ICMAB photo

## 'Asian growth is a precondition for Japanese recovery'

SINGAPORE, Aug 8: Asian economies need to recover first before Japan can reverse its own economic slowdown, a global equity markets strategist from Societe Generale (SG) said today, reports AFP.

Asia demand needs to recover before we can see a recovery in Japanese exports to Asia," said Bijal Shah of SG global equities' London-based office.

It flew against the convention view expressed by governments and analysts that Japan must recover first for Asian economies to rise from a crippling year-end financial crisis.

Shah noted that the fall in Japan's exports to Asia by about 20 per cent contributed to about half the decline in Japan's gross domestic product in the first quarter.

"Japanese exports to the US and Europe are already growing. But if Asian demand and Japan's exports to Asia im-

proved Japan would be in a position to increase its employment and get consumers to start spending money again," Shah told reporters here.

Asian economies were on the right track by cutting interest rates and concentrating on increasing domestic demand he said, citing the recent falls in interest rates in South Korea and Malaysia.

"Getting the savings rate down in the face of unemployment does require massive cuts in interest rates" to get the economy moving again, he said, adding that if such policies are in place, the impact on the economy would be seen in at least six months.

"The fact that interest rates are falling (in Asia) means there is a bottom in sight," he said.

Bringing down Japan's savings rate, which has risen over the past year, entails a reduction in

the unemployment rate and a cut in interest rates.

But Japan's massive unemployment following rising bankruptcies and its already low interest rates leave little room for it to stimulate consumption and in turn increase demand for exports from Asia, Shah said.

"Even the tax cuts may only just offset falls in wages which are coming through. It isn't as if Japanese consumers have more income to play with. They don't even after tax cuts," he said.

Capital spending in Japan was weak because businesses found it difficult to access credit, while the poor demand also discouraged firms.

Boosting fiscal policy is another recourse to stimulating demand but "this is not a long-term solution because Japanese government as yet is not proposing to extend its fiscal spending into next year," he added.

## BGMEA bids farewell to UNICEF envoy

Star Business Report

Outgoing UNICEF Country Representative in Bangladesh Rolf C. Carriere was bidden a farewell by export-oriented garment manufacturers in the city yesterday.

Bangladesh Garment Manufacturers and Exporters Association President Mostafa Golam Ouddus hailed the contribution of Carriere in replacing child labourers from garment sector to schools. He said the children would remember Carriere all through their lives. BGMEA organised the programme in its office.

The UNICEF, ILO and the BGMEA signed a memorandum of understanding in 1995 to eliminate child labour from garments sector and place the children in schools with monthly stipends. Since then UNICEF is contributing a fund to the education programmes.

Senior ILO official Rijk Von Haarlem, UNICEF official Monica Sharma, BGMEA Vice President Nurul Huq Sikder also spoke.

## New export-import policy hailed

Star Business Report

Sharif M Afzal Hossain, president of Bangladesh Chamber of Industries (BCI), congratulated Commerce and Industry Minister Tofail Ahmed for announcing the five-year (1997-2002) new import-export policy, says a press release issued yesterday.

Sharif in a statement yesterday said that the policy had fulfilled the long-felt desire of the businessmen and entrepreneurs, as this would help them make long-term plans for investment and business.

These policies would be conducive to help make the local industries competitive in order to face the challenges of the 21st century," he said.

He also appreciated the provisions for reviewing the policies every year in order to keep pace with the fast-changing world situation.

# Innocents lose their shirts at the currency casino

Glyn Roberts writes from London

## Record unemployment in Japan and fresh fears of a Chinese devaluation are damaging hopes of an Asian recovery and sending out fresh jitters though world markets. While governments and international financial institutions consider how to tackle the problems, Gemini News Service reports that the currency speculators are continuing to make a killing.

The shockwaves from last year's east Asian financial crisis are still being felt around the world and the currency speculators who helped to trigger it are still cashing in.

The latest target has been the South African rand, which now appears to have stabilised after losing almost a quarter of its value since May.

Who will be the next to take a tumble in the currency casino? Some financial analysts expect further depreciation in east Asia over the next few months, and, possibly, in "transition economies" in eastern Europe.

International speculation is a bit like a poker game in which the gambler with the deepest pockets is virtually certain to win. The losers include a nation's central bank, which spends heavily trying in vain to prop up the value of its currency. But those who take a real hammering are the businesses that collapse, the workers whose jobs disappear and the families whose homes are repossessed in the economic turmoil that generally ensues.

The winners are rich speculators who scour the world in search of the right conditions in which they can make a killing. They are not really interested in poor nations — what they really like to see is a juicy economy showing signs of trouble.

This they found in 1997 in places such as Thailand and certain other east Asian countries which had run up large foreign debts and balance-of-

payments deficits in their dash for development. To fuel rapid growth they had removed controls over the flow on funds in and out of their countries.

But much of the money pouring in did not go into productive sectors such as export manufacturing, but into areas such as shares, new ventures which lacked experience and into property, which became dangerously over-valued.

When investors sensed this danger, they took fright. Confidence can be a fickle fellow, with market players tending to follow the herd, and, amid signs of a potential stampede, the currency speculators moved in.

At the international gaming table, the speculators' chips are held in a "hedge fund". The best known speculator, George Soros, runs a huge hedge fund called Quantum. Such funds are basically clubs for billionaires to invest in. Because of their financial strength, they have powerful financial leverage — and can borrow many times their own value. They borrow

vast amounts of a local currency — the Thai baht, for example — which they then sell to buy US dollars. This increases downward pressure on the baht.

The country's central bank tries to protect the currency by selling lots of its dollar reserves to buy — in this case — baht. (The Thai central bank sold \$28 billion to try to protect its value.) But if the speculators' pockets are deep enough, the central bank runs out of foreign exchange with which to defend the currency, and its value falls.

The hedge fund then repays its borrowing in devalued baht, and the players cash in their chips for a healthy profit.

After Thailand, the speculators turned their attentions to other "Asian Tigers", which had similar economic problems and which were being drawn into the crisis of confidence. Other currencies affected included the Malaysian ringgit, South Korean won, Indonesian rupiah and Philippine peso. Taiwan and Singapore were also af-

fectured but not as badly, as they had larger foreign reserves and smaller debt. Hong Kong used its deep pockets to defend its dollar successfully, although the stock market collapsed in the panic.

The ripple effects from east Asia soured confidence in "emerging" markets across the world, and South Africa was chosen as a target this year precisely because it had only relatively low levels of foreign exchange reserves available with which to defend the rand.

Predatory hedge funds, evaporating confidence and the herd mentality of investors pose real threats to stable growth and widespread prosperity — particularly in view of the global financial system in which vast amounts of money flow electronically in the link of an eye. An estimated \$1,200 billion washes through the world economy every day.

To curb these worrying trends, various measures have been suggested, including more regulation and supervision of

the financial sector, less hasty liberalisation, controls on the amounts that hedge funds can borrow, and the introduction of tariffs on international financial deals. Chile has already introduced a tax on short-term investments, and much has been spoken of a worldwide "Tobin Tax" — named after American Nobel laureate James Tobin — to be levied on currency transactions and to discourage speculation.

Powerful industrialised countries remain cool to such an tax, and opponents dismiss it as unworkable. But supporters point out that advances in computer technology have made it possible to monitor larger financial dealings.

Soros, the king of the speculators, has himself suggested the establishment of an international credit insurance corporation to guarantee a country's financial loans. Certainly, governments should no longer guarantee the loans of private companies, as happened in Asia.