

Poor output pushes banana prices up in western dists

From Our Correspondent

MAGURA, Aug 16: The prices of banana have shot up in the western districts of the country due to fall in production.

According to market observers, a big-sized bunch of the Shabri variety is being sold at between Tk 250 and Tk 280 in the wholesale banana markets of Magura and Jhenidah districts. The selling rate of the same was Tk 180 to Tk 200 last year.

On the other hand, a medium-sized bunch of the same variety is being sold at Tk 180 to Tk 200, up from last year's Tk 140 to Tk 160.

The Agriculture Extension Department (AED) said that Magura, Jhenidah, Kushtia, Chuadanga, and Meherpur were the major banana producing districts of the country.

A group of banana growers told this correspondent that one kind of disease and storm damaged a huge number of banana trees of the Sabri variety last summer.

It was learnt that the mysterious disease had already taken its toll on many banana gardens in Kaligonj of Jhenidah district. As a result, banana growers of the said districts had to incur heavy financial losses during the current harvesting season, said the banana farmers.

It is feared that the price of banana, especially of sabri variety, will rise further in the wholesale markets of the districts, the market observers said.

Oman stock mkt dips to new low

From Our Correspondent

RIYADH, Aug 16: Oman's stock market plunged again this week to a new low for the year but Jordan led the Arab bourses by surging to a six-year high, said Bakheet Financial Advisors (BFA) in its weekly report, reports AFP.

Oman's Muscat Securities Market (MSM) index took a battering for the sixth week in a row with a 4.3 per cent drop to 290.96 points, bringing to 40 per cent its loss since December 31, said Bakheet, which blamed the slump on a chronic liquidity shortage.

The Kuwait Stock Exchange (KSE) index fell 1.7 per cent during the week to close at 2,087.5 points, as trading slowed over the holiday period and investors hesitated in the face of faltering Asian economies.

The small Palestinian stock market shed one per cent over the week to 175.15 points, and the Saudi share market, the Arab world's largest, dipped by 0.3 per cent with the NCFEI all-share index closing at 170.97 points.

Bakheet said investors in Saudi Arabia, the world's top oil exporter, remained cautious in the face of a decline in global markets and weak oil prices.

The Lebanese and Bahraini stock markets both lost 0.2 per cent, with Lebanon's bloom index retreating to 913.43 points and the Bahrain Stock Exchange index down to 2540.21 points.

But in Jordan, the Amman Financial Market (AFM) index closed up 2.6 per cent at a six-year high of 183.59 points, buoyed by strong gains in Arab Bank.

Trades on Thursday said foreign investors were buying the blue chip bank's shares after US-based Thomson Bank watch issued it with an AA minus rating last week, substantially higher than Jordan's own sovereign credit rating.

Banks shares were also behind the 1.7 per cent gain registered by Qatar's Doha Stock Market index which ended the week at 134.35 points. Marking 34.4 per cent rise in value over the year, the highest among the Arab bourses.

Australia to up interest rates next year

From Our Correspondent

CANBERRA, Aug 16: Australian interest rates are likely to rise next year as the weaker dollar feeds inflation, despite a slowing in economic growth as the Asian economic crisis hits, Foreasters Access Economics said.

Asia may in fact cut Australian activity to a crawl by the first half of 1999, and a recession could not be ruled out, the Foreasters said in their five-year business outlook.

Australia's external accounts will also suffer badly, due to the combination of depressed export markets and reasonably strong domestic demand.

And while Asia should be recovering solidly by 2000, a cyclical slowing in the United States will keep the Australian economy under pressure into 2000.

"Asia is a huge problem for Australia, and a recession is far from an impossibility," the report said.

Access saw economic growth slowing to 3.1 per cent in 1998/99 (July/June) from 4.0 per cent in 1997/98. Growth will further slow to 2.1 per cent in 1999/2000 before recovering to above three per cent, boosted by the 2000 Sydney Olympic games.

"The bottom of the downturn is expected in 1999, with some weakening evident in the United States as Asia regains a degree of composure," Access said.

"That leave commodity prices falling again in real terms."

AKTEL delays charging incoming calls by five months

New rates now take effect Jan 7

Star Business Report

TM International (Bangladesh), the provider of AKTEL cellular phone services, has decided to defer the imposition of charges for incoming calls to January 7 next year, earlier scheduled to be effective from August 7 last, the company announced yesterday.

"Considering the country-wide devastating flood situation, particularly in Dhaka, we have decided to shift the date," Chairman of TMIB A M Zahuriddin Khan told a press conference.

The announcement came after subscribers' protests against the new tariff structure.

Khan said that the management of TMIB had taken the decision "in the interest of its subscribers who are subjected to immense sufferings" due to the floods.

According to the proposed new tariff structure, the initial one-minute incoming call from BTB local line is free, but the subsequent 30 seconds will cost one taka. TMIB Managing Director Omar Zaki Mustafa clarified.

"Increasing of the free time to more than one minute, as suggested by some subscribers, would be self-defeating as it will continue to increase one-way traffic leading to ultimate congestion," he argued.

The change in tariff rate is covered under license agreement which was appropriately intimated to the Ministry of Post and Telecommunications, Mustafa said.

The provision to revise the tariff structure is clearly incorporated in the terms and conditions of subscribers' registration forms and the revision is dependent on respective company policy," he added.

The company chairman also claimed that they had never promised not to impose incoming call charges in future and said it was an open market economy where the company and its subscribers had the right to opt for better business deals.

"At present our cellular phone company has 14 thousand subscribers in the country and we have plans to expand the AKTEL network to Chittagong, Feni, Comilla and Sylhet in near future," Khan said.

"Currently, AKTEL has its network in Dhaka, Chittagong and Narayanganj," he said.



The new Ambassador of Philippines in Bangladesh Candidato B Gutoc (2nd-L) exchanges views on bilateral trade and investment between the two countries with President of Foreign Investors' Chamber of Commerce & Industry AKM Shamsuddin (2nd-R) at the FICCI office yesterday. First Secretary and Consul General of the Filipino embassy Jose dela Rosa Brugos and the Chamber Secretary Jahangir Bin Alam are also seen.

Asia able to weather yuan devaluation: Mahathir

BEIJING, Aug 16: Asia would be able to weather any devaluation of the Chinese yuan, Malaysian Prime Minister Mahathir Mohammad said in an interview with the official Xinhua news agency carried Friday, reports AFP.

"I am very grateful that China has not devalued its currency so far," he said. "But of course, even if you devalue a little, it would not hurt us much because I think the difference is not so great."

"The situation is now different from one year ago. One year ago, if China had devalued its currency, it would have had very serious consequences."

"Today, because other currencies are devalued too far, even if the yuan devalues a bit, it will not affect us too much," he added.

The Chinese leadership has so far vowed to stick by the yuan and keep it at 8.3 to the US dollar, despite the regional economic turmoil which has been currencies and markets fall across Asia.

International markets have hailed the decision but Chinese exports have taken a battering from more competitive products from the rest of the region.

Mahathir expressed deep pessimism over the chances of Asia's crisis-hit economies bouncing back quickly.

"I think the world will enter the new millennium with the very bad economics," he said.

"A quick recovery is very difficult but we will recover through increasing our trade and not using the US dollar. Because we do not have US dollars and in any case if you buy US dollars to pay for our trade, the US dollar will appreciate some more."

"So we have now reached agreements with many countries to trade in our own currencies."

He also lashed out at currency traders and speculators.

"For them, it is merely a matter of making money for themselves. So since they can make money by devaluing our currency and reducing the share prices they will continue to do so," he said.

"Fundamentally we are still very strong. The most important thing for us is political stability and strong support of the government by the people of this country that means we can take measures which will be fully supported."

Turning to politics, Mahathir said China's stability was integral to the whole region. "I hope that even though you are democratising, this should not result in instability for China," he added.

Critics blast HK govt move to beat back speculators

HONG KONG, Aug 16: The Hong Kong government's unprecedented attack on speculators, by throwing huge amounts of money into the local stock and futures markets in a dangerous move and a threat to the territory's free market reputation, critics said, reports AFP.

The government waded into the stock market on Friday, using some of its massive foreign exchange fund to beat back speculators who had sent the bourse to five-year lows in a double-edged speculative attack on the currency and stock futures markets.

The Hang Seng index shot up 564.27 points, or 8.5 per cent on the day to hit 7,224.69 with volume much higher than in recent days.

Announcing the intervention, Financial Secretary Donald Tsang said the government had been forced to intervene on the stock market for the first time ever to counter 'improper' measures by speculators.

However, Martin Lee, leader of Hong Kong biggest political party, the Democrats, warned that the government was risking the territory's reputation as a free market with a *laissez-faire* government.

"I think Hong Kong was voted the freest economy in the world quite a few times running. I wonder whether we will continue to enjoy this reputation," Lee said on government radio.

"I think this is a huge cost to our reputation as one of the world's financial centres, because now instead of the government being a regulator, you find that the government is now a player, a very key player."

Hong Kong Chief Executive Tung Chee-hwa said Friday that the government had been forced into action to combat the "destabilising" actions of the speculators and to protect the local dollar peg to the greenback.

"We must provide a healthy environment for our economy to undergo and effective and painful adjustment."

Most local papers agreed that extraordinary action was needed to tackle the slump in the markets and scare off the speculators, however analysts voiced deep concerns.

Miners from Vorkuta, a pit city built north of the Arctic circle by slave labour under communist dictator Josef Stalin's prison system, travelled to Moscow and set up a round-the-clock camp outside parliament. The miners, who have not missed the gruesome irony of again becoming unpaid "slaves", threatened to stay until they were paid. Other workers' delegations joined in.

The blockades cost businesses millions of rubles and the authorities often threaten to break up them up by force. But Borisov says the threats are not carried out: "They are scared of a popular backlash."

On the far eastern island of Sakhalin, for example, miners

halted coal deliveries to the power station, causing blackouts of up to 14 hours a day. A state of emergency was declared. "The government will reinstate order," warned Prime Minister Sergei Kirienko. A week later, in early August, riot police were still watching the blockade — but had not touched it. By then, with the refrigerated warhouses at the docks switched off, the high-season haul of salmon and caviar was ruined.

The miners have been on the front-line of industrial struggle since 1989, when Russia was still part of the Soviet Union. They mounted the first big wave of strikes since the 1920s. They struck again in 1991, in 1992, as hyper-inflation engulfed

Howard urges Japan to do more to revive economy

From Our Correspondent

CANBERRA, Aug 16: Australian Prime Minister John Howard Tuesday urged the Japanese government to do more to tackle deep-seated problems with its economy, but said that latest volatility on global financial markets was no reason to be 'overly pessimistic,' says AP.

"More needs to be done in Japan. The new Japanese government does need to tackle some of the more deep-seated structural problems of the Japanese economy," Howard said in a radio interview.

Japanese Prime Minister Keizo Obuchi has been in power for less than a fortnight and is under intense pressure to take measures to boost the economy, which is in recession.

But Howard played down the effect of the latest market volatility. "There's been some volatility on the financial markets for some time now... I wouldn't be overly pessimistic about it," he said.

What's happening in Asia is obviously of medium and long-term significance, but thus far Australia's held up pretty well."

The Australian share market fell hard in early trading Wednesday, matching the 1.3 per cent fall of the Dow Jones Industrial Average overnight.

The Australian market had recovered noticeably by midday, as Asian markets opened stronger than expected, specifically Hong Kong and Japan, given the weakness of the yen and other regional economic concerns. At 0300 GMT, the All Ordinaries Index of Australian shares was at 2548.8, down 12.3 points from Tuesday's close but up from an intraday low of 2526.3.

Howard said the Australian government's tight fiscal policy has helped protect the economy from the Asian economic crisis. "We have in fact done even better in protecting ourselves than we thought because we've got the budget back into surplus a year ahead of schedule," he said.

The administration on Monday reported a 708 million US dollars (Australian dollars 1.2 billion) underlying budget surplus, excluding one-off items such as revenue from asset sales in 1997-98, swinging from a deficit of 2.9 billion US dollars (Australian dollars 4.9 billion) in 1996-97.

In May, the government forecast an underlying deficit of 684 million US dollars (Australian dollars 1.16 billion) for 1997-98.

The Dow Jones industrial average closed off 34.50 points, or 0.4 per cent, at 8,425.00. The blue-chip index is down 173.02 this week, after falling 285.27 last week.

The Nasdaq composite index closed down 12.35 points or 0.69 per cent, at 1,790.19, the index was off 56.58 points, or 3 per cent, on the week.

Stocks rallied early on relief that Russian and Asian shares steadied overnight, rumours that JP Morgan Co could be in merger talks with a European bank buoyed the Dow.

But momentum fizzled by mid-session and blue chips slumped near the close on programme selling in turbulent trading.

On the New York stock exchange, declining issues led advances 1,639 to 1,293 on volume of 632.6 million.

The White House scandal takes a decisive turn on Monday when President Bill Clinton testifies in the Grand Jury probe.

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Clinton urges Yeltsin to make quick move

Kiriyenko discusses economic crisis with ministers

From Our Correspondent

MOSCOW, Aug 16: Prime Minister Sergei Kiriyenko met top ministers on Saturday to discuss Russia's economic crisis and President Boris Yeltsin moved his holiday location closer to the Kremlin, reports Reuters.

Interfax news agency said Kiriyenko had held talks with central bank Chairman Sergei Dubinin, Finance Minister Mikhail Zadornov, Chief Debt Negotiator Anatoly Chubais and other top officials.

Chubais, who won Russia a 22.6 billion dollars bailout package from international lenders last month, had cut short his holiday for the meeting, it said.

Russian shares plunged to their lowest levels in more than two years on Thursday and short-term T-bill yields soared as a crisis of investor confidence in the economy reached new depths.

Prices recovered on Friday but dealers said trading was too thin to signify and end to fears over the fragile banking system.

US President Bill Clinton spoke to Yeltsin by telephone for 40 minutes on Friday and urged him to act quickly and decisively to restore confidence in the economy.

A brief Kremlin statement on Saturday said Yeltsin had moved from the northwestern Valdai Lakeland to his Rus residence outside Moscow and would spend the rest of his holiday there.

In Washington on Friday, the Japanese and US foreign ministers called on Russia to take "appropriate measures" to restore confidence, but they and White House officials played down the prospect of any new international aid.

The funds Russia won last month have failed to restore investor confidence, which

took a new plunge on Thursday after a proposal by US financier George Soros to devalue the rouble.

Some banks refused to allow depositors to withdraw dollars from savings accounts on Friday — a first sign of currency trouble for ordinary Russians.

But Yeltsin told reporters: "There will be no devaluation — that's firms and definite."

Central bank spokesman Irina Yasina also denied any plan to devalue the rouble while markets were closed.

Saturday's Interfax report on Kiriyenko's crisis talks gave no details of what was discussed.

The central bank tripled key interest rates to 150 per cent on May 27 to try to contain the crisis, it cut them on June 4 to 60 per cent but treasury bill yields have since soared again, hitting 200 per cent on Thursday. Albeit in thin trade.

Worries about Far East, Russia

US stocks, bond rates hit record low

From Our Correspondent

NEW YORK, Aug 16: Stocks fell, long-term bond interest rate hit a record low and the dollar rose yesterday as investors sought safe havens amid worries about Russia, Asia and the White House sex scandal, reports Reuters.

"People are a little nervous going into weekend because of the overseas situation in the Far East and Russia," Kenneth Ducey, Director of Trading at BT Brokerage, said.

"Investors want to save some buying power in case something happens over the weekend the market has been struggling all day after a nice start and JP Morgan had held it up," he said.

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The White House scandal takes a decisive turn on Monday when President Bill Clinton testifies in the Grand Jury probe.

"With the testimony from President Clinton next week, as

well as the fed mediating and all the uncertainty coming out of Asia and Russia, the people who are sticking around on a Friday afternoon are those more likely to sell than buy," Charles White, Managing Director of Avatar Associates, said.

The Federal reserve's open market committee, which sets short-term interest rates, meets on Tuesday.

Stocks have been particularly jittery since the Dow slid 299 points on Aug 4 as investors fret about company profits.

Analysts said the market needs time to recover from its recent slide as investors scale back their expectations for corporate profits going into 1999 amid further high profile profit warnings this week.

Although Russia's main stock index rebounded 13 per cent Friday after panic selling earlier in the week, reassurances from President Boris Yeltsin that the ailing rouble would not be devalued left some investors unconvinced.

Investors flocked to the safer haven of US treasuries, sending the benchmark 30-year-bond yield down to a record low of 5.54 per cent versus 5.65 per cent at Thursday's close. The price of the long bond jumped 24/32, or dollars 7.50 on a dollar 1,000 bond.

Even the boost from Hong Kong's move to stabilise its markets proved short-lived, the Japanese yen, whose slide earlier in the week caused a rout in global stocks, also recouped some grounds against the dollar.

The dollar rose to 146.31 Japanese yen and 1.8016 German marks from 145.05 yen and 1.7845 marks late on Thursday.

Demand for BSCIC estate in Magura

From Our Correspondent

MAGURA, Aug 16: Hundreds of small and cottage industries in four thanas of the district are facing problems due to lack of proper initiatives by the Bangladesh Small and Cottage Industries Corporation (BSCIC), said the local small and cottage industry owners.

The cottage industry owners told this correspondent that thousands of people were engaged in the handicraft-based small and cottage industry units. The cottage industries of the district include bamboo and cane-based units, handlooms, potteries, sweatmeat and food processing factories.

The owners of the industries are deprived of needed government help, as there is no full-fledged industrial estate of BSCIC in the district.

"The Shilpa Sahayak Kendra of BSCIC has been asking us to restart production in our units," a group of small and cottage industry owners told this correspondent.

A total of 265 small and cottage industries were given registrations by October, 1996. Raw materials and skilled manpower were no problems in the district, but the absence of a BSCIC estate has forced many to set up industries on roadsides contributing a lot to environmental pollution.

The owners said that establishment of a full-fledged BSCIC Industrial estate was necessary for the salvation of the small and cottage industrial units of the district.

"Prospect for setting up a BSCIC estate in the district is bright, as Magura is the gateway to the Khulna division," say local industry owners.

The small and cottage industrialists of the district have, therefore, urged the concerned authorities to take immediate steps for immediately setting up a BSCIC estate in Magura.



The signing ceremony of a joint venture agreement between B&T Group of Companies of Taiwan and Sunbeam Group of Bangladesh in the city on Friday.

Unpaid miners haul govt over the coals

by Simon Pirani

disdaining the support of other workers," points out Borisov. "But this time there have been widespread appeals for, and displays of solidarity."

In July, when protesting miners repeated an action they had taken in May and severed transport links between eastern and western Russia by blocking the Trans-Siberian railway, hundreds of other workers — also owed many months' wages — joined in.

"In Inta [in the Urals], where a quarter of the population are pensioners, those pensioners bring food and drink to the blockade," says Borisov. "In Anzhero-Sudzhensk [northern Siberia], the miners made up less than a third of the protesters; they were joined by hospital and council employees, teachers and workers from the local glass factory. In Yurga

[western Siberia], the railway has been blocked by engineering workers; there are no miners there at all."

Miners from Vorkuta, a pit city built north of the Arctic circle by slave labour under communist dictator Josef Stalin's prison system, travelled to Moscow and set up a round-the-clock camp outside parliament. The miners, who have not missed the gruesome irony of again becoming unpaid "slaves", threatened to stay until they were paid. Other workers' delegations joined in.

The blockades cost businesses millions of rubles and the authorities often threaten to break up them up by force. But Borisov says the threats are not carried out: "They are scared of a popular backlash."

On the far eastern island of Sakhalin, for example, miners halted coal deliveries to the power station, causing blackouts of up to 14 hours a day. A state of emergency was declared. "The government will reinstate order," warned Prime Minister Sergei Kirienko. A week later, in early August, riot police were still watching the blockade — but had not touched it. By then, with the refrigerated warhouses at the docks switched off, the high-season haul of salmon and caviar was ruined.

The miners have been on the front-line of industrial struggle since 1989, when Russia was still part of the Soviet Union. They mounted the first big wave of strikes since the 1920s. They struck again in 1991, in 1992, as hyper-inflation engulfed

Russia, and in 1996 as wage arrears began to build up.

The miners have systematically pushed aside organisations that claim to speak for them. In 1989, the "official" Union of Coal Industry Workers earned their contempt by refusing to support strike action.

Accusing the union of being a bureaucratic tool of the Communist Party, some miners broke away to form the Independent Mineworkers Union (IMU). The new union supported Boris Yeltsin's 1991 campaign for the presidency against the 'old party machine. But when he was elected, and broke his promises to invest in coal areas, the IMU told miners not to make a fuss and lost credibility.

The miners have also been abandoned by careerists such as Mikhail Kisliuk, originally chairman of the militant Council of Workers Committees in Kuzbass, western Siberia, where the movement started in 1989. In 1991, with the miners' support, Kisliuk was elected regional governor. By 1995, he was traveling around by helicopter and entertaining business guests while miners faced near-starvation and heating cuts. As local government came close to breaking down, miners joined teachers, council workers and others to form 'committees of salvation' that sought to ensure supplies of food and fuel.

The only organisations which have retained any trust are the local strike committees. But as Borisov points out, "When the state of emergency was declared in Sakhalin, the strike committees also called for an end to the railway blockade. The miners completely ignored them, too."

The miners are convinced that the future of Russian industry depends on a change of political direction. Says Borisov: "The press never report the miners' main demand: the resignation of the President and a change in the direction of reforms in Russia."

"The reforms are being carried out in such a way as to destroy the country's productive capacity and turn Russia into an exporter of raw materials. This is movement against the regime, but for the economy," — Gemini News

The author is a freelance journalist who specialises in Russian affairs.