

13th SAFA confce begins in city today

Star Business Report The two-day 13th SAFA (South Asian Federation of Accountants) Conference, jointly organised by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) and the Institute of Chartered Accountants of Bangladesh (ICAB), begins today at 4 pm at Sonargaon Hotel, says a SAFA press release issued in city yesterday.

BIBM seminar on micro-finance programmes held

A day-long seminar on "Micro Finance Programmes of Commercial Banks" was held at Bangladesh Institute of Bank Management (BIBM) in the city on Thursday, says a press release.

Lutfar Rahman Sarkar, Governor of Bangladesh Bank, chaired the first session while Prof M Yunus, Managing Director of Grameen Bank, presided over the second session of the seminar.

The keynote paper titled "Commercial Banks Involvement in Micro Finance: Experience of Bangladesh and other Asian Countries," prepared jointly by Dr Bandana Saha and S M Ahsan Habib, Faculty Members of BIBM was presented at the seminar.

Hari Narayan Majumder, Executive Director of Bangladesh Bank, presented another paper on "Problems and Prospects of Re-orienting Commercial Banks to Micro Finance in Bangladesh."

The keynote paper of the first session concluded with the remarks that financial viability of the micro-credit providing institutions is important but in the context of the present situation of our country that should not be treated as the first priority, rather innovative techniques to reach the poorest of the poor and borrowers' viability are much more important.

The paper presented in the second session observed that commercial banks by entering the micro-credit market will not necessarily be in conflict with the operations of NGOs and Grameen Bank. They may be complementing each other efforts in alleviation of poverty.

Indonesia reverses decision to sell off cement company

JAKARTA, Aug 21: Faced with public pressure, Indonesia's cash-strapped government said Friday it will maintain control over the country's largest cement maker PT Semen Gresik, reversing its earlier decision to sell it to foreign investors, says AP.

Sofyan Djail, deputy state-owned enterprise minister, said the government will only sell 14 per cent of Semen Gresik and will retain the 51 per cent majority stake.

Because the pressure from the society... we think it's better for the government to keep the controlling stake," Sofyan said.

The proposed sell-off of the cement company had been part of a wider privatisation plan aimed at helping fix Indonesia's ailing economy.

Security Council extends its trade sanctions on Iraq

UNITED NATIONS, Aug 21: The Security Council has extended punishing trade sanctions on Iraq and expressed its concern about Baghdad's continued defiance in refusing to cooperate with arms inspections, reports AP.



Lutfar Rahman Sarkar (4th-L), Governor of Bangladesh Bank, presides over the first session of a seminar on "Micro Finance Programmes of Commercial Banks" organised by Bangladesh Institute of Bank Management (BIBM) on Thursday.

continue next week, after the UN chief's envoy Prakash Shah, briefs the council on his recent failed talks with Iraq's Deputy Prime Minister Tariq Aziz, the sources said.

Iraq announced two weeks ago that it was breaking off cooperation with the United Nations because the chief weapons inspector, Richard Butler, refused to certify that Baghdad had destroyed its banned weapons.

The Security Council will continue the sanctions, imposed in 1990 after Iraq invaded Kuwait, until it is convinced that Iraq no longer has long-range missiles and chemical, biological and nuclear weapons.

The sanctions bar air travel to and from the country and regular exports of oil, Iraq's economic mainstay.

Calling Iraq's actions "totally unacceptable," the council decided Thursday that a regular review of sanctions "showed that the necessary conditions do not exist for the modification of the regime," said council president Danilo Turk of Slovenia.

Council members "view with extreme concern the continued refusal by the government of Iraq to rescind the decision," Turk said.

There was widespread consensus before Thursday's meeting that the council wouldn't make any move toward lifting the measures because of the current standoff over inspections. On Thursday, Aziz rejected a written request by Butler to resume cooperation.

The council's decision, however, was nevertheless a blow to Iraq, which has pushed to have the sanctions lifted because it claims it has complied with resolutions that it destroy its banned weapons.

Thursday's decision is "an important step in saying to Iraq that because of your actions, your violation of Security Council resolutions, your repudiating the secretary-general's agreement with you, that sanctions are going to remain," said America's UN ambassador, Bill Richardson.

Zillur tells AGM Steps taken to set up 10 more Milk Vita plants

LGRD and Cooperatives Minister Zillur Rahman yesterday said the government has taken up necessary measures for setting up 10 more new factories for expanding the activities of Milk-Vita throughout the country, reports BSS.

The government recently set up two new Milk-Vita factories in Rangpur and Sirnagar in Munshiganj and production of the newly-constructed instant powder milk plant at Baghabari in Pabna will start soon," he said while addressing the 21st Annual General Meeting of the Milk Producer Cooperatives Union Limited at Mirpur in city yesterday.

Presided over by the Chairman of Milk-Vita Hasib Khan, the meeting was addressed, among others, by State Minister for LGRD and Cooperatives Mofazzal Hossain Chowdhury Maya, Deputy Minister for In-

dustry Hasibur Rahman Swapan, Kamal Ahmed Majumder MP, Abdul Latif Mirza MP, Cooperatives Secretary Abhab Ahmed and leaders of the union.

Zillur Rahman said the BNP government had destroyed hundreds of cooperative industries during their five years rule.

He said BNP had hampered the public health seriously by importing contaminated milk-powder from foreign countries and destroyed the milk processing industries run by cooperatives union by misappropriating public money.

Asian crisis eats into Dutch trade surplus

THE HAGUE, Aug 21: The economic crisis in South-East Asia and Japan took its toll on the Dutch trade surplus in May as exports to the region plummeted by 23 per cent and imports from the area rose by 25 per cent, provisional data released yesterday shows, reports AFP.

The Netherlands' trade surplus in May stood at 2.3 billion guilders (1.15 billion dollars), a drop of 4.1 per cent compared to 2.4 billion guilders registered in May last year, the Central Bureau of Statistics (CBS) said.

For the first five months of 1998, the trade surplus amounted to 10.8 billion guilders (5.4 billion dollars), a drop of 12.9 per cent in comparison with January to May in 1997.

Fake banknotes seized in raids near London

LONDON, Aug 21: A special counterfeiting team seized a total of four million pounds (6.3 million dollars) in fake banknotes during two distinct raids near London and on the Isle of Wight, police said yesterday.

Mexican peso hits new low Dollar up against mark on Russian troubles

NEW YORK, Aug 21: The dollar gained against the German mark Thursday on worries that Russia's attempts to renegotiate its foreign debts will be painful to Germany, its major banking partner, reports AP.

coming back from an eight-year low, as a Japanese official yet again warned that the government was prepared to intervene in currency markets to defend the yen.

BOT refuses to name loan defaulting politicians

BANGKOK, Aug 21: Thailand's central bank governor has refused to divulge the names of politicians involved in a bad loan scandal at a commercial bank, local papers reported Friday, reports AP.

Devaluation fear Caracas stock market hits 28-month low

CARACAS, Aug 21: Fears of a devaluation Thursday sent the Caracas stock market to a 28-month low, depressed the value of Venezuela's debt bonds, forced the government to prop up the currency through dollar sales, and stirred worries of a domino effect in Latin America, reports AP.

Government officials categorically denied a rumour Wednesday that the bolivar currency would be devalued by 17-20 per cent, but financial markets remained weary as investors dumped their Venezuelan stocks and began selling bolivars.

'Large part of banking sector face bankruptcy' Russia invites top western banks to help it out of debt mess

MOSCOW, Aug 21: Russia's government said yesterday it had invited leading western investment banks to help it out of its debt mess by advising on how it can best restructure some 50 billion dollars worth of frozen government bonds, reports AFP.

In a statement the government said that investment bank Warburg Dillon Read and a division of Swiss Bank UBS would advise on financial aspects of the debt recalibration.

In addition, Deutsche Bank and JP Morgan will serve as general advisors on the debt swap, which market participants originally feared could penalise foreigners in favour of domestic investors, as the government seeks a fall guy for its collapsed borrowing programme.

The presence of foreign consulting firms will ensure foreign interests are represented when it comes to restructuring the 373 billion roubles (53 billion dollars) of government bonds due to mature before December 31, 1999, all of which were frozen on Monday in a technical debt default.

The debt market suspension coincided with a de facto rouble devaluation in which the authorities agreed to let the Russian currency slide to as low as 9.5 to the dollar this year.

A significant number of commercial banks could end up in a default situation," he added.

It was the first direct admission by the central bank that large parts of the banking sector face bankruptcy since the government devalued the rouble on Monday and announced a 90-day moratorium on some foreign commercial debt to buy the hugely indebted banking sector some breathing space.

Alexashenko said that Russian bank owed foreign creditors some 19.2 billion dollars as of July 1 this year, of which 16.4 billion was due to mature within a year. Of all foreign banks, German banks are the most heavily exposed to the shipwrecked Russian sector.

Finance Minister Mikhail Zadornov said in June that barely 30 banks out of a total of 1,500 would survive a rouble devaluation, given frightening dollar hedge positions and their massive exposure to the bond market.

The government said earlier this week it could create a pool of 12 strong banks to help support the central bank and each other through the financial crisis.

The index was launched at 100 points on January 1, giving a clear measure of how low stocks have slumped in a wretched year for Russia's markets.

It's more of the same really, there's no real conviction," he said.

There are a few forced sellers, but mostly people are waiting until Monday to see what the government decides to do with the debt market," he added.

Another trade with a Western brokerage who did not want to be named said: "There is no real market. Literally there's no activity, clients are staying on the sidelines, and most are shell-shocked. A lot of people have lost a lot of money in this market."

Shares gave up more than three per cent to set a fresh 28-month low. While the rouble's recent slide was only stopped by heavy central bank intervention, the downwardly-mobile Russian currency change hands at 6.995 to the dollar in inter-bank trade from 6.99.

Despite its decision to cut the rouble loose from its dollar peg on Monday, the central bank has still had to intervene to protect its currency, traders said. Bank hard currency and gold reserves dwindled by another two billion dollars last week, however, standing at 15.1 billion dollar on August 14.

As for equities, the leading Russian Trading System (RTS) index stood at 87.01, down 3.52 per cent from Wednesday's close of 90.19. The broader RTS-Interfax index, which includes gas giant Gazprom, stood at 22.87, down 5.09 per cent on the day.

After all, foreign investors have no interest in buying into Japanese equities in a way which will give a strong boost to the broader market," one broker said.

"But, on the other hand, they are also feeling that the chance of a further rebound is growing, which is preventing them from turning active sellers."

Devaluation of rouble PM faces hostile Duma

MOSCOW, Aug 21: Prime Minister Sergei Kiriyenko on Friday defended devaluation of the rouble before a hostile parliament, dominated by Communists and other hardliners who reiterated their call for the government's ouster, reports AP.

"We can't afford the luxury of being a popular government," Kiriyenko said in a 10-minute speech before the parliament's lower house, the State Duma, which convened an emergency session to discuss the crisis.

Kiriyenko accused the Duma of dragging its feet on approving a series of government-proposed steps to boost revenues and said the lawmakers' indecision precipitated the latest financial crisis.

Let's honestly recognize that there is no political force in the country that is ready to undertake political responsibility for the economy in crisis," he said, drawing angry shouts from the Communists and their allies.

Communist leader Gennady Zyuganov, who took the floor shortly afterward, assailed the government, saying it had "put the country on the verge of a precipice."

Asian stock markets end mixed

HONG KONG, Aug 21: Asian stock markets ended mixed yesterday as profit-taking set in to cut short this week's strong regional rally powered by a firmer yen, says AFP.

Hong Kong's stock market closed up 1.6 per cent. Tokyo and Singapore ended barely lower, Sydney gained 0.9 per cent and Kuala Lumpur rose 2.2 per cent. Seoul was the star performer with a 4.9 per cent rise.

Manila was up 1.9 per cent, but Bangkok, Jakarta and Taipei ended lower.

Dealers said the rally lost steam as investors locked in profits on this week's strong gains amid a resurfacing of concerns over regional economies.

Hong Kong chief executive Tung Chee-hwa confirmed that the territory was in recession, with data due out next week expected to show a second successive quarterly contraction.

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Government officials categorically denied a rumour Wednesday that the bolivar currency would be devalued by 17-20 per cent, but financial markets remained weary as investors dumped their Venezuelan stocks and began selling bolivars.

The Venezuelan rumors appear to be undermining investor confidence in emerging markets, already battered by this week's devaluation in Russia.

In Mexico, the peso hit a record low Thursday of 9.3450 per dollar. Stock markets in much of Latin America were also down Thursday - in Venezuela by 9.5 per cent, in Argentina by 4.7 per cent, in Brazil by about 4 per cent.

To cover their losses in Russia and Asia, many investors have begun to sell their positions in Latin America.