

**SAARC trade fair begins in Colombo Sept 8**

COLOMBO, Aug 30: The second trade fair of the South Asian Association for Regional Cooperation (SAARC) is scheduled to be held in Colombo from September 8 to 15, Sri Lanka's Trade Ministry said today, reports Xinhua.

It said the main purpose of the fair is to project the image of SAARC member countries through the full range of their respective economic activities to enhance economic cooperation and to promote intra-regional trade, investment and tourism.

The fair will be a showcase of large exhibitors from the seven SAARC member countries — Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

The Pakistani trade delegation will comprise some 100 participants while 75 members from the Indian team are expected to take part at the fair.

The ministry said more than 600 people from all over the world had submitted their applications.

The first SAARC trade fair was held in 1996 in India.

**Chinese local govts battling against rising prices**

BEIJING, Aug 30: Local governments in China were locked in a battle against rising prices as millions of soldiers and civilian volunteers breached for yet more flood water along the country's major rivers, reports said today, according to AFP.

"We have taken emergency measures to restore market prices to normal levels in just a week," the China Daily business weekly quoted an official in central Hubei province as saying.

Zhang Yunpeng told the paper the local authorities had spent almost two million yuan (240,000 dollars) in the course of a week to bring prices back to their June 10 levels before the floods hit.

Their actions were being mirrored in other flood-stricken areas, with the ultimate backing of China's central grain reserves should they be needed, the paper said.

As China began to face up to the enormous economic costs of the worst flooding since 1954, millions of soldiers and civilian volunteers remained on dykes along the Yangtze and Songhua rivers in preparation for yet more flood water from upstream.

"(Around) 3.75 million army men and civilians are maintaining a constant watch along the banks of both the Yangtze and Songhua rivers," Xinhua news agency said.

**Pakistan imports 80,000 MT of wheat**

By Muhammad Najeeb

ISLAMABAD, Aug 30: Pakistan has imported a consignment of 80,000 tonnes of wheat to offset a serious shortage and officials say more imports may be in the pipeline.

Two ships, with 40,000 tonnes of wheat each imported by private parties, have reached Karachi port. The imports followed the government's decision to allow private parties to purchase wheat for the first time from other countries, said Food and Agriculture Secretary Zafar Altaf.

He said the private sector can import as much wheat as it wants and can also fix prices of the imported commodity in the domestic markets. Pakistan usually imports wheat from the United States, Australia and Canada.

The official indicated that the Pakistani government may also import 1.8 million tonnes of wheat this financial year. The country's farms produced 19 million tonnes of wheat in 1997-98 against the requirement of 21 million tonnes, he said.

Last year, the government imported 4.08 million tonnes of wheat at a cost of 709.016 million dollars of which one million was still to be used.

Altaf said the government aims to reduce the burden of subsidy on the imported wheat. The government used to give an annual subsidy of over two billion rupees on the imported wheat. The average cost of the imported wheat is estimated at about Rs 9 per kg while the government supplies it to flour mills at Rs 6.50 per kg to keep the prices of flour down.

Explaining the shortfall in wheat production, he said the official price is believed to be less than the production cost. The government has set an ambitious target of 22 million tonnes of wheat production for next year, besides 3.5 million of sugar, 4.3 million tonnes of rice and 11 million bales of cotton, he stated.

He said the government is also considering raising the support price of wheat from Rs 240 to Rs 280 or Rs 300 "within a couple of weeks" to persuade farmers to grow more wheat. "When the growers will get good price of wheat they will definitely struggle to grow more wheat."

The government was also arranging 40 billion rupees in credit to farmers. This will include a 20 billion rupee credit for rice and cotton crops and a similar amount of loans for the cultivation of wheat and sugar.

—India Abroad News Service

**Tofail tells Foreign Chamber meet**

**No gains from tariff concessions unless rules of origin revised**

Commerce and Industries Minister Tofail Ahmed has said other than revising the rules of origin criteria countries like Bangladesh will not be able to reap the benefits of tariff concessions, reports UNB.

"Even though India has withdrawn tariff and non-tariff barriers from 2001 items, the result is almost zero because Bangladesh cannot comply with the present rules of origin which fix high value addition," he said.

The Commerce Minister was addressing luncheon meeting of the Foreign Investors Chamber of Commerce and Industry (FICCI) yesterday.

Referring to Bangladesh's long and medium-term prospects, he hoped that Bangladesh would be a prosperous country in Asia in near future if the

political situation remains stable.

Tofail said if the economic activities could be separated from the political ones, the country would have achieved faster development.

However, the minister emphasised the continuation of reform process and disinvestment of the state-owned enterprises for faster development of the country.

Turning to the South Asian regional perspective, Tofail said although the idea of establishing free trade zones is the order of the day, unfortunately SAPTA could not yet be implemented.

"It's true that expansion of intra-SAARC trade is very important. But it's also a fact that post-SAPTA achievement is little. The Commerce Minister

said: The intra-SAARC trade was 2.4 per cent before SAPTA while the post-SAPTA trade volume is only 2.8 per cent. It's a very meagre figure.

"Had the obligations of SAPTA been implemented, we could have reaped the benefit of establishing SAARC," Tofail said.

Opposing the speedy reduction of tariff by Bangladesh, the commerce minister said, "We have drastically and abruptly reduced our tariff structure, but it would have been better to do it gradually."

The Commerce Minister said it has not been even considering the interests of local industries. "Many local industries have fallen in trouble because of the drastic reduction of the tariff structure."

There are a good number of

local small industries which have become sick because of tariff reduction. It's not always true that they have taken money from banks and turned defaulters, Tofail said.

The minister also urged business community to come forward in aid of the 20 million flood-affected people.

"Economy has suffered a lot because of the flooding. If we can work together we will definitely be able to overcome the crisis and mitigate sufferings of the people," he said.

Earlier, presenting the keynote paper on "SAPTA to SAFTA: Need for a Moratorium", economist Dr Zaid Bakht advocated to put the transition to SAFTA on hold until the pro-active role of SAPTA in favour of the LDCs has been fully worked out.

He said granting of unilateral free trade facility to LDCs and relaxing the rules of origin are the prime necessity.

"There is also the need for cooperation in the fields of investment, technology transfer and market support to facilitate expansion of the export base of the LDCs."

He stressed that until the export capability of the LDCs are improved through some measures, transition to SAFTA will accentuate the current inequalities in terms of trade performance.

Held at Hotel Sheraton, the luncheon meeting was presided over by FICCI President A K M Shamsuddin Ahmed.

The meeting was attended, among others, by the High Commissioner of Sri Lanka E G Dayananda, Economic Minister of India High Commission Ahmed Ali Rao.



Commerce and Industry Minister Tofail Ahmed speaking at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce & Industry held at the Dhaka Sheraton Hotel yesterday. Seated on his left are Chamber president A K M Shamsuddin, secretary Jahangir Bin Alam and the keynote speaker Dr Zaid Bakht of BIDS and on his right is FICCI vice-president Hugh E Tweed.

**Russian govt, lawmakers strike deal to restore calm in economy**

MOSCOW, Aug 30: Russia's interim government and parliamentary leaders signed a political agreement Sunday in a bid to end the country's crisis and restore calm in the economy, Russian media reported, reports AFP.

Details of the agreement, concluded in a closed meeting, were not released.

But NTV television said the Communists and their allies who dominate parliament agreed to give swift confirmation to acting Prime Minister Viktor Chernomyrdin and agreed not to try to topple the government for up to 18 months.

In exchange, President Boris Yeltsin would not shuffle his Cabinet for the same period and would consider giving lawmakers more powers over Cabinet appointments and government policy, NTV said.

Currently they only confirm the president's nomination of a prime minister, not Cabinet

ministers.

The agreement was sent to Yeltsin to sign at his country residence outside of Moscow, said Vladimir Ryzhkov, deputy speaker of the State Duma, the lower house of parliament.

The State Duma is scheduled to meet Monday to consider Chernomyrdin's appointment.

Chernomyrdin said Saturday the negotiations were difficult in part because they are historic.

"This is the first time in six years that we are coming to agreement on the definition of the problems in which Russia finds herself," he said, according to the Interfax news agency.

Chernomyrdin also vowed in a scripted TV interview with journalists Saturday that there will be no return to the Soviet system.

"We have already joined the world economy, and there will be no return to the past," Chernomyrdin pledged.

Chernomyrdin, whose ability to carry out economic reform has frequently been questioned — pledged to keep the rouble convertible, shore up the wobbly banking system and protect depositors.

"The main thing is to make sure people don't suffer," he said, looking straight at the camera. "For this we should use our power, and we will use it as much as necessary."

"You can be calm. You will get your savings," he said.

His assurances followed days of frenzied negotiations in which the government appeared ready to take drastic actions to restore economic calm, including reimposing Soviet-style controls on prices and the exchange rate.

The economy showed a few signs of nascent recovery. After sharp drops earlier in the week, the rouble bounced back a bit in Moscow street sales on Saturday and demand was high enough that some exchange

booths ran out of the Russian currency.

Yeltsin brought Chernomyrdin back as prime minister a week ago because he hoped the familiar figure would restore confidence in the government, badly damaged by the rouble's sharp decline. The crisis of confidence climaxed Thursday in a wave of rumors that even Yeltsin would resign.

But the president, with typical bluster, sought to squash such speculation by going on television Friday to declare he would not step down.

The crisis has been building all summer as Russia's financial markets collapsed, unbuoyed even by a \$23 billion international bailout, was hit by the growing global crisis in developing markets. The economic turmoil forced the government to devalue the rouble two weeks ago, which triggered a larger crisis of confidence in Yeltsin's government.



Chairman of Wata Chemicals Ltd Md Fazlul Hoque (C) presides over the company's 16th annual general meeting held at a city hotel on Wednesday. Deputy Managing Director Khodeza Hoque is also seen. A 10 per cent dividend for the year 1997 was declared at the AGM.

**Global stock markets witness bearish week**

NEW YORK, Aug 30: Stock markets around the world reeled as a result of the financial and political crisis in Russia, with only a slight breather on Friday after President Boris Yeltsin vowed to stay in office, reports AFP.

All the major markets were jolted this week, with the Dow Jones index on Wall Street tumbling 5.65 per cent in its worst week of the year.

Tokyo stocks fell nine per cent, Zurich 8.21 per cent, Paris 5.9 per cent, London 4.15 per cent, Frankfurt 3.29 per cent, and Madrid — with a lot of Latin America exposure — fell 11.2 per cent.

In Latin America, a rally in some markets failed to erase the steep losses from Thursday's collapse. Sao Paulo's main stock index was off 13.1 per cent for the week, Buenos Aires fell 10.5 per cent, Caracas 8.6 per cent and Mexico 7.59 per

cent.

Sebastien Pigeon, analyst at Societe Generale in New York, said Wall Street finally succumbed to the pressures of emerging markets, which have been weak for some time.

"All the indicators show the US economy continues to grow but the United States cannot be in a bubble, isolated from the rest of the world," he said.

Pigeon added that lower commodity prices were "a worrisome symptom," particularly for Latin America, which depends on its exports of raw materials.

The flight of capital from emerging markets have landed mainly in safe havens like US treasury and German bonds.

In Germany, that has pushed bond yields to a low Friday of 4.02 per cent from 4.14 per cent a week earlier, and some believe this could drop to four per cent. In the US bond market, the

yield on bellwether 30-year treasury bonds, which drops as the value increases, fell Friday to below 5.35 per cent this week — the lowest since the Treasury began issuing the bonds in 1977.

Even so, with inflation virtually non-existent, real interest rates are at astronomical levels, said Philip Braverman of DKB Securities, who estimates that the Federal Reserve will soon cut its federal funds rate, which has been at 5.50 per cent since March 1997.

Many investors fear the crisis that has ravaged Asia and Russia could spread to Latin America, putting a damper on all emerging markets.

Some are awaiting word from the new Russian government of Prime Minister-designate Viktor Chernomyrdin and the upcoming visit to Moscow of US President Bill Clinton.

**India to launch German, South Korean satellites**

by P.S. Phadnis of India Abroad News Service

BANGALORE, Aug 30: Antrix Corporation, the commercial arm of the Indian Space Research Organisation (ISRO), has entered the prestigious satellite launch business with contracts to put into space a German and a South Korean satellite.

The two satellites are scheduled to be launched by the PSLV-C2 (Polar Satellite Launch Vehicle) in the first half of 1999. This marks the beginning of India's attempts to become a major international player in the launch of, and in-orbit support to, small satellites.

Antarix Managing Director N. Sampath told IANS in an interview that the two satellites, KITSAT-3 of South Korea and DLR of Germany, would be injected into space on a commercial basis, apart from ISRO's own remote-sensing IRS-P4.

While the Indian satellite would weigh 1,100 kg, the Korean and German satellites, riding "piggyback", would weigh just 100 kg and 50 kg, respectively.

Sampath said the contracts were the first obtained by his corporation for launch services. Antarix (the Hindi word for space) had also contracted to launch a Belgian satellite along with IRS-P6 around the end of year 2000. Asked about Antarix's tie-up with Arianespace, the French-based company, Sampath said the latter also launched smaller satellites on a commercial basis. However, of its 10 or 12 launches, most were geostationary not suitable for small satellites which were placed mostly in polar, low-earth orbits of 500 to 1,000 km.

Antarix's main interest, on the other hand, was in the small satellite segment. If either of the parties was not ready to carry a small satellite contracted for, the other would take the responsibility. "We have more chances of benefiting because of our stress on small satellite segment," Sampath said.

"We do not face much competition from the U.S. for launch services of small satellites," he said. "There are three major companies in the U.S. offering this service — Boeing, Lockheed Martin and Orbital. Of these,

only Orbital launches small satellites. Besides, the U.S. companies were busy with government business and don't have much spare capacity."

He added that if at all there was competition, it was from the Russians. "They have the capability to launch all manners of satellites. They are relatively economical (when compared to the U.S. and European companies). This makes competition from them formidable. At the same time, we have to accept this since we can't expect to have a global monopoly."

Among other commercial services, Antarix offers tracking services from its Master Control Facility in Hassan and the station in Bangalore, in the southern state of Karnataka, and transfer orbit support.

It had also provided transfer orbit support to Eutelsat launched by Lockheed Martin a couple of years ago. The service would be provided to a Japanese satellite built in the U.S. next year. Antarix had provided in-orbit support to a satellite of the Pan Am two years ago. The company would launch another satellite next month for which Antarix would provide the in-orbit services. It hoped to bag two-three such contracts every year.

A number of space agencies had taken Antarix's services in the areas of software, spacecraft operations and mission control. It had signed an agreement with Electronics and Telecommunications Research Institute of South Korea for providing engineering and technical consultancy for the development of KOMPSAT's (Korean Multipurpose Satellite) Mission Control Element. It was under contract with ARABSAT to provide training in the theory and concept of satellite communication.

According to Sampath, another prestigious service Antarix would offer soon was building and selling whole satellites. "We are at present working on two or three potential contracts," he said. "One of them will materialise this year."

The corporation would confine itself to supplying communication satellites.



Mosarrat Hossain, Managing Director of Agrani Bank addresses the managers' conference of Agrani Bank Mymensingh Zone.

**Blair, Chirac hold urgent talks 'Russian economic reform should continue'**

LONDON, Aug 30: British Prime Minister Tony Blair consulted French President Jacques Chirac and Italian German Chancellor Romano Prodi by telephone yesterday as part of urgent talks with leaders of the G7 industrialised nations on Russia's economic crisis, reports AFP.

A spokesman declined to reveal the contents of the calls. But from Paris a presidential spokeswoman said Chirac and Blair had agreed it was essential that Russian economic reforms continue.

It had also been agreed that it was essential to support the act of the managing director of the International Monetary Fund (IMF).

Blair's office said Michel Camdessus had also been in touch with the British Prime Minister and the governor of the Bank of England Eddie George.

Camdessus warned Russia Friday that it faced "disaster" if Russia's new acting premier Chernomyrdin rolled back on free-market policies.

He warned against abandoning a strict monetary policy and reverting to printing money and restoring state control over prices, trade and foreign exchange.

Camdessus said such tactics would mark a return to a command economy, coupled with hyper-inflation and social upheaval.

Blair was calling the other six members of G7, the world's seven richest nations, "to take stock and share analysis" on Russia, a spokesman for his Downing Street office.

The move came amid mounting concern in the West over the financial and economic turmoil that is now gripping the emerging market of Russia.

Britain holds the presidency of the informal G7 group of nations until the end of the year. A British spokesman said

contacts had begun at official level among G7 members and had revealed "general agreement that the (Russian) reform process must continue in order to resolve the crisis."

Blair was later Saturday contacting Canadian Prime Minister Jean Chretien and Austrian Chancellor Viktor Klima. Although Austria is not in the G7 club, it currently holds the presidency of the 15-member European Union which has a close interest in Russian developments.

Reuter report says: The United States said on Saturday it was encouraged by Acting Russian Prime Minister Viktor Chernomyrdin's quick reassurances about his country's crumbling economy but said he still and a huge task ahead.

Chernomyrdin, the one-time hardliner re-appointed by President Boris Yeltsin this week after he sacked his entire cabinet, ruled out any return to Russia's Soviet past.

He also assembled a group of senior reformers and told them to prepare urgent measures to halt the country's acute financial crisis — which has panicked markets and unnerved foreign lenders.

White House spokesman PJ Crowley called the developments encouraging but was cautious about saying more.

"It's hard to comment at this point until they have a government, they formally have their economic team and they formally lay out their economic programme, but certainly it is encouraging," Crowley said.

"They are going to continue on the path of economic reform (and that's clearly what we are encouraging them to do)."

In a briefing on Friday, Deputy Treasury Secretary Larry Summers said Russia had to make several crucial choices on banking and financial reform.

**Philippines for using ASEAN currencies in intra-regional trade**

MANILA, Aug 30: A Philippine government agency is looking into measures to encourage the use of ASEAN currencies in intra-regional trade to save dollars in the worsening financial crisis, the presidential palace said Saturday, reports AFP.

A palace statement said the economic mobilisation group, a special body headed by President Joseph Estrada's chief aide, Executive Secretary Ronaldo Zamora, was seeking a report on developments towards use of intra-ASEAN currencies.

This would include a record of availment under such arrangements, such as the existing scheme between the Philippines and Malaysia allowing the two countries to use each other's currencies in trading.

Member countries of the Association of Southeast Asian Nations have been calling for wider use of each other's currencies after most were hit by waves of depreciation that began last year.

ASEAN groups Brunei, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

**Iran's oil output capacity at record high**

TEHRAN, Aug 30: Iran's crude oil production capacity has reached a record 4.2 million barrels a day (BPD), up from around four billion and in line with its targets, the official news agency IRNA reported yesterday, says AFP.

Output from Iran, OPEC's second largest producer, is currently 37 million BPD of which 2.4 million BPD are exported.

Iran earns 85 per cent of its hard currency from oil exports, and the drop in crude prices on international markets has meant earnings have fallen around six billion dollars short of recent budget forecasts.

**Managers' confce of Agrani Bank Mymensingh zone**

Star Business Report

The managers conference of Agrani Bank's Mymensingh Zone was held at Mymensingh zone office says a press release issued yesterday.

Mosarrat Hossain, Managing Director of Agrani Bank, attended the conference as the chief guest, while K M Badrus Salam, General Manager, was present as special guest. Md Abdul Gani Khan, Deputy General Manager of Dhaka Circle-1 and Saaluddin Mahmud, Deputy General Manager and Zonal Head of Mymensingh zone, were also present on the occasion.

In his inaugural speech Mosarrat Hossain urged the managers to discharge their duties with dedication for the socio-economic upliftment of the country.

He stressed the need for deposit mobilisation recovery of classified advances and business expansion. Hossain also instructed the bankers to disburse crop loans and other small loans under the poverty alleviation programmes in the flood affected areas on priority basis.

General Manager K M Badrus Salam called upon all to work with zeal with a view to earning more profit for the organisation.

**Business, govts explore ways of tackling Y2K bug**

Star Business Report

Business and governments will explore cooperative solutions to the Millennium Bug problem at a conference in London on October 15-16, the International Chamber of Commerce (ICC) announced recently.

The Global Year 2000 Summit, bringing together international policy-makers and top business experts, will take up the challenges posed by the century date change in IT applications. It will be the first official meeting on Y2K between inter-governmental organizations and leading business groups, says a press statement issued in city yesterday.

Keynote speaker at the conference will be Frances Cairncross, Senior Editor of The Economist and author of The Death of Distance. She will describe the "Global Year 2000 Landscape". Also, Roger W Ferguson, Jr, Chairman of the Joint Year 2000 Council and US Federal Reserve System Governor, will provide his own perspectives on the urgency of the issue.

World class experts will speak in sessions focused on national strategies to address the Y2K problem, alternative dispute resolution, public and private sector status reports, contingency planning and crisis management.

The Global Year 2000 Summit is being organised by the World Bank, the Joint Year 2000 Coordinating Committee (Bank for International Settlements), the International Chamber of Commerce, the International Telecommunications Users Group, the World Information Technology and Services Alliance, Global 2000 Coordinating Committee, and the Organisation for Economic Co-operation and Development (OECD).