## Pakistan to take plight to IMF

WASHINGTON, Sep 3: Having trouble paying 42 billion dollars in foreign debts, Pakistani officials will meet with an International Monetary Fund team to see what can be done to avert a major financial crisis, says AP.

The IMF said Wednesday its officials would go to Islamabad this month to assess the economic situation.

Among remedies that will be discussed are resuming IMF loans to Pakistan, which the Clinton administration is legally obliged to vote against under sanctions imposed after Pakistan tested nuclear weapons in May.

Pakistan's currency reserves have fallen to 600 million dollars, intensifying doubts about its ability to pay its massive foreign debt. The country also suffers from high inflation and a depreciating currency, the ru-

State Department officials said last month that despite the sanctions the United States would not block IMF aid to Pakistan, which other major members of the IMF were likely to

support. Pakistan received two threevear IMF loans totaling about 1.6 billion dollars to help it stabilise its economy last October. About 1.1 billion dollars of that amount had not been paid when US sanctions halted the flow of funds.

## Indian steel cos join hands to fight slump

NEW DELHI, Sept 3: India's state-owned and private steel companies, facing plunging profits, will jointly launch a campaign to revive sales and exports, officials said yesterday, reports AFP.

Both the industry and the government have raised funds for the national campaign to promote consumption of steel in a bid to revive the sector, India's Steel Development Commissioner RK Prasannan said.

He said the campaign would end at the close of the current financial year in March 1999.

The country's leading steel producers reported negative results in the first quarter of the current financial year after consumption dipped by nearly one percentage point in fiscal year 1997-1998.

The state owned Steel Authority of India Ltd (SAIL) plunged further into the red as its losses hit 70 million dollars in the first quarter of the fiscal year beginning April 1.

SAIL, India's largest steel producer, accounts for 30 per cent of the country's total annual steel output of 23 million

Post-tax profits of Tata Steel. India's largest private sector firm, plummeted to 6.7 million dollars in the first quarter from 16.4 million dollars the previous year.

### 2 ROK computer chip makers agree to merge

SEOUL, Sept 3: Two top South Korean computer chip makers agreed to merge Thursday in an industry shakeup that forced the nation's bloated conglomerates to reorganise some of their key, overlapping subsidiaries, reports AP.

The marriage between Hyundai Electronics Industry Co and LG Semicon will create the world's second largest computer memory-chip maker with a combined 17 per cent market share. Samsung, also from South Korea, leads the market with a 19 per cent share.

The Hyundai-LG merger was the highlight of a package agreement unveiled Thursday. in which the nation's top five conglomerates merged 17 of their key subsidiaries. "The deals will relieve some

of the burden of the excessive. overlapping investments," said Sohn Byung-doo, vice ehairman of the Federation of Korean Industries, a lobby of big busi-"The restructuring drive will

spread further in the future and will help reclaim international confidence for the country's

The deals also included: A merger of the aircraft components subsidiaries of Samsung. Daewoo and Hyundai.

A merger of rolling stock arms of Hyundai and Daewoo. A smaller rolling stock builder, Hanjin, will join the merger

Samsung and Hyundai will merge their petrochemical companies.

Hyundai will take over the oil refinery and gas-station

chain owned by Hanwha. Samsung will sell its ship engine plant to Hanjoong, a state-owned heavy industries

Hyundai and Hanjoong will

merge their power plant-building operations. Officials still have to work

out details of these deals. Sohn Conspicuously absent in

Thursday's industry shakeup was automobile companies, whose sprawling facilities have come to symbolize South Korea's industrial overexpansion.

South Korean car makers are operating at half their combined annual capacity of

four million vehicles. The auto industry restructuring was stalling pending the fate of bankrupt Kia Motor Co. the country's No 2 carmaker, now up for an international auction.

# Most Asian stock markets fall amid Malaysian turmoil

HONG KONG, Sept 3: Most Asian markets closed lower Thursday as investors dumped regional stocks amid political and economic uncertainty in Malaysia, where the reformminded finance minister was sacked, reports AP.

The 0.5 per cent fall in the Dow Jones Industrial Average on Wednesday also added to bearish sentiment in Asia, analysts said.

In Japan, share prices closed lower amid worries about deteriorating Japanese corporate earnings, unstable global stock markets and news that a steelmaker is looking to liquidate itself.

The benchmark 225-issue Nikkei Stock Average was down 115.38 points, or 0.80 per cent, to close at 14,261.24 points.

The much-watched Japanese currency also rose against the US dollar on concern over speculation that foreign funds were dumping the dollar and on yenbullish comments from Japanese officials.

The dollar was trading at 135.65 yen on the Tokyo foreign exchange market late Thursday, down 1.90 yen from late Wednesday in Tokyo, and below its late New York level of 137.77 ven overnight

The dismissal of Anwar Ibrahim, the market-friendly finance minister, by Malaysian Prime Minister Mahathir Mohamad, hit neighbouring Singapore the hardest. Singapore's Straits Times Index closed down 1.8 per cent, or 18.48 points, to 313.07.

But in Malaysia, where Mahathir has often criticized speculators who prey on open markets, share prices rallied as local retail investors ignored the firing and instead gambled on a flood of easy money.

The benchmark Kuala Lumpur Stock Exchange Composite Index rose 18.48 points, or 6.3 per cent, to close at

Dealers said that local buying spurred by new central bank

measures that were announced

The first annual franchise meet of Hallmark Cards Inc, USA for Bangladesh was held in

the city recently. The meeting was presided over by Rajesh Vaishnav, Managing Director

of Vintage Cards and Creations Pvt Ltd, the licensee of Hallmark Cards, and Najmus

Ahmed, Managing Director of Bridgehouse Ltd — the Bangladesh distributors of the

Cards. Franchisees and retailers Yusuf Ismail (Kakrail), Kabir (Uttara), Zakir (Hatirpool),

scandal. In 1996, directors re-

vealed that it had bad debts ap

proaching 75 billion bath (3 bil

- The bank's troubles trig-

gered a loss of confidence in the

Thai banking system that led to

floating the bath a year later.

the move that triggered the

So far, no one has been con-

victed of any wrongdoing in the

bank, though violations of Thai

banking regulations were le-

gion. After being kept alive by

the government for the past two

years, the bank was closed as

part of recent financial re-

the secretary of the finance

committee, was cited by The Na-

tion newspaper Thursday as

saying that the three opposition

MPs were the only ones being

The identities of other

politicians has been kept secret

by the central bank in line with

Rakesh Saxena, the bank's

adviser, has been blamed by

Thai authorities for most of the

shady practices at the bank. He

has fled to Canada and is fight-

to sell its oil in exchange for

the need to better provide for

Iraqis, agreed in February to

increase the amount of oil Iraq

could sell over six months from

2.14 billion dollars to 5.26 bil-

lraq is expected to pump in the

second half of the year, only

1.79 billion dollars is expected

to be spent on humanitarian

goods, Annan said. According

to UN resolutions, 34 cents of

every oil-for-food dollar go for

Gulf War reparations and ad-

delays in contract approvals

and deliveries of goods on

Wednesday, an Iraqi health of-

ficial said that less than 1 per

cent of the 200 million dollars

in medical supplies that Bagh-

dad was permitted to buy during

the first six months of 1998 had

UN spokesman Eric Falt ac-

knowledged that medicine de-

liveries were "slower than ex-

pected," but said 17 million dol-

lars or 9 per cent of the medical

supplies, arrived during the

arrived in the country.

Iraq has complained about

ministrative costs.

Of the 2.86 billion dollars

The Security Council, citing

humanitarian goods.

lion dollars.

ing attempts to extradite him.

sued by the bank.

Traq must prioritize

its purchases'

privacy regulations.

Surapong Towichakchaikul

lion dollars at the time)."

Asian economic crisis.

and S R Chowdhury (Rainbow Ice cream) were, among others, present at the meet.

3 politicians identified

in Thai bank scandal

BANGKOK, Sept 3: Three

politicians from Thailand's

chief opposition party have

been publicly linked to the col-

lapse of a bank that started a

chain reaction leading to the.

Asian economic crisis, says AP.

tives committee on finance an-

nounced Wednesday that the

trio from the New Aspiration

Party could face embezzlement

charges stemming from 6.4 bil-

lion bath (160 million dollars)

borrowed from the Bangkok

The three — Chuchart Harn-

sawat, Manote Chaowarat and

Chattawat Mutamara - were

publicly named, in contrast to

other politicians who had

taken loans from the bank, be-

cause they were not making se-

rious efforts to repay them, the

That prosecutors have

tracked down billions of baht

worth of overseas assets belong-

ing to suspects in the scandal

surrounding the bank and or-

dered them frozen. Swiss au-

thorities announced Wednesday

that they have frozen dlrs 40

merce was the centre of Thai-

land's biggest-ever banking

UNITED NATIONS, Sept 3:

Despite being allowed to pump

5.26 billion dollars in oil over

six months under a special UN

programme, Iraq is only ex-

pected to produce 2.86 billion

dollars because of low oil prices

and its dilapidated pumping fa-

cilities, the UN chief said in a

firmed what UN and Iraqi offi-

cials had predicted for months.

But it represented the first solid

figure of Iraq's expected capa-

bility for the second half of the

year to buy badly needed food

and medicine for its 22 million

people suffering under UN

officials have begun discussions

with Bahdad to prioritize its

humanitarian purchases,

Secretary-General Kofi Annan

said in the report to the Secu-

decide what to buy, UN officials

and western diplomats are em-

phasizing the need to give prior-

ity to food, medicine and spare

parts to improve Iraq's oil in-

Iraq has been barred from

selling oil — its economic

frastructure, officials said.

Though it's up to Baghdad to

Because of the shortfall, UN

Wednesday's report con-

report, says AP.

sanctions.

rity Council.

The Bangkok Bank of Com-

million in suspect accounts.

committee's secretary said.

Bank of Commerce.

The House of Representa-

before trading began Thursday had mitigated the political uncertainty. The measures will effectively add liquidity to the financial system as well as make money cheaper

Elsewhere: TAIPEI: Wall Street's fall and margin calls pulled share prices in Taiwan to a near twoyear low. The Weighted Price Index slumped 3.4 per cent to close at 6,251.38, its fourth biggest drop this year.

HONG KONG: Shares closed

lower as investors sold to cash

in on the market's recent gains. The Hang Seng Index ended down 37.08 points, or 0.5 per cent, to close at 7,318.59. BANGKOK: Share prices ended down on continued concerns over the economy. The

or .09 per cent, to close at 207.40. JAKARTA: Share prices closed higher on news of government liberalization of import duties for some basic

commodities. The JSX compos-

SET index slipped 0.19 points,

ite index was up 5.163 points, or 1.6 per cent, to end at 334.788. MANILA: Shares closed lower in line with the Wall Street fall and a weaker peso. The PSE index was down 4.82 points, or 0.4 per cent, to

1.192.95. SEOUL: Shares were up on the back of an agreement by the country's five largest conglomerates on economic reforms. The benchmark KOSPI ended up 0.38 points, or 0.12 per cent, to close at 314.78.

**SYDNEY:** Share prices eased slightly, but selected issues were well supported as investors cautiously made their return following the recent volatility. The all Ordinaries index closed down 2.7 points, or 0.10 per

cent, to 2,513.3. **WELLINGTON:** Shares closed lower, with brokers saying stocks exposed to depressed world commodity prices helped push down the local market. The NZSE-40 capital index close at 1,775.67, down 26.87 or 1.5 per cent.

# LC opening up 13.87 pc

Import-related Letters of Credit worth Tk 3,1578.51 crore were opened by the authorised dealer banks during 1997-98 fiscal, reports UNB.

The amount shows an increase by 13.87 per cent from that of the previous year, said a Bangladesh Bank press release Wednesday.

The increase was mainly due to higher volume LCs for import of food grains and industrial raw materials, it said.

The release said the volume of food grains and industrial raw materials increased by 20.16 per cent.

The highest amount of LCs were opened for importing textile fabrics and accessories for the garment factories (Tk 8,399.50 crore) followed by chemical and chemical products (Tk 2,281.52 crore), machinery (Tk 1,904.72 crore) and rice (Tk 1,539.48 crore).

# Energy sector liberalisation boosts economic gains'

Energy market liberalisation drives competition and brings widespread national and international economic benefits, according to a report issued today by the International Chamber of Commerce (ICC), the world's leading business organization, according to an ICC press release.

One critical component of national energy sector liberalisation, the report says, is the creation of specialist, supervisory authorities, independent of government, with clear mandates to facilitate and promote the development of competition in the gas and electricity sectors. The establishment of such authorities, with the power to create truly open markets, will ensure that the national benefits to be derived from liberalisation are maximised.

The report, entitled "liberalisation and privatisation of the energy sector," is the result of a two-year study by senior business executives from major companies who worked as an international expert group for the Paris-based ICC. The document highlights key success factors in nearly a dozen countries where liberalisation and privatisation of the energy market has been implemented. It also points to a number of critical areas where improved policy formulation would work to enhance the positive effects of liberalisation.

The report reflects ICC's policy to promote open intentional trade and the market economy worldwide. It promotes "liberal isation" and "deregulation" of markets and gives the viewpoint of the "private sector" concluding there are distinct economic advantages to be derived from the process.

Furthermore, the diversity of participants within the work group, consisting of energy suppliers and users, energy experts and scientists, ensures a balanced view.

Chairman of the 20 strong ICC work group was Dr Michael Kohn, Head of the Zurich-based Institute for Capital and Economy, assisted by Vice Chairman Dr Franceso Balocco, European energy supply manager. Dow Europe and Mr Peter Styles Vice President of Enron Capital and Trade Resources (London

and Houston! The report's main conclusion and recommendations in-

clude: Liberalization measures consistently facilitate competition, which brings substantial benefits through increased efficiency and market transparency.

Specialist supervisory authorities are required for electricity and gas, independent from government, with power to intervene over questions of market access and a clear mandate to facilitate and promote the development of competition.

Transnational harmonisation of regulation will be increasingly required.

Non-discriminatory third party access to network infrastructure is crucial for the devel opment of competition.

Predictable transmission tariffs help create a "level playing field" in the market-

Policy makers must focus on creating the best framework for electricity and gas trading, especially when flows include cross-border transactions.

Transmission, which is a natural monopoly, must be "unbundled" from potentially competitive element of the energy sector, such as supply and production.

The report deals specifically with certain problem areas. like Stranded Investments, Environmental Preferences and Social Issues, elaborating recommendations and practical policies.

Companies and organisations represented on the ICC Working Party included: AKZO (Belgium), BASF (Germany) Canadian Electricity Association, Dow (Europe), Enron (Europe). Hoogovens Steel (Netherlands), Institute for Capital and Economy (Switzerland), Institute for Energy Economics (Germany), the International Energy Agency (IEA), Powergen (United Kingdom), Ruhrgas AG (Germany), Shell Exploration and Production and Shell International Petroleum Company (United Kingdom). Tokyo Electric Power Company (Japan), and UBS (Switzerland).

PILOTES

CANADA

D'AIR

SECURITE

EQUITE

### **Banking Diploma** exam results announced

Star Business Report The Institute of Bankers.

Bangladesh has yesterday an-

nounced the results of the Banking Diploma Examinations (1st and 2nd part) held during May-June, 1998, says a press statement issued in city yesterday.

The next examination of the Institute will be held on November 13 of this year.

# Maxi will now ply Ctg roads

CHITTAGONG, Sept 3: Chittagong City Mayor Alhaj A B M Mahiuddin Chowdhury yesterday inaugurated Maxicar service in the city, reports BSS.

The mayor in his inaugural speech said ten cars which will ply on different routes including Bahadderhat to Katcher are a new addition to the communications sector in the city, a City Corporation press release said.

He said City Corporation has also undertaken initiatives to introduce a train service from Fouzderhat to central railway building for the convenience of the city dwellers.

The mayor also underlined the importance of launching modern transport service in the city instead of outdated trans-

#### China's non-ferrous metal sector loses \$84.3m in flood BEIJING, Sept 3: This year's

flooding disaster in China has caused the country's non-ferrous metals sector more than 700 million yuan (84.3 million dollars) in losses, the official China Daily reported today, reports AFP. Direct loses totalled 500 million yuan (60.2 million dollars)

while indirect damages are expected to come to more than 200 million yuan (24.1 million dollars), it said. The floods have affected 31 of 285 companies in the sector.

causing temporary production shutdowns in some cases. Jiangxi Copper Corp and Hubei province based Daye Non Ferrous Metal Co. were the worst-hit losing 145 million yuan and 24 million yuan re-

spectively, the newspaper said. But a state bureau of nonferrous metals industry official predicted that this year's output would only be cut by one per

"Given the existing production scale and stockpile standard the (flood) loses have had little impact on the overall production situation this year, the

official was quoted as saying. The natural disaster aggravated a poor business climate plaguing the sector since 1996, the newspaper said.

It is struggling to cut costs and improve product quality. and experts were quoted as saying that the flood damages could in some cases provide opportunities to upgrade production technology.

But the task of upgrading equipment remains extremely difficult, as more than half of the country's non-ferrous metals firms are not making profits and unable to obtain the necessary capital.

### Motorola sells stake in Thai

#### telecom company BANGKOK, Sept 3: The sale by US telecommunications

company Motorola of a major stake in Thai telecoms company Ucom may make it easier for the Thai company to restructure its debts, one of its executives was quoted on Thursday as saying, reports AP. Ucom - United Communi-

cation Industry - announced Monday that Motorola had sold its 25 per cent stake in World Telecom Holding, holder of a 50.97 per cent stake in Ucom, which is listed on the Stock Exchange of Thailand. The other 75 per cent stake

of the holding company is controlled by the local Bencharongkul family. Motorola's stake was pur-

chased for about 420 million bath (10 million dollars) by Somers Ltd, a British investment firm, the Bangkok Post reported earlier this week.

Ucom senior vice president Vichai Bencharongkul was quoted by the newspaper The Nation as saying his company considered Motorola's pullout "good timing," since it came as the Thai company was negotiating a restructuring of its debt.

It could be easier to conclude a deal without having to consult with Motorola's head office in the United States, he said.

Ucom is attempting to renegotiate about 530 million dollar worth of debt with 27 foreign creditors, according to the Bangkok Post.

Motorola has had a 30-yearpartnership with Ucom, and in practice the Thai company served as sole distributor for its cellular phones, the secondbiggest selling brand in Thai-

land after Finland's Nokia. Although Ucom will remain a distributor for Motorola products, the US company last month signed a distribution deal with a small company associated with the Shinawatra

group. Ucom's major rival in the telecommunications sector. Motorola's worldwide sales have slipped this year and in June the company announced that it would eliminate 10 per cent of its worldwide workforce of 150,000 people. No time

RESPECT

# more Taiwanese to hawk in street

Meltdown sends

Thursday, reports AP. In Taipei, a recent official survey revealed there were 18,000 unlicensed and 6,200 licensed street vendors. But the China Times newspaper said a lacklustre stock market and

The official jobless rate in Taipei in the first six months remained at last year's level of 2.35 per cent. The capital has a

Bureau official, said the rate may fail to reflect an increase in company shutdowns and layoffs

may have chosen to work as street vendors," Tang said. "They could be chased away by the police anytime, but they are willing to take the risk in order to live.

with 6.8 per cent last year.

TAIPEI. Sept 3: The economic downturn has forced growing numbers of unemployed people to work as street vendors to make ends meet, of ficials and newspapers reported

worsening economic slowdown have sent the number up fur-

population of 2.6 million. But Tang Yun-teng, a Labour

"Many of the unemployed

Affected by the regional financial turmoil, Taiwan's exports fell seven per cent in the first six months this year, and its economic growth rate is expected to be slightly over five per cent his year, compared

# Taiwan's economic growth forecast revised downward

TAIPEI, Sept 3: Taiwan's supreme economic planning body today revised downwards its economic growth forecast for 1998 to a 13-year low of 5.11 per cent, citing a feared global economic downturn, officials said, reports AFP.

The updated gross domestic product (GDP) growth forecast was down 0.38 percentage points from the previous pre-

It would be the lowest growth since 1985 when the island's economy managed to expand only five per cent, the Council for Economic Planning and Development (CEPD) said CEPD officials said the GDP

slipped to 4.8 per cent if the cabinet had not adopted a package to bolster domestic demand. By the end of this year, the government is scheduled to pour an additional 20.7 billion Taiwan dollars (594.8 million

US) on varied infrastructure

projects, the officials esti-

forecast would have even

mated. The government would spend 75.36 billion Taiwan dollars on infrastructure projects next year, with the new expenditure going to public works and build operate transfer projects.

jects and the manufacturing

The stimulus package also

includes the financing of pri-

vate investments in power pro-

Filipino exports up 21pc MANILA, Sept 3: Philippine exports in July rose a hefty 21 per cent from a year earlier to 2.49 billion dollars as sales of electronic products surged, the government said Thursday, reports AP.

for other arrangements. - AP/UNB photo

"The sustained growth in Philippine exports of electronics products has kept our export growth rate one of the highest in Asia," Budget Secretary Benjamin Diokno said. He said Philippine export

growth is expected to average 15

per cent this year, more than China's 7.6 per cent, India's 5.2 per cent, Thailand's 3.8 per cent and South Korea's 2.8 per cent forecast growth in exports. For the first seven months of the year, exports rose 19 per

cent from a year earlier to 16.40

billion dollars, the National Statistics Office said. Economists welcomed the robust July export growth, but warned that the trend may not be sustainable, owing to the global economic slowdown.

"The main reason exports are growing at such a pace is we're coming from a low base," said Joey Cuyegkeng, economist for ING Baring Securities Philippines Inc.

The sharp fall of the peso

against the dollar as a result of

the year-long currency crisis

the country's trading partners such as Japan weakening, many · Philippine exporters have started scaling down pro-

Air Canada pilots walk the picket line at Dorval Airport in Montreal, Canada, Wednesday.

Talks with the company broke off at midnight forcing thousands of travellers to scramble

# Bahrain stock index declines

MANAMA, Sept 3: The Bahrain stock exchange index fell two per cent in August as investors remained cautious in the face of high stock prices and consolidated their positions. analysts said, reports AFP.

The index fell 51.93 points

in August, closing the month at

2,486.22 points, although the index reached on all-time high of 2,569.42 points on August 3, it tumbled during the month in periodic profit-taking. "It was an active month, but the market had peaked by the end of July and prices reached

levels where people became cautious, consolidation was the key word," said Nael Mostafa, General Manager of Bahrainbased Taib Securities. Investcorp was the most heavily traded stock, represent-

ing more than a quarter of all stocks changing hands during the month in terms of value. By the end of August, the fastest growing stocks for the year were Al-Ahlia insurance

"We would have been able to sustain our export growth were it not for the global economic meltdown," she said. Electronics and components topped the list of exports with a

51 per cent more than the yearearlier level Garments ranked second with sales of 258.9 million dollars. 14 per cent more than the vear-earlier level

48 per cent share of total re-

ceipts, or 1.19 billion dollars,

The United States remained the top destination of Philippine exports with a 37 per cent share of shipments, or 930.8 million dollars, 23 per cent higher than the year-earlier

Japan was in second place, with a 14 per cent share of total exports. Sales to Japan, however, fell 4.1 per cent to 355.3 million dollars from the yearearlier level, reflecting the economic malaise plaguing that country.

Imports are announced separately by the government each month.

The Philippines posted its

first trade surplus in nearly a decade in June as slowing economic growth and a weaker peso dragged down imports. The 130 million dollars trade surplus was a dramatic turnaround from the 903 million dollars deficit registered a year earlier.

frame was given for the layoffs.

third phase. also boosted export earnings by mainstay on the open market making Philippine products company (120 per cent), The Philippine peso has sector. since sanctions were imposed The head of the oil-for-food fallen by about 38 per cent Bahrain insurance company less costly overseas, economists The International Monetary after Baghdad invaded Kuwait programme Benon Sevan, is exagainst the dollar since the (62 per cent) and Bahrain and said. Fund has forecast that the isin 1990. A unique UN program, pected to brief the Security start of the Asian financial cri-Luz Lorenzo, economist for Kuwait insurance company (29 land economy would grow five called oil-for-food, was Council on Annan's report Fri-ATR Securities Inc., said with sis in July 1997. per cent). per cent this year. launched in 1996 to allow Iraq