

Int'l jewellery show opens in Colombo

COLOMBO, Sept 5: The 8th international gem and jewellery exhibition was opened for a four-day run here today, says Xinhua.

Sri Lankan Export Development Board (SLEDB) and the national gem and jewellery authority are co-sponsoring the exhibition whose objectives are to attract a vast international market, organisers told Xinhua.

The exhibition provides a showcase to the world proclaiming Sri Lanka finest resources and creativity in the field of gems and jewellery, they added.

Sri Lanka Trade, commerce and Food Minister T Wickramaratna and more than 100 local and foreign buyers including those from Australia, Thailand, Tanzania, Japan and China's Hong Kong attended the opening ceremony.

A maximum of 65 booths of Sri Lanka's famous precious gem stones with a few booths from abroad display goods at the exhibition.

Sri Lanka was referred to as an 'island of gem', and historical evidence showed the gems were an important product of trade during early times.

PBTL introducing CDMA cellular technology

Pacific Bangladesh Telecom Ltd. (PBTL) is expanding into the third generation of digital cellular telecommunications by introducing new Code Division Multiple Access technology (CDMA) in Bangladesh, says a press release.

CDMA is a new generation technology which is highly frequency spectrum efficient and promises better voice quality, huge and reliable data transmission capability, communication security etc. amongst other improved features.

CDMA will allow a larger number of subscribers to use the same frequency band while improving voice and call quality compared to the technologies currently in use. This will also allow PBTL to have greater coverage in Dhaka and Chittagong, and provide services at a lower per unit cost.

Moreover, PBTL will expand its mobile as well as its fixed cellular businesses using the CDMA technology.

CDMA will allow PBTL to implement voice mail, caller ID, fax mail, internet facilities, 28.8 kbps data rate along with a host of other value addition services thus giving the company a strategic advantage over all technologies currently in use within Bangladesh, the release added.

For CDMA expansion project Taka 439 million has been raised by Syndication of a structured debt amongst the leading financial institutions in Bangladesh.

The Corporate Finance unit of ANZ Grindlays Bank in the financial adviser and lead arranger to the placement while Southeast Bank Limited acted as the Co-arranger.

The participants in the syndicate are The City Bank Ltd., United Commercial Bank Ltd., Southeast Bank Limited, ANZ Grindlays Bank, Prime Bank Ltd. and National Credit and Commerce Bank Ltd.

A Facility Agreement formalising this facility and the financial arrangement was signed amongst the borrower and lenders recently.

M. Morshed Khan, Chairman of PBTL, spoke on the occasion and thanked all the participants in making valuable contribution to the nation's infrastructure development by providing funding for the telecommunication expansion project.

The signing ceremony was attended by Muhammad A. Ali, GM, ANZ Grindlays, Yussouf Khan, MD UCBL, Sajidul Haq, MD, NCCBL, C. M. Alam, MD, IPDC, Nurul Alam Acting MD, Southeast Bank, A. Rob, EVP Prime Bank, and Nazmul Quadir, EVP City Bank among other senior officials of the banks.

US-Japan talks on global financial crisis end without agreement

SAN FRANCISCO, Sept 5: US and Japanese officials have concluded high-level talks aimed at containing a spreading global financial crisis with no new commitments from Japan on measures to revive its sagging economy, reports AP.

Treasury Secretary Robert Rubin and new Japanese Finance Minister Kiichi Miyazawa told reporters at separate briefings that both countries had essentially spent the talks Friday repeating previous positions.

Japan insisted it will implement a programme of tax cuts and increased government spending and push the parliament to deal with massive bad loans weighing down its banking system.

"But the United States, which has been critical of the speed and quality of Japan's programme, heard no new proposals during the talks, Rubin said."

Rubin said the revival of Japan's economy is key to putting the global economy back on a sound footing.

"It is important for Japan to move," Rubin said. "We have been discussing what we think is a very central issue for the global economy. The world needs Japan to get back on track."

Rubin had conceded before the discussions that he was not optimistic the get-acquainted talks would produce any new initiatives from Japan.

But he still appeared downcast afterward, saying he hoped the talks had at least paved the way for Japan to take actions down the road. He noted that President Bill Clinton and Japan's new prime minister, Keizo Obuchi, will meet in two weeks in New York.

Even as Rubin met with the Japanese official, Federal Reserve Chairman Alan Greenspan told an audience that US central bankers are growing more concerned about the global financial crisis impact on America's economy. Because of the new concerns, he

said, Fed policymakers, are now just as likely to cut interest rates as to raise them.

"It is just not credible that the United States can remain an oasis of prosperity unaffected by a world that is experiencing greatly increased stress," Greenspan said in a speech at the University of California, Berkeley.

Because of the growing financial turmoil, Greenspan suggested, the central bank is no longer poised to raise rates over inflation worries, but is just as concerned now about the threat of a serious slowdown.

Japanese officials had suggested before Friday's meetings the possibility that the world's major economies consider coordinated interest rate cuts to spur growth. But Miyazawa and Rubin both said that subject was not raised in their formal talks.

However, asked about Greenspan's comments, Rubin said he would certainly query the Fed chairman about his remarks over dinner. Greenspan was scheduled to join Rubin and Miyazawa for dinner later Friday.

For his part, Miyazawa said Japan understood America's concern about the need for the world's second largest economy to deal with its own problems as a way of helping to resolve the Asian crisis.

"Against the background of the global recession, Japan recognizes very well the importance of recovery in Japan," Miyazawa said through a translator.

Both the San Francisco meeting — and Greenspan's speech — took place after financial markets had closed in New York. The Dow Jones industrial average closed down 42 points, at 7640.25, leaving it down a total of 411 points for the week.

Markets across Latin America also took steep dives Friday, despite a special International Monetary Fund meeting in Washington designed to calm

anxious investors there.

US officials face a dwindling list of options as the world financial crisis that began a year ago in Asian countries, struck Russia and is now threatening Latin America begins to hit closer to home.

The United States has much riding on the outcome. Although its economy remains strong, many fear the troubles could result in a global recession that would drag down the American economy, which depends in part on selling to customers overseas.

Clinton's high job-approval ratings are closely tied to the so-far stellar economy, polls indicate. The government reported Friday the nation's unemployment rate held steady at 4.5 per cent, near a 28-year low. But job growth is starting to slow in some industries.

Canada, America's largest trading partner, has seen its growth prospects weaken, and Latin American financial markets from Mexico City to Buenos Aires have fallen sharply as nervous investors started a rush for the exits.

Canada, Mexico and the rest of Latin America combined buy 40 per cent of America's exports.

In an unprecedented effort to calm fears, the IMF called together Latin American officials, who pledged Friday to keep their economies stable and remain on the path of reform.

Japanese press blasts Washington

Another report from Tokyo adds: A Japanese newspaper on Saturday criticized US pressure on Japan during a meeting of the countries top finance officials saying Japan alone can't fix the world economy.

Washington has been pushing Tokyo to take on more drastic financial reforms. The latest call came Friday at the end of talks between Japan and the United States aimed at con-

taining a worldwide financial crisis.

US Treasury Secretary Robert Rubin said after a meeting in San Francisco with Japan's Finance Minister Kiichi Miyazawa that the revival of Japan's economy is key to putting the global economy back on a sound footing.

"Stabilizing the global economy requires more than action from just Japan. The United States must also make efforts," the Yomiuri Shimbun — Japan's largest circulation daily — said in an editorial.

"Even as the American economy enters a dangerous position of its own, the United States can't move beyond its preoccupation with pressuring Japan," the paper said.

Prime Minister Keizo Obuchi's ruling party has been trying to pass a series of bills designed to stabilize the financial system and to use public money to clean up debt-ridden banks.

But the plan has been tied up in Parliament by opposition parties which don't want to use public funds to bailout banks.

Analysts in Tokyo said pressure from the United States may be just what the government needs to break the legislative log jam.

"Really what this whole meeting was about was for the United States to communicate to Japan's opposition that this government is on the right track and if you oppose it and defeat it you become part of the problem," said Kenneth Courtis, chief economist at Deutsche Bank Capital Markets.

US pressure could encourage ruling and opposition parties to seek a compromise to pass the important financial legislation, Courtis said.

Rubin said after Friday's meeting that "the world needs Japan to get back on track."

Japan made no new commitments on measures to revive its sagging economy, but Miyazawa said Japan would take "all possible steps to promote financial stability."

US economy on right track: Clinton

LIMERICK, Ireland, Sept 5: President Bill Clinton assured the American people Saturday that despite a sagging stock market "the pillars of our prosperity stand solid," reports AP.

In his weekly radio address, Clinton said he had asked Janet Yellen, chairwoman of his Council of Economic Advisers, for a report and what he heard back "should be reassuring to America's families."

The bottom line is that for all the quicksilver volatility in the world's financial markets, the American economy is on the right track, Clinton said.

The Asian financial crisis has dampened US farm and other exports and caused losses for some American financial institutions, the President acknowledged. But he said that inflation and unemployment still were at their lowest levels and consumer confidence near the

highest level in 30 years. He also noted that an historic boom in business investment continues and American jobs are still being created 365,000 last month alone.

Perhaps most important, Clinton said, standards of living continue to rise, with wages growing at twice the rate of inflation, the strongest growth in real wages in two decades.

Despite Clinton's optimism, many financial experts fear the Asian crisis that has spread to other countries, including Russia, could result in a global recession that would drag down the American economy, which depends in part on selling to customers overseas.

Federal Reserve Chairman Alan Greenspan said Friday that US central bankers are growing more concerned about the global financial crisis impact on the US economy.

"It is just not credible that the United States can remain an oasis of prosperity unaffected by a world that is experiencing greatly increased stress," Greenspan said in a speech.

Clinton, whose high job-approval ratings are closely tied to the so-far stellar economy, according to polls, said he was confident the United States can ride out the financial storm.

"Markets rise and fall," the president concluded. "But our economy is the strongest it's been in a generation, and the fundamentals are sound."

On his policies, Clinton said he would insist that every penny of any budget surplus be set aside until the social security system is secure and that he would resist any tax cut or new spending plan that squandered the surplus.



US President Bill Clinton (R) and Irish Taoiseach Bertie Ahern on Friday digitally sign an accord on electronic commerce, at the Gateway 2000 computer factory in Clonsilla near Dublin, using a smart card digital signature. — AP/UNB photo

Investment opportunities likely to grow dramatically in Europe

LONDON, Sept 5: As Europe draws closer to becoming one economy with a single currency, opportunities for investors big and small are expected to grow dramatically, reports AP.

The nations of the European Union have been selling off countless state-run industries via stock markets, giving those who invest in the market many more shares to play with. And many members of an aging population are looking for higher returns on investments as they prepare for retirement.

Sounds like the perfect time for US mutual fund managers to jet across the Atlantic and cash in on a new bonanza in an EU economy that is bigger than that of the United States.

But not so fast.

The market is there, American fund managers say, but cracking it has never been easy, largely because of the influence many big banks in continental Europe hold over the ways in which customers invest their savings.

That's kept many doors closed for big US funds, which may be well-known back at home but find themselves operating as virtual unknowns in Europe.

Just ask Stanley Bronisz, managing director for sales and marketing in Europe at Pioneer Funds Marketing GmbH in Germany.

Even though we've been here 29 years, people sometimes confuse us with Pioneer Converse

from Japan," Bronisz said from his office in Munich.

He traces many hurdles to the strength of Germany's banks, which long have positioned themselves to make maximum profits at home. For decades, they preferred to finance German companies themselves rather than arrange public stock offerings.

That way, they could make money on interest payments for years, rather than collecting one-time fees to float a company on the stock market.

The German banks handle about 80 per cent to 85 per cent of all mutual fund sales, and any customers who try to switch to rival companies are likely to face a strong sales pitch trying to talk them out of

moving assets, he said.

"If you came into a German bank and asked for Pioneer, your chance of getting Pioneer was virtually zilch," Bronisz said.

Although mutual funds in America were worth \$4.46 trillion as of March, funds in the 15-nation EU and adjacent markets such as Norway and Switzerland had just \$2.09 trillion under management, according to Lipper Analytical Services in London.

But Europe's markets are slowly opening as the EU becomes a freer market, shifting away from a protectionist past when industries in each nation found themselves shielded against competition.

Thai economists say Slump wipes out 7-year productive gains

BANGKOK, Sept 5: The economic crisis in Thailand has wiped out productive gains of the last seven years, Thai economists said Friday, reports Xinhua.

"Right now, it's as if the Thai people are working and manufacturing for free, nothing has increased over the past seven years," Staporin Kavitanon, Secretary-General of the Board of Investment told a seminar on economic trends hosted by Thammasat University.

For 1998, public income would be about 113 trillion baht (2.82 trillion US dollars) equal to that posted in 1991, and a stark contrast to the 183 trillion baht (4.755 trillion US dollars) in 1996 before the crisis erupted, according to the seminar.

Staporin said he expected the value of exports this year to be worse than expected as revenue in dollar terms would fall by eight per cent from last year's level.

Government forecast show export revenue in dollar terms dropping by less than three per cent to about 53 billion dollars.

The collapse of the credit system in trade had magnified falls in sales; trade in working capital, Staporin said, as a result. Companies would have to move immediately to ease liquidity, rather than wait for government efforts to take effect.

Banthoon Lamsam, President of Thai Farmers Bank and head of the Thai Bankers Association, said two problems were faced by industrial firms.

Some firms were squeezed by a lack of credit and falling cash flows while others had seen their markets vanish, or were making products that could sell but only at low prices.

He said firms had to adjust to the demands of the market by improving services and product quality.

Banthoon said new loans by local banks would most likely come in the form of working capital as few institutions would lend to help firm build new factories, given the excess production capacity within the economy.

The experts agreed that collective measures were needed by the business sector to rebuild the economy. Firms now might extend credit to just five out of every 100, the overall benefit would be enormous.

The Thai government was in danger of falling into a "snowballing effect" where the problems, both domestic and external, would continue building up, the experts warned.

They said if people wait until the worst occurs before they think about it, there will be no chance they can deal with things on time.

Norplant makers win their first challenge

HERLINGEN, Texas, Sept 5: Makers of the Norplant contraceptive, who face thousands of lawsuits claiming they failed to warn consumers of potential side effects, have won their first challenge that reached a jury, reports AP.

A jury in Brownsville listened to more than two weeks of medical testimony and then took less than three hours to rule in favour of Wyeth-Ayerst Laboratories on Thursday.

Maria Olivia Valles had sued the company for 625,000 dollars, blaming Norplant for a number of medical problems, including severe menstrual bleeding, headaches, anemia and mood swings.

Jurors called the case an example of lawsuit abuse, saying Ms Valles did not seek medical help during the two years she said she experienced the symptoms.

"It was like she just wanted to hit the lotto," juror Angie Rivera told The Brownsville Herald.

"We're pleased with the verdict," said Wyeth-Ayerst spokeswoman Audrey Ashby. "It speaks confirm that Norplant is a safe and effective option and, further, it can be an attractive option for many women seeking a safe and effective long-term contraceptive."

Norplant users have six capsules surgically inserted into their arm to prevent pregnancy for up to five years. It was approved by the Food and Drug Administration in 1991 and nearly one million women in the United States and 4.5 million worldwide use it, Wyeth-Ayerst said.



A Facility Agreement of Taka 439m was signed between Pacific Bangladesh Telecom Ltd and a syndication of ANZ Grindlays Bank (financial adviser and lead arranger), Southeast Bank (co-arranger), City Bank, United Commercial Bank, Prime Bank and National Credit and Commerce Bank in the city recently.

Russian crisis sends base metal prices sharply higher

LONDON, Sept 5: The political and economic crisis shaking Russia and its effect on Russian industrial production and exports sent leading base metal prices sharply higher this week, reports AP.

Metals analysts said that the grinding to a halt of Russia's economy and drying up of foreign investment would hit the smelters and mines that serve the country's vast nickel reserves and other natural wealth.

In addition, these are bad times for the numerous development projects for Russian mines, which depend on foreign funding, expertise and joint partnerships.

With commercial banks running out of money, the government defaulting on its debts and the entire future of market reforms under threat from calls for a return to state economic controls, trading has become increasingly difficult.

Some exporters can no longer get the loans they need, while physically exporting goods has become more difficult due to transportation companies' lack of funds and the threat of industrial action.

On the London Metal Exchange, copper and aluminium, the two most important base metals, rose in price, while only tin lost value over the week.

Elsewhere on the commodities markets, oil rose back

above the 13-dollar point for the first time in more than a month, also because the Russian crisis is threatening the country's flow of oil exports.

**GOLD:** Glitter. Gold prices rose on the London bullion market from 274.75 dollars an ounce to 285.85 on bargain hunting and the recovery of the yen against the dollar.

Last week, the effects of the Russian crisis pushed gold down as far as a 19-year low of 272 dollars an ounce, giving plenty of chances this week to bargain hunters.

The stronger yen gave more buying power to investors from the important Asian market.

However, the market remained spooked by the gloomy global economic outlook attention turned to the volatile stock markets and the meeting of Latin American finance chiefs and the International Monetary Fund which was due to end on Friday.

If the emerging markets of Latin America devalue their currencies, China will have difficulty resisting pressure to do the same to the yuan; badly damaging demand for gold, GNI brokerage said.

The Russian crisis could

send prices lower, GNI said.

**SILVER:** Golden. Silver tracked gold on the London bullion market, rising to 4.81 dollars from 4.79 dollars the previous week.

In addition, silver has a "better underlying base" than gold, "because it is still an industrial metal" with healthier demand, one analyst said.

India, the biggest silver importer, due to its traditional jewellery industry, was especially active, said precious metals expert Ted Arnold at Merrill Lynch.

Russia's Oneximbank has exported 54 tonnes of silver since May, adding to the threat of a rush of supplies on the market.

**PALLADIUM AND PLATINUM:** Shiny. The rise of the yen against the dollar pushed up palladium and platinum prices, as the precious metals became attractive to Asian investors conducting big purchases.

Japan is the biggest platinum importer in the world for its jewellery and auto industry. Bargain hunting and short covering also pushed up prices after last week's slump.

prices on the London Metal Exchange (LME) rose sharply amid expectations of a fall in exports from Russia.

**LEAD:** Stable. Lead prices held steady after a modest fall in LME reserves.

Three-month prices fell by one dollar to 541.5 dollars per tonne.

**ME:** Stocks fell by 1,050 tonnes to 113,500 tonnes.

**ZINC:** Rise. Zinc prices rose on the wings of other base metals, a fall in the value of the dollar and reduced LME stocks.

Three-month prices rose by 13.5 dollars to 1,051.5 dollars a tonne.

LME reserves fell by 1,950 tonnes to 366,875 tonnes.

**ALUMINIUM:** Sparkle. Aluminium prices rose thanks to the yen, which won back some ground against the dollar this week, giving Japanese industry a little more buying power on international markets.

Three-month prices rose by 56.70 dollars to 1,409.50 a tonne.

**NICKEL:** Static. Nickel prices remained unchanged de-

spite the threat of strike action at Russia's vast production sites as the country becomes ever more deeply embroiled in political and economic unrest.

Russia is the world's biggest producer of nickel.

Three-month prices held at 4,157.50 dollars a tonne.

**TIN:** Tumble. Tin prices fell on technical trades and a rise in LME reserves.

Three-month prices fell by 117.50 dollars to 5,345 dollars per tonne after a rise of 735 tonnes in LME reserves to 8,090 tonnes.

**RUBBER:** Sticky. Rubber prices remained unchanged after a slight increase in demand provoked by a bounce in the value of the yen against the dollar, which increased purchasing power for Asian investors.

September and October contracts on the London market remained unchanged at 460 and 465 pounds per tonne.

On the Kuala Lumpur market, the RSSI index fell to 2.60 ringgits per kg from 2.64 ringgits.

**OIL:** Spurt. Brent Northsea crude prices rose back above 13 dollars per barrel this week on fears that Russian exports could dry up amid possible strike ac-

tion by Russian oilmen.

Brent prices for delivery in October rose to 13.30 dollars a barrel from 12.15 dollars last week.

One London oil trader said that "some workers from Russian oil companies are threatening to go on strike" and that was pushing prices higher.

Crude exports from Russia's Black Sea and Baltic ports have slowed to a trickle in the past week. Russia's banking crisis has deprived exporters of funds to pay customs tariffs, analysts said.

In 1997, the country pumped an average of 5.9 million barrels of crude per day.

**COCOA:** Sweet. Cocoa prices on the life futures market were stable at 1,071 dollars a tonne from December delivery, down one dollar.

The International Cocoa Organisation gave a downward revision of its production estimates for Ivory Coast in 1998-99 at 1.14 million tonnes, from an earlier forecast of 1.2 million tonnes.

**COFFEE:** Hot. Robusta coffee rose sharply to 1,643 dollars a tonne, up 18 dollars, on the likelihood of falling supply, since export of the 1998-99 har-

vests in Ivory Coast, Uganda and Vietnam has not yet begun.

Arabica coffee for December delivery fell to 112.25 cents a pound from 116.55 cents a week ago due to a 55 per cent rise in Brazilian exports in July, from 1.173 million sacks the previous year to 1.822 million sacks, according to the International Coffee Organisation.

**SUGAR:** Low. Sugar prices picked up slightly this week on bargain hunting, against a background of fears that the economic crisis in Russia would spread to Latin American emerging markets.

Investor feared a further fall in demand, which has already been hit by the Russian crisis and the collapse of the rouble.

In addition, there is the possibility of a bumper 1998-99 sugar cane crop in Brazil. European Union producers are also expecting record sugar beet harvests this year.

Indian white sugar production in 1998-99 was estimated at 14.5 to 15 million tonnes up from 12.7 million tonnes in 1997-98, a significant increase, analysts at GNI said.

Supporting prices was Thailand's downward revision of its

production from 45 million to 40 million tonnes. December sugar contracts rose to 228.70 dollars a tonne from 227.70 dollars the previous week.

**TEA:** Strong. Demand picked up this week at the Mombassa auctions, although only for certain teas, especially thanks to traders Sudan, Yemen, Somalia and the Middle East, the tea brokers, association said in London.

BP1 top quality tea fell five to 20 cents a kilo. PF1 fell five to 15 cents a kilo. Lower quality dust and medium teas rose 20 cents a kilo.

**VEGETABLE OILS:** Slippery. Soy prices were hit by turmoil on the New York stock market and expectations that the US Department of Agriculture would upwardly revise production estimates because of improved weather in August.

Soya fell three cents to 5.24 dollars a bushel of 27.2 kilos for September on the Chicago Board of Trade.

The Rotterdam oils market saw October palm oil rise 10 dollars to 680 dollars a