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## Floods may cost China \$36 b

SHANGHAI, Sept 7: Damage caused by China's summer floods and other disasters are expected to cost as much as 300 billion yuan (36 billion dollars) or up to four per cent of the Gross Domestic Product (GDP), a newspaper reported today, reports AFP.

The business daily said the figures were estimated by Chinese scholar Hu Angang of the China Academy of Sciences, who said the damage was 10 times heavier, based on constant prices, than the 1954 floods which took 36,000 lives.

This year's floods in central and northeastern China have caused more than 3,000 deaths. Hu estimated that the floods and other disasters would have caused damage of between 250 billion and 300 billion yuan, accounting for about three to four per cent of the GDP.

He said that although the floods had caused great losses, the effect on economic growth would not be as drastic as believed.

China has set an economic growth target of eight per cent for this year.

The GDP grew at a rate of seven per cent in the first half year.

"The severe damages to agricultural production can be offset by the stimulus given to the industrial and services sectors," Hu said.

Flood-stricken areas covered five provinces, which accounted for 6.5 per cent of the national GDP.

## Myanmar trying to produce quality jute

YANGON, Sept 7: The Central Agriculture Research Institute (CARI) of the State Agricultural Services of Myanmar is conducting experiments on producing high-yield and high-quality jute in the country, reports Xinhua.

For this purpose, production of quality strain, selection of growing time and new cultivation methods are being carried out, the New Light of Myanmar's newspaper reported yesterday.

According to the new findings of the CARI by applying line-planting method, the per hectare yield will be 1.4 tons with a maximum output as much as 3.2 tons.

In the past, jute growers in Myanmar applied broadcast sowing method, producing one ton per hectare the most.

The CARI has worked out a formula for increased jute yield by applying fertiliser such as urea, potash and T-super proportionately.

The best time for growing jute with increased output is found as being in February and March.

Experiments are also being made for growing yellow jute, which is demanded in the foreign market, by producing the required strain with the help of radiotherapy in southern part of the country.

Jute is one of Myanmar's agricultural crops, the four major crops are paddy, beans and pulses, cotton and sugarcane.

## Taiwan's exports rise in August

TAIPEI, Sept 7: Taiwan's exports rose 1.2 per cent to 9.65 billion US dollars in August, reversing an export contraction of 7.5 per cent in the first seven months of the year, the government said Monday, reports AP.

But imports fell 10 per cent to 8.31 billion US dollars in August because of reduced purchases of foreign consumer goods and industrial raw materials, a Finance Ministry report said.

If exports continue to expand for two more months, it could signal that Taiwan has weathered the regional economic crisis, officials said.

Hsu Kuo-chung, the ministry's director of statistics, said exports need to be expanded further while the government is spending more on public projects to boost the economy.

## EBRD to announce massive Russian write-offs

LONDON, Sept 7: The European Bank for Reconstruction and Development will this week announce massive Russian write-offs, big enough to put the city-based bank into losses, the Sunday Business newspaper said on Sunday, reports Reuters.

The paper said the scale of provisions could be greater than the 250 million pounds (416.6 million dollars) written off last week by Barclays (Barclays), the biggest Russian loss so far revealed by any bank.

It said some estimates suggested the EBRD's provision would be much higher.

The EBRD, founded with the backing of 58 governments in 1991 to help former communist states develop market economies, has a 2.78 billion pound exposure to Russia, with more than 30 per cent of its total investments there, the paper said.

# Flood puts industry in bad shape BGMEA calls for task force to monitor forex position

Star Business Report

Worried garment manufacturers have suggested the government form a task force to monitor the country's foreign exchange reserve position, which, according to them, is 'fragile'.

The manufacturers' suggestion came at a press conference organised by Bangladesh Garment Manufacturers and Exporters Association (BGMEA) at its office in the city yesterday.

BGMEA president Mostafa Golam Quddus told the journalists that the proposed task force would advise the government on ensuring optimum use of the reserve, now dwindling around US\$ 1.5 billion.

He said the garment industry was now in a vulnerable position due to the devastating country-wide flood and that it might cost the textile sub-sector several hundred crores of taka.

He estimated the production loss incurred so far at Tk 550 crore and shipment failure at

Tk 225 crore due to the worst flood in 100 years.

"We did not assess the net loss, but we urge the government to take proper initiatives to minimise the losses," Quddus said.

Apparel products worth Tk 1000 crore could not be shipped in time, he said, adding some may fail to ship owing to communication disruption with the port city of Chittagong.

BGMEA will sit with the Commerce Ministry to discuss the current problems facing the export sectors tomorrow (Wednesday), Quddus said.

The BGMEA suggestions included: keeping foreign exchange reserve stable, deploying naval sea-truck to carry garment consignments to Chittagong port, using Air Force cargo for prompt shipment, ensuring enough goods trains on Dhaka-Chittagong route and employing the Idle Ro Ro ferries of Aricha ghat to shuttle BG-

MEA consignments between the flooded Katchpur and Daudkandi.

BGMEA has urged Prime Minister Sheikh Hasina to direct Bangladesh Navy to allow the exporters to use their transportation facilities between Katchpur and Daudkandi. Road links between these two points have been snapped by the flood waters.

BGMEA president said that the government should communicate with them before making any policy decision regarding use of foreign exchange only to avoid possible crisis in import-based export industries.

He warned that any misuse of the foreign exchange may create a severe fund crisis for these industries. Although garment owners use Letter of Credit of back-to-back type, they are concerned about a few shipment failures.

"I believe there would be some stock lot as we are not

able to send all consignments to the port."

He said the government may allow import of food grains and cereals but should remain strict against other goods, which are not necessary to face the flood.

Quddus, who is the leading knitwear manufacturer in the country, said the commercial banks could now play a very important role to help sustain the industry. He asked them to increase export credits to allow the entrepreneurs to pay their workers during this unprecedented natural calamity.

The manufacturer-cum-exporters are now shipping their products mainly to the US and Canadian markets. They have as many as 90 working days to complete their shipment.

BGMEA directors Benaiz Ahmed, Lutfor Rahman, Iqbal Ahmed, Atiqul Islam and former directors Tayyub Rahman and Shaful Islam were present in the press conference.

## US seeks concrete Japanese move to stimulate economy

WASHINGTON, Sept 7: Deputy Treasury Secretary Lawrence Summers said Sunday that Washington would be seeking "concrete action" from Japan to stimulate its economy and fix its troubled banking system, reports AFP.

But Summers, asked by an interviewer whether Japan was being made a scapegoat for the widening economic crisis, said, "I don't think so."

"We've always said and I think the Japanese have usually recognised that what happens in Japan is profoundly important for the Japanese people, for Asia and for the global economy," he told Fox news Sunday.

"Japan is the second largest economy in the world, it's a major provider of capital. It's potentially a major market and so whether it grows, the health of its finances... is terribly, terribly important."

Summers said that in the last month "Japan has taken some additional measures that are related to these issues."

But he added, "What will be crucial is the steps and the actions, not just the plans and proposals but what concrete action Japan is able to take going forward to stimulate its econ-

omy to fix its banking system. Those are the keys, the things we'll be watching very carefully."

Summers participated in a San Francisco meeting with Treasury Secretary Robert Rubin and his Japanese counterpart, Kiichi Miyazawa on the importance of taking measures to strengthen Japan's crisis-ridden banking sector.

At end of talks Friday on how to kick-start Japan's stalled economy, Rubin noted the "urgency" for "swift action sufficient to provide a substantial and sustained stimulus to Japan's economy."

Rubin's remarks suggested that he heard no new proposals for reform coming from Miyazawa.

Miyazawa reiterated his government's goal to lower taxes and to increase government spending in 1998 and 1999.

In a joint statement at the end of the meeting Rubin and Miyazawa stated that they agreed "that recent developments make it especially important that all G7 countries pursue appropriate policies to promote sound financial systems and strong sustainable growth."

## Business Briefs

### Korea Telecom to lay off 9,625

SEOUL: South Korea's state-run Korea Telecom said Monday it will lay off 9,625, or 16 per cent, of its 59,491 employees by the year 2001 as part of its restructuring and privatisation effort.

This year, the domestic phone monopoly has dismissed 2,444 through early retirement, it said.

In its restructuring plan announced earlier Monday, Korea Telecom said it will reduce its debt-to-equity ratio of 218 per cent to below 200 per cent by the end of this year and to 100 per cent by 2002 by offering rights issues, selling off its assets including real estate holdings, and lowering costs.

Korea Telecom also plans to reduce the number of its phone offices to 80 from 260 to trim its size.

It also plans to remove 612 of its 5,470 employees at its nine affiliate companies by 2000 as part of its privatisation effort, it said.

Moreover, Korea Telecom said it hopes to raise its sales to 14.3 trillion won (10.7 billion dollar) by 2002 to become the 10th largest communications company in the world. Its sales were 7.78 trillion won (5.8 billion dollar) in 1997.

In early August, the Planning and Budget Commission said it will privatize state-run companies and cut work forces at the state-run companies through restructuring.

### Unemployment in S'pore worsens

SINGAPORE: The number of job openings has fallen short of job seekers for the first time since the 1980s recession, and unemployment will worsen during the rest of the year, Singapore's Ministry of Manpower said Monday.

The head of the ministry, Lee Boon Yang, told Parliament Friday that the actual unemployment rate in June was 3.2 per cent, up from 2.4 per cent the previous year.

Total employment shrank in the (second) quarter, the first contraction since the last economic recession, the ministry said in announcing its programme for dealing with increased joblessness.

Calling it the "4R strategy", the ministry said it would focus on redeployment of displaced workers, renewing the work force with new skills, realigning employment practices with such measures as shortening work weeks and increasing part-time jobs, and revitalising job creation by attracting industries with growth potential.

### Northwest makes huge revenue loss

TOKYO: Northwest Airlines said that approximately 60,000 passengers had been affected by cancelled flights out of Japan as of Monday.

"The (revenue) loss is enormous," said Koji Nagata, a spokesman for Northwest. He did not specify exactly how much the company has lost because of a 10-day-old strike by its pilots.

Northwest is the second largest airline to fly out of Japan, and the biggest among foreign airlines, with around 200 flights per week.

As of Monday, Northwest had cancelled all US domestic flights and all US-departing international flights Sept 9, Nagata said. In addition, all flights originating in Asia and in Europe have been cancelled through Sept 11, he said.

Over the weekend, negotiators from Northwest and the Air Line Pilots Association, the union representing the striking pilots, met separately. The two sides are expected to meet again Tuesday, Nagata said.

Altogether, Northwest has contracted with more than 60 airlines to accept passengers on its cancelled flights, the airline said.

### China eyes 8.1 pc GDP growth

BEIJING: China's massive infrastructure spending plans this year will spur a recovery in the country's slowing economic growth and help it reach a gross domestic product growth of 8.1 per cent in 1998, state media said Monday.

That would be above the government-set target of 8 per cent GDP growth for the year, a level officials say is necessary to create jobs and prevent social unrest.

China's economic growth should speed up in the second half of the year, after bottoming out at the end of the first half, when GDP grew only 7 per cent, said the China Securities Times, citing results from a Beijing symposium on this year's economic situation.

Since the end of June, the government's policies to stimulate demand by increasing fixed-asset investment have taken effect, the newspaper said. China's fixed-asset investment grew 15.6 per cent in the first seven months of the year, with July's growth surging 22.8 per cent.

The government also aims to have 10 per cent growth in property sales this year, the report said. — AP reports



M A Hashem, Managing Director of Janata Bank, exchanges the document of a memorandum of understanding for financing a Tk 102 crore project with Md Nurul Islam, Managing Director of M/s Shameem Composite Mills Ltd, on behalf of four consortium banks at a function held in the city yesterday. — JB photo

## T-bill auctions

The first auction of 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held on Sunday, reports UNB.

Sixty three bids for a total of Tk 570 crore, seven bids for a total of Tk 20 crore, two bids for a total of Tk eight crore, five bids for a total of Tk 14 crore and two bids for a total of Tk 3 crore were offered for the 28-day, 91-day, 364-day, 2-year and 5-year bills respectively.

Of these, 53 bids for a total of Tk 446 crores of 28-day bill, one bid for Tk three crore of 364-day bill and three bids for a total of Tk 12 crore of 2-year were accepted.

The weighted average prices against the 28-day, 364-day and 2-year bills were Tk 99.35, Tk 90.55 and Tk 80.46 per 100 Taka respectively. The corresponding yields are 8.55 per cent, 10.44 per cent and 12.14 per cent per annum.

The bids offered for the 91-day and 5-year bills were not accepted and no bid was offered for the 182-day bill.

## Cambodia seeks Thai backing for its ASEAN entry

BANGKOK, Sept 7: Cambodian strongman Hun Sen has asked Thai Prime Minister Chuan Leekpai to support his country's bid for ASEAN membership, saying recent elections had shown its readiness, reports AFP.

In a letter to the Thai premier, a copy of which was obtained by AFP, the powerful second prime minister requested "favourable consideration of Cambodia's ASEAN membership at the next meeting of ASEAN foreign ministers in New York."

Hun Sen said July 26 elections, which the opposition says were marred by fraud, were free and fair.

"As your excellency has been informed, these elections were conducted without violence or intimidation, with a turnout of more than 90 per cent of voters," the letter dated August 31 said.

"But the losers are trying to find every pretext possible to question the result of these elections."

"I would like to draw your attention to the fact that a new government, whatever its composition, will be established in full respect of the constitution of the Kingdom of Cambodia at the first session of the new national assembly, resulting from the 26 July election."

Hun Sen's Cambodian People's Party (CPP) won the election, taking 64 of the 122 seats in parliament with just over 41 per cent of the vote, but not enough to form a government on its own.

Opposition leader Prince Norodom Ranariddh, whom Hun Sen ousted as co-premier last year, and dissident Sam Rainsy have rejected the results, claiming the election was marred by widespread fraud.

Their two parties, which won the remaining seats in parliament, have refused offers from Hun Sen to form a coalition and have vowed to boycott parliament unless their complaints are addressed.

The Association of South-east Asian Nations (ASEAN) earlier this month hailed Cam-

bodia's election as "successful" and urged contending parties to resolve their differences in the spirit of "national reconciliation."

Cambodia was supposed to be admitted into ASEAN last year but its entry was put on hold after the bloody power struggle which led to Prince Ranariddh's ousting.

Earlier this month ASEAN's Standing Committee indicated it was looking forward to admitting Cambodia as a full member "in the near future."

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

## Pakistan hopes to export two lakh tonnes of sugar

KARACHI, Sept 7: Pakistan will bid for the export of about 200,000 tonnes of sugar to Indonesia this month, industry sources said here, reports AFP.

The Indonesian National Logistic Agency (INLA) has informed Pakistan it will float an international tender for the purchase of 200,000 tonnes of white sugar this month, a mill owner told AFP.

Pakistan which had a surplus of 700,000 tonnes, has enough stocks after exporting more than 420,000 tonnes of sugar to India, Canada, the United Arab Emirates and West Africa by August this year, he said preferring anonymity.

The country produced a record 3.5 million tonnes of sugar this year against domestic demand of 2.8 million tonnes.

"We will certainly participate in the bidding, I think prospects are good, he said.

He said sugar prices have fallen internationally from 347 dollars to 285 dollars a tonne after Brazil and China entered the market.

## Birampur tries to grow but gets bogged down in pathetic infrastructure

By Govinda Shil, back from Birampur

Birampur, a new municipality township in southern Dinajpur, is growing fast. In last one year, the local entrepreneurs invested more than Tk 100 crore, mainly in constructions, transportation and trading sectors.

According to Birampur Commerce Association, a grouping of local traders, prices of land — say one decimal — will cost you one lakh taka now, said Anwarul Islam Rubel, general secretary of BCA.

Everyday, some 10 luxury coaches leave Birampur for Dhaka and another 10 enter the town, established during the British era. It started taking off

only in 1979 when Birampur, then a sleepy village, was upgraded into a thana and pucca roads connected Dinajpur with the small town, and later Dhaka. Even electricity was as recent a phenomenon as late 70s.

Many local entrepreneurs have their own generators to face frequent power failure. "I bought a generator in 1996 to run my workshop uninterrupted," said Mozammel Huq Sarker, a local trader.

Some bought generators for commercial purposes. At least 30 small generators are there to lit shops and restaurants. Traders are purchasing more when the government allowed duty-free import of generators.

With 120 garment shops and one factory, Birampur is hum-

ming with activity. The town has two gasoline filling stations, 10 super markets, two private satellite telephones. The municipal town has two licensed bars and many non-licensed.

"Each year new, educated young entrepreneurs are coming up to invest in many areas such as confectionery, garment manufacturing, transportation and wholesale trading," said Mozammel Hossain Mia, a leading garment trader in Birampur.

Lack of sufficient telephone facilities is a major concern as Birampur telephone exchange has only 120 analogue lines. Often, a good number of them remains out of order.

Traders complain telecommunication with major cities

like Bogra, Dhaka, Sirajganj, Khulna and Chittagong is a constant problem. "We immediately need some 5000 telephone lines," said Mofassel Hossain, vice president of the BCA.

Local exchange officials said it was often a nightmarish experience for them when they deal with a long-distance call. "Even shouting at the top of your voice doesn't do," said one operator.

One day, a lady operator paid a heavy price. She suffered a miscarriage out of high tension as she kept shouting trying to get through the outdated analogue phones.

"I simply get panicked if someone requests me for Khulna and Dhaka," said one operator.

## Raging floods may slow Indian growth, raise food prices

PARSAHUKRULLAH, India, Sept 7: Tractors plowed furrows in Kamal Ahmad Khan's two acre sugarcane field in India's fertile northern plain last year. This year, motorised boats roar by, reports AP.

Hundreds of miles of ready crops are submerged under floodwaters that first began to rise two months ago, threatening a plunge in India's annual foodgrain production and a steep rise in food prices across the country.

"It was an excellent crop. I hoped to earn a lot," Khan said in his native village of Parsahukrullah, 640 kilometres southeast of the Indian capital New Delhi. Khan, 51, is among 14 million people whose homes have either been marooned or washed away.

Experts say the floods will badly affect the economy already hit by recession, especially after the government listed agriculture as its top priority in its first annual budget this year.

"This could push down the government's projected growth rate of over six per cent, and prices will go up," said leading

economist SP Gupta, chairman of the Society for Social and Economic Transition in New Delhi.

On Sunday, 10 more people died in the swirling floodwater, taking the total number of dead to 1,625 since the monsoon rains broke over northern India in early July. Officials in Lucknow, capital of the worst hit Uttar Pradesh state said floods swept over 18 more villages Sunday, inundating 2,500 acres (1,000 hectares) of standing crop.

Floods regularly ravage India's eastern parts. But this year's floods, the worst in nearly 60 years, wrecked agrarian communities across northern and eastern India — in Uttar Pradesh, Assam, Bihar and West Bengal where more than 325 million people live.

There will be an inflation buildup, and I don't know how long the present value of the rupee can be maintained," Gupta said in a telephone interview.

Ajit Kumar Singh, an economist at the Giri Institute of Development Studies in Lucknow, an independent think tank, said the damage to crops,

and the resulting shortfall in foodgrain could crank up food prices all over the country.

Other economists and government officials shrugged off the pessimistic predictions, saying India's economy, heavily dependent for decades on agriculture, had the resilience to deal with natural calamities like floods.

"The economy now has the depth and flexibility to handle sudden shocks in agriculture," said former federal minister Yoginder Algha, a top agricultural economist.

Officials have estimated the total damage to agriculture, houses and industrial production at more than 63 billion rupees (1.5 billion dollars) in Uttar Pradesh where the gross domestic product is 900 billion rupees (24 billion dollars).

"There is considerable damage to a lot of crops, but on a balance sheet I will still count this year — as a normal year — the losses will be made up by other crops," said Mangala Rai, deputy director of the government run Indian Council of Agricultural Research in New Delhi.

Farmers will be encouraged to plant high yielding varieties of cash crop which have a short harvesting period, she said. They will be able to recoup some of their losses.

## Indian forex reserves up

BOMBAY, Sept 7: Expatriate Indians' investments in the Resurgent Indian Bond (RIB) helped boost foreign currency reserves by more than 500 million dollars in the week ended August 28, bankers said yesterday, reports Reuters.

A week earlier reserves climbed 367 million dollars as the inflows from non-resident Indian's subscriptions in the bond began pouring in.

The Reserve Bank of India (RBI) also said on August 31 that inflows from the bond allowed it to cut its outstanding foreign currency liabilities by 515 million dollars during the last 10 days of August.

## Philippines, IMF agree on 1.5 pc growth target

MANILA, Sept 7: The Philippine government and the International Monetary Fund have agreed on a 1.5 per cent growth target for gross national product this year, according to finance officials, reports AP.

"We have reconciled our targets for 1998 and we agreed on a GNP growth rate of 1.5 per cent and inflation rate of 9.5 per cent," Finance Secretary Edgardo Espiritu said.

GNP measures the total value of a nation's output of goods and services, including those that the nation produces abroad.

The Philippines posted a GNP growth rate of 0.6 per cent in the first half of 1998, a far cry from the year-earlier 5.4 per cent.

The government blamed the slowdown on the ill effects of the year-long regional currency crisis and a severe drought early this year that resulted in a 7.5 per cent contraction in agricultural performance.

This year's new GNP growth target is the third adjustment made by the Philippine government. The initial target was between three per cent and four per cent. The worsening economic situation later compelled the government to lower

the growth target to between two per cent and three per cent.

It is only in the area of inflation that the country is on track, Espiritu said in comments over the weekend. The 9.5 per cent inflation rate target for this year is within the projected range of 9.25 per cent to 9.75 per cent.

The IMF is wrapping up a two-week review of the Philippine economy. The government also is expected to announce whether it plans to draw from 1.37 billion dollars standby credit made available under a two-year precautionary programme with the IMF forged early this year.

Espiritu said the downscaling of the GNP growth target won't have much impact on the government's fiscal position this year. That