

8-day SAARC trade fair gets underway

COLOMBO, Sept 9: An eight-day SAARC trade fair got underway here yesterday as part of a drive to establish a free trade area in the region with a business potential of 15 billion US dollars among the seven nations, reports AP.

Sri Lankan Trade Minister Kingsley Wickremaratne inaugurated the fair saying intra regional trade among the South Asian Association for regional cooperation must get on the fast track — opening their markets to the member nations.

The fair organised by the SAARC Chambers of Commerce and Industry has representations from Bangladesh, Bhutan, India, Maldives, Nepal and Pakistan besides Sri Lanka.

This fair is a step towards South Asian Free Trade Area (SAFTA) which would come into force by 2001, Lankan minister said in his inaugural address.

India has also made its presence felt at fair with 80 public and private sector firms setting up their stalls.

Sri Lanka too was represented in a big way with 120 stalls, and Pakistan has set up 40 stalls.

Five more BTMC mills may be closed down

By Rafiq Hasan

The government is likely to close down another five loss-making state-owned textile mills shortly offering voluntary retirement to workers and employees, according to textile ministry sources.

The textile ministry has recently made a proposal in this regard to the ministry of finance.

The government will have to spend about Tk 55.18 crore as severance benefits for 3906 workers and employees of those mills, according to the ministry.

The mills are Ahmed Bawani Textile Mills at Demra, Chisty Textile Mills at Comilla, Rajshahi Textile Mills, Magura Textile Mills and Kokil Textile

Mills in Brahmanbaria.

According to sources, the cumulative losses of those mills reached as high as Tk 184.46 crore till June 30 this year. The ministry says there are no prospects for these mills to become viable.

Of the five mills, Ahmed Bawani at Demra is the largest unit with a total manpower of 1424. Out of them, 29 are managerial staff and the rest are workers and employees. Its cumulative loss was estimated at around Tk 54.49 crore.

"The only option to put a brake on BTMC losses is to close down these loss-making mills," a textile ministry official said.

Most of the mills managed by BTMC or Bangladesh Textile

Mills Corporation have been "non-productive" since 1993, but the government has kept paying for the staff and workers.

If these five mills BTMC are closed down, BTMC will have only 14 mills under its fold.

Late last year, the government closed 11 BTMC mills as they had incurred a total loss of around Tk 259 crore. A total of 8166 workers and employees lost their jobs.

The BTMC has also decided to cut manpower by at least 40 per cent in another attempt to reduce the corporation losses.

According to sources, all 19 BTMC mills have been incurring losses, except Valika in Chittagong.



The Daimler-Benz AG presented in Stuttgart on Monday the new Mercedes-Benz S-class. — AP/UNB photo

Emirates signs deal with Airbus

Emirates, the international airline of the UAE, has signed a contract with Airbus Industrie for six Airbus A340-500s — the world's longest range aircraft — with options on another 10.

The airline has also confirmed the order of a 17th Airbus A330-200 and signed operating leases for two more Boeing 777-300s — the world's longest aircraft, according to an Emirates press release.

The landmark deals were signed at this week's Farnborough International Airshow in the UK.

Sheikh Ahmed bin Saeed Al Maktoum, Emirates' Chairman, signed the US\$ 2.4 billion contract with Airbus Industrie for six A340-500s with options on another 10. The contract includes Rolls-Royce Trent 500 engines to power the four-engine aircraft.

The A340-500 will enable Emirates to plan for non-stop services to the US West Coast and to Australia. Delivery of the six firm orders will commence in autumn 2002 and expected to be completed within a year. Each A340-500 will seat 280 passengers in a three-class configuration.

Emirates also confirmed with Airbus Industrie that it will take up the firm order for a 17th A330-200. The A330-200 will join the Emirates fleet between January 1999 and 2002 to replace Emirates' core fleet of A310-300s and A300-600Rs.

Emirates also inked an agreement with the Singapore Aircraft Leasing Enterprises for two new Boeing 777-300s on operating leases, which will join the airline's fleet at the end of 1999. These will add to Emirates' existing fleet of seven Boeing 777-200s, with another two to arrive by the end of 1999, giving the airline a total of 11 Boeing 777s.

Citibank, ADB buy large share in Bhutan Bank

THIMPHU, Sep 8: In what is seen as a radical move in its privatisation policy, the government of the tiny Himalayan kingdom of Bhutan has sold a large chunk of its shareholding in the Bhutan National Bank (BNB) to multilateral and private foreign investors.

As part of a financial sector reform programme supported by the Asian Development Bank (ADB), 40 per cent of the royal government's share in the BNB worth Nu 45.2 million (\$1.06 million) was bought by the ADB and Citibank. ADB and Citibank will have a representative each on the BNB's board of directors.

This is the first time that the country, sandwiched between India and China, has allowed multilateral investment in the financial sector. With this, private investors hold the single largest block of BNB shares — 28.6 per cent. The government's share has been reduced to 27.2 per cent, with ADB now holding 20.1 per cent and Citibank, 19.9 per cent.

Finance Minister Lyonpo Yeshey Zimba, who signed the sale agreement with ADB and Citibank officials here, said this was part of the process of "streamlining the economy. The deal is expected to boost the image of the Bhutanese bank which will also benefit from training and support services to be provided by Citibank.

"For us the partnership is like opening our system to international standards," said BNB managing director Kipchu Tshering. BNB will now be able to offer new services, like credit cards, he added.

David P. Conner, Citibank's vice president, said his bank would help BNB update its knowhow.

— India Abroad News Service

WB-IMF team due tomorrow for crucial talks

Pakistan may defer external debt repayments, loan restructuring

ISLAMABAD, Sept 9: Pakistan, shaken by international sanctions and scant foreign exchange reserves, may have to seek foreign debt payments and stall loan restructuring from Western countries, a government official warned Wednesday, reports AP.

A joint International Monetary Fund and World Bank team is due in Islamabad on Friday for crucial talks on bailing out the country's economy, which sank to new lows due to international sanctions. Hostile neighbours Pakistan and India were hit with economic sanctions after conducting nuclear tests in May.

The six-member team and Pakistani experts hope to put together a crisis programme within two weeks for approval by the IMF's board at its October

meeting in Washington. The Pakistani government has openly raised the idea of deferring debt payments, and blamed the crisis on international sanctions. Those included a stop on crucial IMF loans.

This will be a unique default, if happens at all, for it would not be for homegrown reasons, but would be imposed from outside," Commerce Minister Ishaq Dar told the National Assembly on Tuesday.

A senior government official, speaking on the condition of anonymity, on Wednesday said Pakistan lacks the currency reserves needed to meet this month's foreign debt obligations and has to seek loan restructuring.

Pakistan, burdened by a 32 billion dollar external debt, is supposed to repay about 750

million dollars a month in foreign debt, yet in early September had total foreign reserve of just 700 million dollars.

Hafeez Pasha, financial adviser to prime minister, was seeking emergency funding from the Islamic Development Bank in Saudi Arabia.

Mushtaq Khan, chief analyst of ABN AMRO Bank in Islamabad, said, "Lenders will not be screaming 'default', because the IMF is in negotiations with the country. A delay on loan payments is usual until actual restructuring is done."

Nadeem Naqvi, chief analyst of International Asset Management Co., said loan restructuring would have a severe, short-term impact on Pakistan's economy, because lenders would demand painful austerity measures.

Asia Week report SB ranks first among local commercial banks

Sonal Bank ranks first among the commercial banks of Bangladesh in the list of 500 top-listed Asian commercial banks as per the performance report published in the current issue of the Asia Week, says a press release issued in city yesterday.

The ranking of Sonal Bank has been upgraded at 308 in the current financial year as against its position of 327 in the preceding year.

The total net asset of Sonal Bank stands at 3385 million US dollar as per the analytical report on performance of commercial banks of Asia prepared by the magazine.

The bank last year earned a net profit of 17.20 million US dollars.

Five other commercial banks of Bangladesh were also on the list.

The other banks are Janata, Agrani, Rupali and Pubali Bank Ltd.

Sonal Bank, the leading nationalised commercial bank of the country had a deposit of 2993 million US dollars, registering an increase of nearly 10 per cent as against the previous year. The bank invested 1892 million US dollars during the last year.

Paddy crop losses in 4 Asian states Pakistan may win large part of int'l rice mkt this year

KARACHI, Sept 9: Pakistan hopes to capture a large part of international rice market this year following paddy crop losses in China, India, Thailand and Bangladesh, exporters said yesterday, reports AFP.

The prospects are "very bright" and Pakistan may face almost "no competition" in the region as all key importers need the commodity, Hanif Janoo, a leading exporter here said.

Pakistan, a traditional exporter of high quality basmati rice, known for its aroma, and the medium quality IRR1 rice, is to produce 4.39 million tonnes of rice this year showing a rise of 1.6 per cent over the previous crop.

After meeting its domestic requirement, Pakistan will have a surplus of more than two million tonnes, sources here said.

Janoo said international prices for IRR1 were between 250

and 260 dollars a tonne while basmati was sold at around 650 to 7000 dollars a tonne.

"The rice crop was badly hurt in Far Eastern countries this year," he said adding that Indonesia had already floated a tender to purchase 1.2 million tonnes.

Bangladesh needing 1.4 million tonnes after crop losses due to recent floods is likely to buy 800,000 tonnes from the international market, he said.

Haroon Qasim, another leading exporter said Iran and the Gulf countries, besides the US and European union remained "our traditional market." India competes Pakistan but its crop was also depleted this year, he added.

The country earned more than 550 million dollars from rice exports last year, exporters hope the proceed from the new crop expected in October would exceed 700 million dollars.

Thailand ready to impose high interest rates to stabilise baht

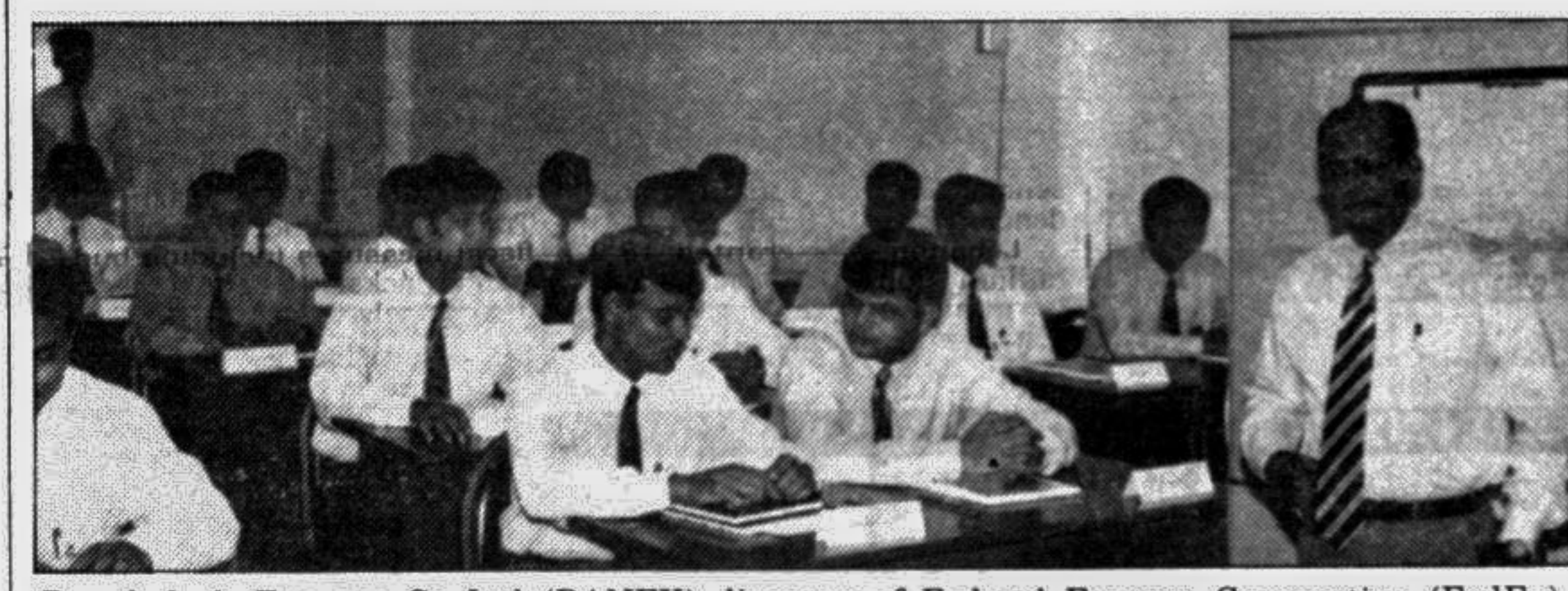
BANGKOK, Sept 9: Thailand is ready to impose high interest rates to stabilise the battered baht currency if China or Hong Kong are forced into currency devaluations, a central bank report said yesterday, according to AFP.

If the baht comes under pressure from the regional situation, Thailand's Monetary policy will have to become more flexible and the short term interest rates will need to go up," the Bank of Thailand report said.

Among the many problems engulfing the region, the central bank said it was most concerned about the possible devaluation of the Chinese yuan and Hong Kong dollar.

"However, the central bank believes the two countries are still strong and will try to maintain their currencies at the present levels in every way, the report added.

"If China and Hong Kong devalue their currencies there is a tendency that currencies throughout the region will be weakened. China and Hong Kong would not gain any competitive advantage from a devaluation and it would trigger a new round of financial crisis in Asia."



Bangladesh Express Co Ltd (BANEX), licensee of Federal Express Corporation (FedEx), organised a three-day training course for its sales representatives on Essential Selling Skills from August 29-31. The preceptors of the course were M Tanveer Madar, Managing Director (right), Md Zakir Hossain of BANEX and Rezaul Amin of FedEx. — FedEx photo

Crisis likely to curtail French economic growth

PARIS, Sept 9: Growth of the French economy will be curtailed to 2.5 per cent next year by crisis in Japan and Russia, the head of the French Employers' Federation, Ernest Antoine Seilliere said yesterday, reports AFP.

He said, 1999 will not be aligned on three per cent growth as had been hoped for, and on the basis of which the accounts for the nation next year have been based.

Speaking after a meeting with French President Jacques Chirac Seilliere said "We also think that monetary balances and notably the value of the dollar, are likely to change and that France might face much stronger competition than in the past."

He warned that the finance bill for 1999, to be considered by the government today, appeared to be far too optimistic concerning public expenditure.

Indonesian president warns More unrest may flare up if economy doesn't recover

JAKARTA, Sept 8: Indonesia's president on Tuesday linked human rights and financial reform and warned that civil unrest would continue to flare if the sprawling Southeast Asian nation can't fix its crisis-ridden economy, reports AP.

President BJ Habibie made his comments hours after police used batons, shields and tear gas to evict hundreds of student protesters from the grounds of the national Parliament in Jakarta.

The students had called for Habibie's resignation and demanded that food prices be lowered.

There have also been outbreaks of rioting and looting in several provincial towns recently as Indonesia's 202 million people endure skyrocketing inflation and mass unemployment while the worst economic crisis in 30 years grinds on.

In a speech to open an Asia-Pacific regional human rights conference Wednesday, Habibie said his government had done much to improve Indonesia's poor human rights record since he replaced former autocratic leader President Suharto in May.

"Our hard struggle to overcome the economic crisis should be viewed as a part of our commitment to human rights," he said. "Economic poverty is one of the most important factors giving rise to abuses of human rights."

In such a situation the chance of human rights abuses taking place will surely be bigger," he said.

During his brief tenure so far, Habibie said he had freed many political prisoners who had been jailed by Suharto's regime.

He had opened the door to freedom of expression and had lifted a ban on the formation of new political parties.

Habibie has also set out a timetable for political reform, including the holding of parliamentary elections next May, followed by the selection of a president by a legislative assembly before the end of 1999.

Habibie, who had been Suharto's vice president, has indicated that he will stand for the presidency.

Romania privatises 60 companies

BUCHAREST, Sept 9: The Romanian government on Tuesday said it was selling 60 companies, worth almost \$ 900 million, as part of its privatisation plans, reports AP.

Foreign and Romanian investors have often accused the government of stalling on transferring companies from state to private control.

Reformers who came to power almost two years ago promised to speed up state sell-offs, but sales have been mired in red tape.

In a statement, the State Property Fund, which oversees privatisation, said the companies were located all over Romania.

Man rights.

"If economic problems can not be solved in a short time their influence will be felt in other areas."

"Social unrest will prevail. Instances of crime will rise. The feeling of being safe and tranquil will, as a consequence, be further away from society."

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Air Canada strike talks resume

MONTREAL, Sept 9: Six days after launching a national strike, Air Canada pilots sat down with the airline Tuesday to resume contract negotiations, reports AFP.

Neither party made an immediate evaluation of the chances for a quick end to the labour shutdown, which has grounded the travel plans of thousands of Canadians.

Analysts have estimated the strike is costing the airline about 13 million dollars (Canadian) in lost revenue.

Jean-Mar Belanger, chairman of the Air Canada Pilots Association, said the union's team of negotiators was "willing to work around the clock" to get a fair settlement.

Sustainable rice production IRC explores ways to face challenges

CAIRO, Sept 9: The International Rice Commission (IRC) convened here Monday to mainly explore ways to meet the challenges to sustainable rice production, reports Xinhua.

At the opening session of the IRC, which is under the Food and Agriculture Organisation of the United Nations (FAO), FAO's Director-General Jacques Diouf said the three-day meeting was held at a time when 800 million people around the world are still suffering malnutrition and the demand for rice is on rise.

Diouf said the immediate task for the 61 IRC member states, world major rice producers, is to identify ways of raising production while conserving the natural resource bases for future generation.

Most of consumers who depend on rice as their primary food intake live in the developing countries where farm holdings are small and most of the farmers are poor and have limited resources, he said.

Diouf also stressed the need to develop "rice and rice-based production systems that fit in to socio-economic environments, especially where the participation of women is dominant, and which are capable for reducing risks of rural poverty."

Diouf ascribed the disparity partly to the expansion of industrialisation and urbanisation that has been increasingly in competition with land and water resources for rice production.



Floor traders on the Tokyo Stocks Exchange ponder as share prices fell late in the morning on Wednesday. The 225-issue Nikkei Stock Average lost 81.67 points to end the morning session at 14,831.82 points, on rumours that a major Japanese bank was facing financial difficulties. — AP/UNB photo

Dow Jones record doesn't enthrall Asia's markets

TOKYO, Sept 9: Encouraged by Wall Street's surge, Asia's top three stock markets opened higher Wednesday, but two of them soon headed south as concerns about local issues took precedence, reports AP.

In fact, as encouraging as the five per cent Dow Jones climb was, Asian bourses had already reacted earlier in the week to the cause: speculation that America will soon lower interest rates to offset the punishment of Asia's and Russia's economic turmoil.

The chit-chat about US interest rates began Friday — thanks to a speech that day by Federal Reserve Chairman Alan Greenspan — and Asia's markets responded with im-

provements Monday and Tuesday.

But Wall Street was closed for the Labour Day holiday Monday and didn't have a chance to applaud Greenspan with its record 380-point gain on the Dow Jones industrial average until Tuesday.

As word of New York's overnight rebound reached Asia on Wednesday morning, people seemed happy but uncertain, given how much turbulence has wracked the world's markets lately.

"I hope it means something," said Ahmad Pauzi, watching the local stocks on a monitor outside a bank in Singapore.

"It will be interesting to see what happens today. If the local

index's rally continues, it's a sign that things aren't so bad."

In Tokyo, Masahiko Shimizu, 31, an insurance salesman who had just completed a stock transaction at Nomura Securities Co, said: "The Dow surge won't have a direct effect on the Japanese economy."

It has its own problems, and they are mostly political," Shimizu said. Japan's beleaguered stock market, which began its slump in early 1990, might have a better chance of advancing big time if the nation produced its own Mark McGwire breaking a major record in baseball-obsessed Japan. "We wish we had such great news here," Shimizu said with a

smile.

When trading began Wednesday, Japan's 225-issue Nikkei Stock Average reacted to Wall Street's exuberance by rising. But it closed 157.95 points, or 1.07 per cent, lower at 14,755.54, because of new concerns about a major part of Asia's economic crisis — the weakness of Japanese banks ridden with bad loans.

As Japan's political parties continue to wrangle over a proposed bailout for the banks, rumours surfaced on the market that Fuji Bank Ltd was facing huge derivatives losses overseas. That triggered selling in the banking sector, traders said, even though the bank later called the rumours "totally

groundless."

In Hong Kong, where the blue-chip Hang Seng Index had jumped 12 per cent in the last three days, Wall Street initially lifted the index Wednesday. But it fell 283.80 points, or 3.5 per cent, to 7,905.45 by the end of the day. Traders blamed profit-taking.

In Singapore, the benchmark Straits Times Index closed at 885.46, up 16.78 points, or 1.9 per cent. But the turbulence and machinations in the markets of neighboring Malaysia were generating as much interest as the Dow.

On Monday, the composite index in Malaysia rose 22 per cent, and on Tuesday it fell 21 per cent, thanks to big rule

changes imposed by the government of Prime Minister Mahathir Mohamad in an effort to leave Malaysia's markets less vulnerable to speculators.

The government imposed sharp capital controls on September 1, but on Monday regulators said that investors and brokers could trade under the previous rules until this Friday to get their accounts in order.

That triggered a big selloff and market tumble.

In Singapore, investors snapped up Malaysian over-the-counter stocks to take advantage of their much lower local price, compared to the Kuala Lumpur market.

Global coffee exports show a steep rise

LONDON, Sept 9: Global coffee exports in July rose by 26 per cent compared with July last year, the International Coffee Organisation reported Monday, reports AP.

Total shipments were 6.797 million bags, compared with 5.395 million bags in July 1997, bringing total sales from in the 12 month to July to 74.917 million bags, compared with 83.526 million bags in the corresponding 1996-97 period.

One bag equals 60 kilos, or 132 pounds.

Brazil exported 1.823 million bags in July 1998 (1.174 million bags in July 1997). Colombia 1.004 million bags (798,002 and Indonesia 784,000 bags (652,250) the ICO said.

Over July 1998 export figures (in bags, with July 1997 comparisons in brackets) include: Bolivia 23,000 (27,205), Burundi 14,000 (28,284), Cameroon 43,788 (212,587), Costa Rica 82,400 (185,037), Cuba 13,200 (7,500), Democratic Republic of Congo 43,000 (43,961), Ecuador 106,933 (77,060), El Salvador 64,476 (151,365), Ethiopia 155,818 (138,709), Guatemala 224,12 (130,239), Honduras 156,753 (37,921), India 328,834 (181,762), Ivory Coast 247,000 (290,525), Kenya 83,975 (92,581), Mexico 167,482 (129,254), Nicaragua 22,979 (9,186), Papua New Guinea 196,330 (122,356), Peru 300,000 (300,085), Rwanda 75,250 (20,160), Tanzania 41,319 (21,264), Togo 15,000 (29,610), Uganda 406,027 (65,186) and Vietnam 302,691 (72,472).