

ADB okays \$70m to help Lankan businesses

COLOMBO, Sept 10: The Asian Development Bank (ADB) Tuesday approved a package worth 70 million dollars to help private businesses in Sri Lanka, the bank said in a statement, reports AFP.

The Manila-based ADB said the package consisted of a partial credit guarantee and a loan to help private manufacturers here and the facility will be channelled through the local DFCC Bank.

A loan of five million dollars will be used by the DFCC Bank to finance projects under the scheme while the ADB will provide a partial credit guarantee on a floating rate note issue of 65 million dollars.

"It is anticipated that the combined resources of 70 million dollars will generate investments of at least 250 million dollars by assisting more than 100 private medium and large enterprises, and possibly generate about 30,000 jobs," the bank said in a statement.

Indian minister warns against US dollar 'imperialism'

COLOMBO, Sept 10: A visiting Indian minister yesterday urged developing nations to consider conducting trade in their own currencies and warned against US dollar 'imperialism,' says AFP.

Commerce Minister Ramakrishna Hegde said the financial crisis in East Asia showed that dependence on the US dollar in international trade had been suicidal for developing nations.

Hegde was visiting a South Asian trade fair which opened in the Sri Lankan capital Colombo on Tuesday.

The minister told exhibitors from seven South Asian countries — Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka — that they must guard against "economic imperialism."

"It is important to have counter trade without reference to the almighty (US) dollar," Hegde said. "We must be aware of economic imperialism, just because we are not developed to that extent (of the west), it does not mean that we have no self-respect."

He said India had sent teams to Indonesia, Malaysia and the Philippines to explore the possibility of counter-trade.

The minister deviated from a prepared text and said he had asked his Sri Lankan counterpart Kingsley Wickremaratne to convene a meeting of South Asian central bank governors to work out a plan to reduce their dependence on the dollar.

He said the South Asian Association for Regional Cooperation (SAARC) countries should also consider joint promotion of their products while moving towards a free trade area in the new millennium.

Hegde said India and Sri Lanka, the world's largest exporters of tea, could promote the commodity through collective efforts while India and Pakistan could jointly market the high grade basmati rice.

"We in the SAARC countries must stand together to face the domination by developed countries," he said adding that the west was unable to understand problems faced by poorer nations.

HK legislators rule out govt intervention in market

HONG KONG, Sept 10: Legislators have rejected a call for the government to stop intervening in Hong Kong's stock and futures markets, news reports said Thursday, reports AP.

Although the government has already implemented some measures and proposed others aimed at stabilising the markets, further intervention could not be ruled out, legislators argued at a weekly meeting late Wednesday.

The Democratic Party, Hong Kong's largest political party, had pressed for the government to halt its intervention in order to protect the integrity of Hong Kong's free market and restore investor confidence and market stability.

But Rebecca Lai, acting financial services secretary, told legislators the government could not halt the intervention because speculators were waiting in the wings, news reports said.

Many legislators agreed, saying halting intervention would not stabilize the markets or restore investor confidence.

"While we do not believe the long term solution is to keep throwing money in these markets, we can see that need in extreme circumstances," legislator Ronald Arculli of the business-oriented Liberal Party said.

The government spent an estimated 15 per cent of the territory's 96.5 billion US dollar foreign exchange reserves in two weeks of buying stocks and futures last month.

The buying was aimed at driving out speculators, whom the government accused of manipulating currency, stock and futures markets.

Since then, new measures have been introduced to clamp down on speculators and also reduce the need for government intervention.

35 pc of work done at Barapukuria Accident pushes coal project behind schedule

By Govinda Shil

Work of Barapukuria coal mine project is three months behind schedule because of recent accident that inundated the main mine in early April this year.

About 35 per cent of mine development works of the project, started in 1994, has been completed so far at a cost of Tk 340 crore, officials sources said.

Mine officials say that they may be able to go for a partial production after June, 1999. The Tk 887 crore project is expected to go into full production -- 3,300 tonnes a day -- after June, 2001.

"We lagged behind by three months mainly due to the accident on April 5 this year. The mine was inundated and probably the water came from underground water table," said a senior project official. "The reserve of coal is located under the water table."

On April 5, there was a water inrush -- 800 cubic meters an hour -- in the main mine. The speed has now come down to 400 cubic meter an hour, said the official.

Two high capacity pumps (1100 cubic meter/hour each) were installed in the mine to pump out the water.

At the beginning of July, the situation could be brought under control, mine officials said.

Construction of two elevators (shafts), the most technical part of an underground mine, has been completed.

"We are now constructing 12 kilometres of underground roadways for movement of trolleys," said Ghulam Mustafa, managing director of the project, turned into a company last month called Barapukuria Coal Mining Limited.

Of the 12 km roadways, Mustafa said, a 1.6 km part has already been completed.

But engineers are yet to detect the source of water and seal it permanently, sources said. China National Machinery Import and Export Corporation is developing the mine.

"Life and asset of the mine are insured," Mustafa said claiming his team was successful to control the inundation. Refuting press allegations of five deaths, he claimed none

was killed. He said the mine was safe because there was hardly any gas pocket in the coal seam which would be more or less wet. The wet coal would keep the mine safe from ignition, he said.

"If anybody working in the mine dies on duty, his nominee would get compensation equivalent 96 months salary." About 2000 workers would be recruited, each of whom get at least Tk 4000 per month. A set of mine regulations is being formulated to deal with the safety issues.

During shaft construction, some 4000 tonnes of coal have been extracted and sold for Tk 12.50 crore. About seven lakh tonnes of coal, the price of which would be around Tk 200 crore, would be exploited until the mine goes into full production in 2001.

The MD, however, expressed his concern over the delay in constructing a 300-MW coal-fired power plant near the mine. The proposed power plant would be the single biggest user of coal.

UNDP Human Development Report '98

Developing nations bear the brunt of environmental pollution

Modern industrialised countries are the dominant consumers, but those who consume less -- the developing countries -- bear the brunt of resulting environmental damage, says a UNDP report, reports UNB.

The report notes that "people in the world's poorest countries pay proportionately the highest price for the resulting pollution and degradation of land, forests, rivers and oceans that sustain their livelihoods."

According to the Human Development Report 1998 released globally by United Nations Development Programme (UNDP) Wednesday, one-fifth of the world's people living in the highest-income countries contribute 53 per cent of the carbon dioxide emissions that fuel global warming.

The poorest fifth contribute just 3 per cent, but live in communities that are more vulnerable to coastal flooding.

With a one-metre rise in sea level, due in part to global

warming, Bangladesh could see its land area shrink by 17 per cent, though it produces only 0.3 per cent of global emissions, says the report.

Egypt could see 12 per cent of its territory, home to 7 million people, disappear under the waves.

Rising sea levels also threaten to make small island nations such as the Maldives and Tuvalu uninhabitable.

A child born in New York city, Paris or London today will consume, waste and pollute more in a lifetime than as many as 50 children in a developing country, reveals the report, a UNDP venture since 1990.

It observes that the overwhelming majority of those who die each year from air and water pollution are poor in the developing countries.

They are the most affected by desertification, floods, storms and harvest failures caused by global warming.

Millions who are without electricity or other fuels, use wood and animal dung for cooking, making women and children worse sufferers of the consequence.

About 2.1 million deaths related to air pollution each year are caused by smoke and fumes in poor households that burn traditional fuels, according to the report.

Although total energy use has increased four-fold in the last 50 years, almost one-third of the world's people or 2 billion are without electricity.

The report suggested new patterns of consumption and new technologies to make resources available to poor and minimise damage to environment.

It urges an end to "perverse subsidies" in agriculture, energy, water and road transport totalling US \$ 700-900 billion a year.



Latifur Rahman, Chairman and Managing Director of Bangladesh Lamps Ltd, presides over the 37th AGM of the company held in city Wednesday. — BD Lamps photo

Kuwait will convert to unleaded petrol

KUWAIT CITY, Sept 10: Kuwait will convert almost completely to unleaded petrol overnight in October, a first in the Middle East, a Kuwait National Petroleum Company (KNPC) spokesman said Monday, reports AFP.

The fuel will be available in all 90 KNPC-operated petrol stations from October 1, in a bid to "protect the environment and public health," Talal al-Yagout said. Only 21 stations will continue to sell leaded petrol.

The government will double the price of leaded fuel, despite the higher production costs of unleaded petrol, to encourage people to convert to unleaded. But prices will still remain

among the lowest in the world, with unleaded selling for between 30 and 50 fils (10-16 cents) a litre depending on the grade, while leaded will sell for 60 fils (20 cents) a litre.

Kuwait's major government oil body, the Supreme Petroleum Council (SPC), last month approved a merger between state-owned Kuwait Oil Company (KOC) and KNPC, although no details of the proposed merger have been released.

KNPC runs Kuwait's oil refining and gas liquefaction plants and handles the local marketing of petroleum products. Its merger with KOC, which

controls oil exploration and production, will give the two companies a virtual monopoly on Kuwait's oil operations.

The SPC also approved the privatisation of the petrochemical industries company and Kuwait oil tankers company, two subsidiaries of the conglomerate Kuwait Petroleum Corporation.

Kuwait holds nine per cent of the world's oil reserves, and produces 1.96 million barrels a day.

KOC has said that it plans to intensify cooperation with foreign oil companies to boost its production to three million barrels a day by 2005.



Nuruddin M Kamal, Chairman, PDB, and Horish Jaisinghani, Managing Director, AES Haripur, sign a PPA on Haripur 360 MW Combined Cycle Power Plant at WAPDA building on Wednesday. — PDB photo

US administration pushes African trade bill

WASHINGTON, Sept 10: The Clinton administration urged Congress Wednesday to pass legislation to help African nations develop through expanded trade, says AP.

Commerce Secretary William Daley also said Congress would send a negative message to world financial markets if it does not approve replenishing the reserves of the International Monetary Fund.

Daley said the Africa trade legislation, passed by the House of Representatives in March and moving through the Senate, would demonstrate the United States wanted to treat African nations as partners and not merely foreign aid recipients.

But he said the trade bill was not meant to replace aid to Africa, which the administration was trying to increase.

Daley said the Africa Growth and Opportunity Act would pave the way for millions of dollars in US investment.

"Some say it will cost American textile workers their job," Daley said. "But the bill would impact only a small number of American jobs. I believe we can find a way to help Africans, while addressing the concerns of these American workers who could be affected."

Japan's central bank eases monetary policy

TOKYO, Sept 10: Japan's leaders guardedly defended Thursday their decision to loosen-up monetary policy by lowering the target for a key lending rate, admitting it isn't a cure-all but saying it will give the economy a much-needed boost, reports AP.

Many experts saw even that claim as overly optimistic. In a surprise announcement, the Bank of Japan on Wednesday lowered the target for the overnight call money rate -- the rate banks charge each other for overnight lending without collateral. The new target is a tiny 0.25 per cent, down from around 0.5 per cent.

The decision -- the first easing of policy since 1995 -- does not affect the official discount rate, which is at a record low of 0.5 per cent. The discount rate is the central bank's charge on loans to banks.

Officials said the loosening was aimed at helping companies borrow money by making it cheaper for banks to obtain funds.

Japanese banks, foundering under huge piles of bad debt, have been reluctant to loan out more money, and that in turn has become a major drag on ef-

orts to pull Japan out of its worse recession in decades. But Bank of Japan Gov. Masaru Hayami said that if banks have ample funds, the so-called "credit crunch" may disappear.

"The biggest goal for the easing is to provide even more funds to the markets and help reduce pressures on corporate fund raising," he said. "The rate cut gives banks time to improve their financial condition."

He admitted, however, that larger structural reforms are necessary to really bring Japan's economy back around.

Taichi Sakaiya, head of Japan's Economic Planning Agency, was even more cautious.

While calling the new target a step in the right direction, Sakaiya said it should have been conducted "much earlier," and added that he doesn't expect much impact from the easing on the economy.

Analysts tended to agree. "BOJ easing without structural reform will have very little effect," Cameron Umetsu, senior strategist in charge of money and foreign exchange at Warburg Dillon Read in Tokyo.



US dollar against Japanese yen is quoted at 135.70 yen early Thursday morning in Tokyo, one day after the Bank of Japan decided to drive down inter-bank interest rates to revive the nation's recession-bound economy. The dollar gained almost five yen from Wednesday. — AP/UNB photo

Asian currencies barely changed

SINGAPORE, Sept 10: Asian currencies were barely changed in Singapore trade today after the yen weakened against the dollar following the Bank of Japan's decision to ease interest rates, declares said, reports AFP.

At around 0610 GMT, the Singapore dollar fell to 1.7354 to the dollar, from its close on Wednesday of 1.7341.

The Indonesian rupiah rose to 11,950 from 12,150 a day earlier with concerns over central bank Indonesia intervention keeping in check pressure on the rupiah from renewed student protests in Indonesia.

Bank Indonesia Governor Syahril Sairin in Jakarta said central bank efforts to shore up the rupiah have been hindered by the student disturbance.

The rupiah has managed to rise against the dollar, hitting 10,000 levels last week but this was cut short after demonstrations and violence in various parts of Indonesia due to high prices food shortages and dissatisfaction with the government of president BJ Habibie.

Sabirin said the central banks market intervention to prop up the rupiah had cost an average of 10 to 15 million dollars per day.

The Thai baht was steady at its previous close of 40.75, and

the South Korean won was slightly higher at 1,364.50 from 1,366.

The Philippine peso was lower at 43.90 from 43.69, the Taiwan dollar at 34.540, down slightly from its previous day's close of 34.510, a rate supported by central bank intervention.

Concerns over Indonesia and events in Malaysia following the imposition of currency controls and the sacking of Malaysian Deputy Prime Minister, Anwar Ibrahim also loomed in the background.

The Japanese yen stood around 135.35 off an earlier low to the greenback of 135.50 in reaction to an announcement late Wednesday by the Bank of Japan (BOJ) to ease monetary policy and lower interest rates.

Analysts said the BOJ's decision would hardly impact regional markets as pessimism abounded over Japan's handling of reforms in its banking sector and a realization that the rate cuts would do little to spur demand.

The move also meant a lower yen which could in turn affect regional currencies although most Asian units in the past few days have been tracking domestic developments.

Meanwhile Liu Mingkang, Deputy Governor of the People Bank of China, reiterated Bei-

jing's determination not to devalue the yuan.

"China's firm determination not to devalue the yuan currency is part of a strategy the country has chosen to show its high responsibility towards the world Asia and its own long term benefit, he said in remarks published in the Wen Wei Po daily.

Asia-Pacific computer server market revenues down

SINGAPORE, Sept 10: Revenues for the computer server market in the Asia-Pacific region, excluding Japan, fell 20 per cent from a year ago to 400 million US dollars in the first half of 1998, the International Data Corp. (IDC) said yesterday, reports AFP.

"The primary factor restraining growth throughout the region was the regional economic crisis which has caused many regional businesses and governments to reduce or cancel spending on information technology products," the information technology research firm said in a report.

Servers are computers in networks that ace shared by many users.



Two Russian men carry a TV set they bought at the All-Russia Exhibition Centre in Moscow, Saturday. People are buying to get rid of their roubles and fear that imports will dry up and become very expensive as economic turmoil is sweeping Russia. — AP/UNB photo

Bangladesh Lamps declares 30 pc dividend

Star Business Report
Bangladesh Lamps Limited has declared a 30 per cent cash dividend for its share holders.

The company announced the dividend at its 37th Annual General Meeting held in the city on Wednesday, says a press release.

Chairman and Managing Director of the company, Latifur Rahman, presided over the meeting.

The meeting approved the annual report and accounts of the company for the year ended 31st December 1997.

During the year, the company made a pre-tax profit of Tk 39.3 million and the net assets of the company rose by 57 per cent over the previous year.

The Board of Directors of the company comprises: Latifur Rahman, Shahnaz Rahman, Saifur Rahman, Shamsur Rahman, Obaidur Rahman Khan and Atiqur Rahman.

Bangladesh Lamps Limited is the official licensee of Philips Electronics NV Holland for lighting products and manufacturer of PHILIPS electric bulbs.

A large number of share holders attended the meeting.

Two banks in South Korea announce merger

SEOUL, Sept 10: Two mid-ranking banks announced plans Tuesday to merge to create one of the largest commercial banks in South Korea, reports AP.

Hana Bank and Boram Bank, the nation's 11th and 13th largest banks, signed a letter of intent to merge effective Jan 4. It will create the nation's 7th largest bank with combined assets of 41.1 billion won (29.4 billion dollars).

It will be the second merger of Korean commercial banks this year. In July, Hanil Bank and the Commercial Bank of Korea announced plans to merge, also effective Jan 4.

Experts said the Hana-Boram merger would have a positive effect on the banking system, because both are relatively healthy banks. They said the first merger in July was between relatively weak banks.

"It is a good sign that two relatively healthy banks are merging. It will stimulate reforms in other banks," said Woo Jong-taek, an analyst at Daishin Securities Co.

Hana Bank president Kim Seung-yu said he is confident that the new, bigger bank to be created will be strongly competitive in both domestic and international banking operations.

He said that Hana and Boram will cut their work force and increase their capital with an infusion of 400 billion won (285.7 million dollars) in equity participation by the government.

Hana and Boram posted a combined net profit of 96.1 billion won (68.6 million dollars) for the first six months this year. Hanil and Commercial Bank of Korea recorded a combined net loss of 1.5 trillion won (1.1 billion dollars) during the same period.

The latest merger is expected to further encourage the government's ongoing efforts to restructure the nation's debt-ridden banking industry.

Under past military rulers, banks were accused of paying little attention either to the true financial condition of borrowers or the long-term profitability of the projects being funded.

When the economy slowed down and companies began collapsing last year, banks were left with mounds of bad loans, triggering a sudden loss of international confidence that led to the financial crisis.

India's economic drive into 21st century may take toll on ecology

NEW DELHI, Sept 10: India's economic march into the 21st century could result in ecological devastation as a conservative UNDP estimate put the environmental damage at 10 billion dollars annually, accounting for 4.5 per cent of gross domestic product, reports PTI.

The UNDP's 1998 human development report released Wednesday said if higher estimates were used, the total environmental cost would be 13.8 billion dollars a year or six per cent of the country's domestic product.

A breakdown of the estimate of 10 billion dollars, shows urban air pollution costs India 1.3 billion dollars a year, the report released here by its Resident Representative Brenda Gael McSweeney said.

Water degradation leads to health costs amounting to 5.7 billion dollars every year, nearly three-fifths of the country's total environmental costs.

Soil erosion affects 83 to 163 million hectares of land every year. Land degradation causes productivity loss equal to four to 6.3 per cent of the total agricultural output annually -- a loss amounting to 2.4 billion dollars and deforestation, which proceeds at the rate of 0.6 per cent a year between 1981 and 1990, led to annual costs of 214 million dollars.

Warning that acid rain was becoming a major problem in the developing world, it said in India wheat yields have been cut in half in areas close to large source.