

# DThe Baily Star DUSINESS

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#### Russia close to foreign debt default

MOSCOW, Sept 12: Russia paid only a fraction of the interest it owes Paris Club creditors in August, the finance ministry admitted on Friday, in a further sign that the country is close to defaulting on its foreign sovereign debt, Interfax re-

ported, according to AFP. Russia's Deputy Finance Minister Mikhail Kasyanov, was quoted as saying that Rus-sia in August paid 115 million dollars of interest of the restructured Soviet-era debt owed to the Paris Club, an informal 20-nation group of creditors, but that this was a fraction of the full amount due.

"The remainder will be paid as soon as the Russian payment system is restored," Kasyanov said, adding that Russia has been meeting all other deadlines on new foreign debt, such as Euro-bonds.

Analysts have been watching nervously for signs that Moscow may start skipping interest payments on some 140 billion dollars of foreign loans ever since the government announced a domestic debt default on August 17.

On 1.6 billion marks (940 million dollars) of interest due to the German Government, Russia paid only 865 million marks (500 million dollars) said German finance ministry spokesman Boris Knapp.

Russia owes Germany another 20 billion marks (12 billion dollars) in other loans, according to official figures.

#### India to buy LNG from

Qatari firm NEW DELHI, Sept 12: In what

is seen as a "landmark" in relations with Qatar, a member of the six-ration Gulf Cooperation Council, India will for the first time import liquefied natural gas (LNG) from a Qatari gas company to meet growing domestic energy needs. Qatar's Rasgas has bagged

the bid to supply 7.5 million tonnes of LNG beginning mid-2002 fending off competition from six others considered by India's Petronet LNG, a joint venture between four public sector companies - Bharat Petroleum Corporation Ltd., Gas Authority of India Ltd., Indian Oil Corporation and Oil and Natural Gas Corporation.

"This is a landmark in India-Qatar relations and signals the start of a strategic-economic partnership," official sources told India Abroad News Service. The 25-year contract is also part of an attempt to build "strategic linkages" in the vital energy sector with the Gulf states which will have "long term value," the sources ex-

Rasgas is a joint venture between the majority stakeholder Qatar General Petroleum Corporation and the US Mobil Corporation, with Japanese and South Korean gas companies holding 12 per cent shares between them.

According to Petronet LNG officials, terminals are being developed at the ports of Dahej in Gujarat and Kochi in Kerala. where the ships carrying LNG from Qatar will berth. Five million tonnes of LNG will be off-loaded at Dahej and the rest

in Kerala. "Our domestic resources of natural gas are limited and there is a very large requirement. Nor are we surplus in oil. We also do not have enough coal," a Petronet official told IANS, explaining the reasons for the import.

The LNG will mainly be sold by Petronet to thermal power plants run by gas turbines, fertiliser factories and a range of other users in both the private and public sectors. Petronet is only one of the

importers of LNG in India. The largest use of LNG is for modern thermal power plants which use either gas or naphtha. - India Abroad News Service

#### Russian crisis may lead to global recession'

BANGKOK, Sept 12: Economists, attending a semianar here, warned yesterday that Russia's deepening economic crisis, if unresolved, would lead the world economies towards a great depression unseen in decades, reports Xinhua.

Russia serves as "a wake up call" for the world to take action against a possible global recession, Sa-ard Theerarojanawong, Vice President of Thailand's largest bank's foreign exchange trading department, said at the seminar entitled "Malaysia, Hong Kong and Russia — a new wave of crisis."

He said such a depression is likely to push down all asset prices worldwide substantially so that every nation on every continent would certainly feel the negative effects.

"It would be like a domino effect, one country would fall after the others," he said.

Aside from the importance of the Russian issue in terms of saving the global economy, Saard said Japan, China and Hong Kong will also play a greater role in protecting the world from potential turmoil.

### Floods take their toll on production, manufacturing

# Export target looks too tall to reach

The government has prodollar terms, the exports grew jected an export revenue target of US\$ 5.8 billion (Tk 27,260 by 16.81 per cent in the 1997-98 financial year. Earlier, the government had projected US\$ 5.6 billion export crore), estimating a 10.08 per cent growth in dollar terms for revenue but the figure was re-1998-99, but exporters believe

that it would be tough for them

Export Promotion Bureau. In

to achieve.

Export revenue from ready-Last fiscal, the revenue tarmade garments in the current get was set at US\$ 5.02 billion (Tk 22,590 crore) while the acfinancial year has been estimated at US\$ 3,130 million tual earning was slightly more against its last year's earnings than the projection. In taka of US\$ 2843 million. terms, the real revenue stood at Tk 23,416 crore, according to

FURY OF FLOOD: Gudaraghat Garments Market at Kaliganj has not been spared.

seas Technical Scholarship

(AOTS) of Japan, Juki Corpora-

tion of Japan, Juki Singapore,

Juki Bangladesh, Dhaka office

of Japan External Trade Organ-

isation (JETRO). Bangladesh

AOTS Alumni Society (BAAS)

and Chittagong AOTS Alumni

The state minister said gar-

ments sector alone accounts for

67 per cent of the country's total

export earnings. With a humble

beginning two decades ago, this

sector has exhibited stable but

hotel was also addressed

among others, by JETRO repre-

sentative Yuichi Bamba, JUKI

Singapore representative

Kenichi Hoshi, AOTS represen-

tatives Dr AKM Moazzem Hus-

sain, BAAS President Md An-

warul Haq, JUKI Bangladesh

Chairman M Zakaria Bhuiyan.

Tadashi Ohkawa and Kenichi

Motomaru — are conducting the

course being attended by 50 per-

sons from various garment in-

dustries including four from

ments sector has generated em-

ployment opportunity for over

13 lakh people, most of them

are women. He also suggested

setting up of more backward

The state minister said gar-

Nepal.

Two Japanese experts —

The function held at a city

continuous growth, he said.

Society (CAAS).

Speakers at workshop urge entrepreneurs

Develop human resources to face

challenges of market economy

linkage industries in this field

and GSP which were once very

easy to avail are becoming dif-

ficult to attain, he said urging

all to face these challenges by

upgrading quality of products.

raising productivity and im-

concerned about the gloomy fu-

ture of this sector after WTO era.

particularly after 2005 he ex-

pressed his optimism that

through concerted efforts like

human resources development

and enabling policy environ-

ment we could overcome these

He said Bangladesh is pass-

ing through a worst-ever flood

of this century which is causing

loss and damage to this sector

also. He urged all to come for-

ward in the post-flood rehabili-

this course and hoped they

would organise similar pro-

grammes in future for the de-

velopment of human resources.

ing the present outlook of the

market and growing demands.

Bangladeshi exporters have a

good opportunity to increase

their export of readymade gar-

He said JETRO has been

ments to the Japanese market.

Yuichi Bamba said consider-

He lauded the organisers of

tation along with government.

challenges.

Though many people are

proving marketing network.

Trade incentives like quota

The government target for jute goods has been fixed at US\$

300 million this fiscal year. The figure US\$ 200 million for finished leather, US\$ 320 million for frozen foods, US\$ 1130 million for knitwear, US\$ 120 million for raw jute, US\$ 50 million for tea leaves and US\$

By Govinda Shil

Meanwhile, exporters felt that it would be difficult for them to hit the target. BAGMEN vice president Nurul Huq Sikder said readymade garment would not be able to fetch the

amount (US\$ 3130 million) if

80 million for chemical prod-

Dhaka-Chittagong road communications remain snapped for another few days.

Sikder expressed his deep concern over achieving target of knit products (US\$ 1130 million) because, he said, most of the knitwear manufacturing units had long ago gone under

Bangladesh Frozen Foods Exporters Association president Golam Mostafa said fish traders might not be able to earn the projected amount, US\$

- Star photo by AKM Mohsin

making various promotional

activities including penetration

Bamba said the present duty-

free facilities on raw material

and machinery, if continued up

to 2005 and the policy direction

of the government are persis-

tent. Bangladesh could be fully

self-sufficient in supporting its

readymade garments. This sec-

tor could be considered as one of

the significant instruments for

building the national economy

in spite of Multi-Fibre Agree-

ment (MFA) on textiles which

forecasting huge competition in

Kenichi Hoshi said JUKI

Corporation has opened its sev-

eral overseas offices to offer

better services to the customers.

AOTS has organised various

seminars and workshops on

maintenance of agricultural

diesel engine, motorcycle, and

marine diesel engine, energy

conservation of industrial boil-

ers, management of construc-

tion projects, digital telecom-

munication technology and

is to help develop human re-

sources of the developing coun-

The main objective of AOTS

Dr Moazzem Hussain said

of Bangladesh garments into

Japanese market.

coming years.

320 million. He said the current flood would cost them shrimps worth US\$ 60 million (Tk 300 crore approximately) in lost production.

Export of finished leather will also be affected. "We will not be able to earn the targetted revenue of US\$ 200 million," said Abdus Sattar Bhuiyan, president of the Bangladesh Finished Leather Exporters Association. He said tanners were losing production mainly due to the huge flood that caused disruption in some factories.

#### SIA launches \$300m product

Star Business Report Singapore Airlines (SIA) has announced launching of its brand new product and service features in all three classes on

its MEGATOP 747s. The launch also includes new features on its CELESTAR A340s and JUBILEE 777s, said SIA in a press statement issued

Costing over S\$500 million (about US\$300 million) and the end-result of more than two years of research and meticulous planning, the new product strengthens SIA's leadership in the air travel market.

"Although our current product continues to rank among the best in the industry, it was time to make a bold and exciting change," the statement quoted SIA Deputy Chairman and CEO Cheong Choong Kong as saying. "We wanted to send a very clear message to the industry: our customers expect the best of SIA, and the best is what they will get. Any airline that attempts to steal a march on us in the all-important areas of product and service does so in the knowledge that their advantage can only be temporary," he

In addition to changes to the First, Raffles and Economy Class products, SIA has also introduced new inflight cuisine and other service features, including a luxurious First Class check-in reception at Singapore Changi Airport.

#### 'China's exports may contribute nothing to economic growth

BEIJING, Sept 12: China's exports battered by the Asian financial crisis and a weak yen, may contribute nothing to economic growth this year, a finance ministry official said yesterday, reports AFP.

"As a major contributor to the national economy, exports made up about two per cent of last year's economic growth, this figure may diminish to zero this year," Xinhua, news agency quoted finance ministry economist Wang Jiaahun as

"The ailing Japanese economy and the more than 100 trillion yen (769 billion dollars) in bad loans, will continue to weaken they yen for a long time to come, and as a result the economic and financial situation in other Asian countries may

even worsen," he said "All these factors will exert greater pressure on China's exports," he added.

Wang said investment growth would have to reach 20 per cent in the second half of 1998 if the government's target of eight per cent economic growth was to be maintained.

Blunted by the Asian economic crisis. China's growth slowed to seven per cent in the first half from 8.8 per cent in full-year 1997 devastating floods have cast further doubt whether the full-year target of eight per cent will be met.

# Advance team from IMF arrives in Pakistan

Crucial loan talk

KARACHI, Sept 12: An advance guard from the Internadollars from the Islamic Develtional Monetary Fund (IMF) arrived here to prepare for talks with the Pakistani government on reviving crucial loans, offi-

cials said, reports AFP. IMF loan assistance was suspended after Pakistan carried out a series of nuclear tests in May in response to similar detonations by arch-rival India, plunging Islamabad into a

financial crisis. The three-member team will review economic targets, including the gross domestic product, budget deficit, inflation, balance of payments and foreign trade during its meeting with officials in Islamabad.

The advance team comprises IMF officials William Shervan, Ben Bingham Andjoel Gagdeczka who will collect data for next week's talks with offi-

Formal policy level talks between senior government officials and the IMF are scheduled for next week.

The IMF team will be led by Antonoi Furtado, chief of the Fund's Middle East Division. who arrives Wednesday, offi-

cials said. The IMF suspended 1.6 billion dollars in promised credit from its enhanced structural adjustment facility (ESAF) after Islamabad's nuclear tests.

Pakistan hopes to get a new IMF package, the value of which will be determined during the negotiations, as the imposition of international sanctions had a severe impact on its economy, officials said. The country faces a shortfall

of 4.5 billion dollars this year, it is seeking three billion dollars from external sources while hoping to bridge the remaining gap by enhancing exports and reducing imports. Islamabad has to pay 750 million dollars in debt servic-

ing by the end of this month, an amount almost equal to its total existing foreign exchange It hopes to receive 1.5 billion opment Bank (IDB).

Pakistan, weighed down by 32 billion dollars in external debt, is seeking a comparatively soft-term IMF package and may call for rescheduling its debt amid US pressure to sign the Comprehensive Test Ban Treaty

Economist Kaiser Bengali said Pakistan must now negotiate rescheduling of its debt repayments and ensure more funds for the development of

social sector. He proposed conversion of costly short-term loans into soft long-term packages and opposed any devaluation of

Pakistani currency. "Pakistan is known for accepting unilateral conditions. This practice should end now and the country must negotiate and not accept dictations from

outside," he said. Pakistan had devalued its currency twice by more than 12 per cent since Prime Minister Nawaz Sharif assumed office in February 1997.

#### IMF okays \$500m for Thai reform

WASHINGTON, Sept 12: The International Monetary Fund (IMF) and international creditors have approved disbursement to Thailand of 500 million dollars as part of an economic reform package, the IMF announced Friday, says AFP.

IMF Managing Director, Michel Camdessus, said the IMF will contribute about 135 million dollars of the fourth tranche of the programme.

The announcement came after the IMF's executive board approved the completion of the fourth review of Thailand's stand-by credit with the IMF, Camdessus said.

Executive directors "commended the Thai authorities on further consolidating their stabilization gains." Camdessus said in a statement.

# Asian stocks may fall further this week

SINGAPORE, Sept 12: Regional economic woes are expected to maintain the pessimistic mood in Asian stock markets this week, but some analysts believe that Wall Street's latest recovery could give share prices at least a temporary lift, reports AP.

Tokyo's announcement Friday that the nation is sliding even deeper into recession served as a firm reminder of Japan's economic woes, and its apparent inability to lead international efforts to help out Asia's other economies, analysts said.

The key thing is the trends in Japan's domestic economy," Jonathan Hazell, a market strategist at Barclays Capital Asia in Singapore, said in an interview.

There are few factors to support the Japanese ven, which has recently gained against the US dollar, and if it turns weak again that could hurt regional stock markets, Hazell said.

But analysts also said that the surprising recovery on Wall Street Friday is one sign of hope, The Dow Jones industrial average shot up 179.96, or 2.4 per cent, to finish at 7795.50, producing a two per cent improvement for the past week.

Asia's top three markets went just the other way Friday. The major barometer for the Tokyo Stock Exchange plunged more than five per cent, followed by a 3.5 per cent decline in Hong Kong and a 1.9 per cent fall in Singapore.

Analysts said that the political crisis brewing in the United States over President Bill Clinton's sex scandal and his possible impeachment is unlikely to affect Asian markets this week as much as other troubles closer to home.

"I don't think that the political drama in the US makes a lot of difference," Hazell said.

For example, Malaysia recently imposed capital and market restrictions, banning overseas trading of the ringgit and stocks. That dealt a serious blow to neighboring Singapore. whose banks are heavily exposed to Malaysia in loans and ringgit deposits.

Banks in Singapore last week gave customers a choice of transferring ringgit back to Malaysia or converting them to US dollars. Bankers said most clients chose conversion.

In Hong Kong, traders are still dealing with the government's recent efforts to penalize the biggest speculators on the stock market and with a new price war among property de-

#### Rouble rallies

MOSCOW, Sept 12: The rouble rallied for a third straight day Friday with the central bank setting its official rate at 11.4281 to the dollar, Interfax reported, says AFP.

The rate was 12.66 per cent higher than the central bank rate issued on Thursday, and concluded a see-saw week for the rouble which plunged lower than 20 to the dollar before recovering as banks which had overbought the dollar began correcting positions.

Dealers said that technical factors were behind part of the rise of the rouble.

At Ing Bank Dimtry Melioshin said: "The main reason is that banks must sell dollars to acquire roubles following cancelation by the central bank

of Lombard credit tenders. "The market is so short of liquidity that it is very easy to

move it by selling small quantities of dollars. Other experts said that the rally which has occurred since the middle of the week also re-

flected an increase of demand for roubles because local prices had risen strongly. Dealers also expected that the rouble would rise in response to a decision by the gov-

ernment obliging exporters to convert 50 per cent of their income in hard currency into roubles. Dealers doubled that the

rally would last, particularly after the Kremlin's candidate to take over the helm at the cen-Viktor bank. Gerashchenko, came out in favour of "controlled" money printing on Friday.

# US takes serious note of NAM criticism of North-South disparity by Vasantha Arora

WASHINGTON, Sept 12: The United States has for the first time taken a serious note of the non-aligned nations' criticism of growing economic disparity between developed and developing countries, leading to global tension. "Last week's meeting of the Non-Aligned Movement (NAM) in Durban, South Africa, was a reflection of that tension, US Agency for International Development (USAID) Administrator Brian Atwood told the Council on Foreign Relations here.

Speakers at a workshop here

yesterday emphasised the need

for appropriate human re-

sources development in the in-

dustrial sector of the country on

to a level of economic growth

through boosting export, re-

particularly in garments sector,

to raise the quality of their

products through harnessing

the industrial work-force by

upgrading their skill and

knowledge to face the

challenges of the free market

must be properly trained, they

country's highest foreign ex-

change earner, is now in a vul-

nerable position due to the

country's devastating flood.

Production loss as well as

shipment failure may incur

several hundred crore taka,"

AKM Zahangir Hossain at-

tended the inaugural function

of the two-week Bangladesh-

Japan workshop cum-training

on "industrial sewing machine

maintenance technology" as the

chief guest. The workshop was

organised jointly by Dhaka of-

fice of the Association for Over-

State Minister for Textiles

Man behind the machine

"Garmenis industry, the

They urged the entrepreneurs

ports BSS.

economy.

they feared.

He said the recurring theme at this meeting of 113 nations was that the international system served the rich, industrialised countries and that the global economy was leaving the poorer nations behind.

"Perhaps in Henry Kissinger's days, we could afford to disregard the anti-West rhetoric of this group of poorer nations," he said, adding, There was a more prominent battle to be waged, against communism, a battle financed

population." "For it is the masses of poor people today who arguably constitute the greatest threat to global stabil-

He, however, said "the NAM communique, as you would expect, is excessively long - 130 pages - and excessively rhetorical. It contains prescriptions we strongly reject, but it does send a warning we cannot ignore. In essence, it represents a plea: it says give us a stake in the international system. Help us develop our societies. Give our people a voice. Help us benefit from the trading system you have devised for the global economy. Don't leave us be-

hind." The chief of the USAID, an affiliate of the State Depart-

ment, said the list of the 113 countries contained a handful that would fall into the rogue state category. "These are countries whose purpose is not to strengthen the capacity of the international system to help the poor, but rather to destroy the system as we know it." These countries, Atwood

said, had no desire to give a voice to their own people. They opposed the United States "because we are the most prominent member of the international system. They oppose us because we promote democracy, because we support open markets. Our policy is to contain these governments; to minimise their influence; to prevent them from doing us damage; and to support those who would actively work to transform them into acceptable global citizens.

"Yes, containment still has a role in the post-Cold War era. But the containment of rogue states alone is not a sufficient

response to the threats we face,' he added. He said the vast majority of countries on the NAM list were struggling to make democracy and market economies work. "They want to be full members of the international system but they know they could just as easily become failed states if their reform efforts do not succeed." Atwood listed some of the grievances set forth in the NAM communique: The exports of (developing)

countries) continue to be hampered by all forms of protectionism..." — "...Our development efforts remain impaired by inordinate burdens of external indebtedness and restricted and volatile short-term financial flaws... — "(The result is) ... an over-

all net transfer of resources to the developed countries..." — "...In recent years, there has been a decline in resources made available for international development co-operation.

— "...The gap between the de-

veloped and developing countries, especially the LDCs (least developed countries), continued to widen (significantly aggravating) the problems deriving from poverty and social injus-

Atwood said the US could debate many of the points made in the NAM Communiqu, "but what should concern us is the amount of dissonance reflected. I suggest that degree of dissent is unhealthy as we pursue a more democratic, more market oriented world."

He said the NAM nations' concerns related to flows of official development assistance (ODA) were legitimate. In 1997, aid to developing countries dropped to \$47.6 billion from \$55.4 billion in 1996. This was at a time when private capital flows to the developing world dropped from an all-time high of \$286 billion in 1996 to \$206 billion. This was largely shortterm capital invested in emerging markets, much of it withdrawn when economies be-

LDCs did not have to worry as much about capital flight. They received less than \$2 billion in foreign direct investment (FDI) in 1997. The reduction of ODA at a time when the developing world population is growing by about 80 million people a year

for American leadership.

The USAID official said the

constituted a serious challenge

gan to sour.

"Over the past 30 years, we have successfully encouraged the industrial world to share the development burden. During that period, the US moved from providing 60 per cent of all development assistance to around 12 per cent of the total. More importantly, we have succeeded in influencing the spending philosophy of our donor partners.

He drew attention to the strong consensus that donors should invest in cooperative efforts to strengthen democra-

- India Abroad News Service

#### primarily by nations who had access to resources. But today, with serious worries about terrorism and the global financial crisis, we cannot afford to ignore the concerns of nations representing 2.86 billion people, or 50 per cent of the world's