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WB sets up two teams to clean up Indonesian corruption

JAKARTA, Sept 16: The World Bank has set up two teams of experts consisting of its own staff and independent consultants in a bid to clean up corruption in Indonesia, especially that involving the bank's funds, national newspapers reported today, reports Xinhua.

The teams were scheduled to come here this week and next week to help the Indonesian government shape new strategies to reduce corruption, the World Bank country director for Indonesia, Dennis De Tray, said here Tuesday.

"There's no question that the World Bank has made mistakes in the past in its efforts to ensure that the projects were well managed, but we want to set the past behind us and make sure that few mistakes are made in the future," he said.

The first team from Washington, headed by the bank's regional manager of its social development sector unit Katherine Marshall, is already here to start inquiring into the issue of corruption in the country.

Marshall expected the team to be able to define the corruption problems in the country by the end of the week.

US to prop up wiring checks for older planes

WASHINGTON, Sept 16: The US government is preparing to increase inspection of airliner wiring — suspect in the crash of... as part of an effort to tighten supervision of older aircraft, reports AP.

Federal Aviation Administration spokesman Les Dorr said Monday the programme will be announced in two to three weeks.

He declined to provide details other than to say it will cover such systems as aircraft wiring, control systems, hydraulics, pneumatics and pumps.

The crew of the crashed Swissair MD-11 reported smoke in the cockpit before their plane plunged into the Atlantic Ocean off Nova Scotia Sept 22 claiming 229 lives.

Biman's clarification

Biman Bangladesh Airlines has sent in the following note to clarify its position following charges from some garment exporters of non-cooperation in handling their emergency export cargo by a chartered plane.

"Our attention has been drawn to a news item headlined 'Bureaucracy at work' while exporters cry hoarse published in your esteemed daily in its September 15, 1998 issue as part of which needs to be clarified as under:

A non-scheduled aircraft of BON AIR with registration EP-BOA landed at 1130 hours local time on 13 September, 1998 and parked at the domestic parking bay. Honourable ministers and some very high officials were there. One Biman staff was detailed to look after the flight but was refrained from doing his normal job.

"After some time, local agents of BGMEA wanted Ground Power Unit (GPU) and Belter for use, and the same were provided. Necessary documents for providing above services were raised accordingly though Biman was intimated about providing the above services late in the evening. However, the matter was consulted with appropriate authority and Biman personnel were advised to continue above services as and when required. The GPU and Belter services were also provided on September 14.

"In the morning of September 14, Biman received a fax on the flight and took necessary actions on that. In the evening again, one Biman staff went to see the status of the flight. He found Air Commodore (Retd) Moinul Islam, Chairman of ISPLP which brought the aircraft, and talked to him. He expressed his satisfaction with Biman's services so far extended. Again this (September 15, 1998) morning, Biman officials talked to ISPLP Chairman and found him all happy and pleased.

"When Biman officials wanted to know if any extra services is required, the ISPLP Chairman confirmed that nothing else is needed.

"It may be mentioned here that ISPLP, the operator of the BON Air cargo flight has informed the Chairman, CAB about this flight schedule through a letter on 14-09-98 not even copied to Biman.

"Furthermore no one from the local representatives has so far contacted Biman for any help, rather, Biman on their own contacted them if they need any help or assistance in the operation of the chartered flight.

"It also needs to be clarified that loading and unloading of goods in such cases are not the responsibility of Biman.

"Considering the above, it is clear that Biman hasn't failed to understand the nature of emergency. And Biman officials were never refusing to provide adequate logistic support."

India calls for global norms to prevent financial crises

NEW DELHI, Sept 16: Indian Finance Minister Yashwant Sinha called for global norms to prevent future financial crises, saying the "law of the jungle" currently prevailed in international markets, says AFP.

"We have an international system which is totally devoid of discipline at the moment," Sinha told a bankers' conference here.

"There are no rules of the game. There are no guidelines. It is only the law of the jungle or the lack of it."

"There is a need for an international consensus, a need to prevent rove elephants who roam financial markets from trampling on national resources," he said, adding the international community would have to "devise norms" to control the situation.

Sinha blamed the Southeast Asian economic turmoil on "short term flows" being deployed for "long-term needs."

"Short-term flows should be managed in such a way that they do not imperil long-term national interest," he said while noting criticisms that international institutions had accelerated the crisis.

The finance minister said

global banking "at the moment was delicately poised because global banking system seem to have somewhere lost the way."

"There is a fierce debate about whether we should go forward or retreat," Sinha said referring to India's financial sector reforms adding some countries have decided to retreat.

"Others are saying that the problem the world faces today lies in greater globalisation and greater transparency."

The minister said India would have to learn from the lessons of other nations in the Southeast and the country's banking system was not held as an example for others to follow.

"We may not have moved fast over a period of time and not certainly among the best in the world, but we have moved forward steadily with a great deal of stability."

New Delhi began opening its banking sector to private competition in 1992 following its free-market reforms.

Since the reforms state-owned banks, which account for more than 80 per cent of the deposits, have started acknowledging bad debts, adopting new capital adequacy norms, diversifying and setting

up mutual funds and improving quality of customer service.

The country's 27 state-run banks have total accumulated bad debts of more than 12 billion dollars.

Sinha said if India did not "safeguard" its interests by adequate regulation it would become difficult to "save us from onslaught."

The finance minister said some of the developed nations were struggling to cope up with the financial crises.

"There are criticisms that international institutions have accelerated the crisis," he said.

'Country won't retreat into protectionism'

NEW DELHI, Sept 16: Finance Minister Yashwant Sinha said Wednesday India won't retreat into protectionism, but he called for international financial reform and discipline, reports AP.

"No country can allow its national interests to be trampled on by unchecked or undisciplined international operators," Sinha told reporters in New Delhi.

During IMF-World Bank meetings next month, Sinha said, he will ask international lenders to find a way to help

needy countries without imposing conditions on them.

The Indian economy was inherently strong and safe for investment, he said.

"We have left the path of monopoly," he said. "No government can protect the Indian companies from competition."

Sinha said economic sanctions imposed by the United States and other countries after India's May nuclear tests appeared to have sapped foreign investors' confidence in India.

"But the mood is changing because internationally India is now being perceived as a stable pole in the economic field against turbulence elsewhere," he said.

Sinha also pledged to keep India's fiscal deficit at the projected level of 5.6 per cent of gross domestic product during the fiscal year ending March 1999.

The finance minister said the current summer harvest was expected to be good. The result will be more money in the hands of farm families, which analysts expect increase demand for manufactured goods, kick starting industry and plainer types were firm to

Demand improves for teas at auction

CHITTAGONG, Sept 16: Tea sale here yesterday was marked by an overall improvement in demand this week following strong support from both export and internal buyers, market sources said, reports UNB.

Polish and CIS buyers operated actively this week for large and bold Brokens whilst there was continued strong support from Pakistan for medium and small Brokens. Afghanistan was again absent.

Internal buyers, including blenders, also lent more support and operated for a large quantity of small Brokens and Fannings.

Dusts also sold well and generally at dearer levels. Consequently, withdrawals were negligible this week.

CTC Leaf: 12,727 chests, 10,495 gunny sacks and 91 chests of old season on offer met with strong demand.

CTC Brokens: Bold and large Brokens were a stronger market with bold types selling at Tk 2 to Tk 3 and larger Brokens at Tk 2 to Tk 5 above last levels.

Clean medium and small Brokens were a good market but eased slightly whilst inferior types were mostly dealer.

CTC Fannings: Met with a more widespread demand. Cleaner liquoring types attracted strong competition and often sold up to Tk 2 above last levels. Whilst medium and plainer types were firm to

slightly dearer.

CTC Dust: 717 chests, 1,532 gunny sacks and 10 chests of old season on offer met with strong demand. Better liquors sorts were keenly competed for and were mostly dearer by Tk 2 to Tk 3 and sometimes more following quality.

All others sold at around last levels and internal buyers lent good support with some interest from exporters for better liquoring types.

Rangpur Savings Deptt deposit collection exceeds target

RANGPUR, Sept 16: The District Savings Department has exceeded the target of collecting savings deposits by Tk 1.3 crore in the district during the last fiscal year, it was told by an official of the department, reports BSS.

According to the savings department sources, there was a target to collect Savings Deposit of Tk 5,70,00,000 but against the target a total sum of Tk 7,00,01,000 collection was achieved in last fiscal year.

These savings deposits were achieved in defence certificates of 5 years and 6 months terms.

Switzerland has highest number of ECU millionaires

LONDON, Sept 16: Switzerland, followed by Britain and then Germany, has the biggest number per capita of ECU millionaires in Europe, a new study said yesterday, reports AFP.

The study from datamonitor said that at the end of 1997, 2.14 per cent of Swiss had at least one million ECUs (1.15 million US dollars).

Next were the British, with 0.80 per cent of ECU millionaires, Germany with 0.75 per cent, Holland with 0.74 per cent, France with 0.71 per cent, Italy with 0.69 per cent and Spain with 0.60 per cent.

However, in total numbers, reflecting the countries' populations, the Germans were far ahead, with 275,000 ECU millionaires, compared to 197,000 in Britain, 167,000 in France, 141,000 in Italy, 72,000 in Spain, 65,000 in Switzerland and 48,000 in Holland.

The Bank of England, seeking to clamp down on inflation, has raised interest rates six times since Labour won power in May 1997. This has strengthened the pound, making it tough for exporters to sell competitively.

UK inflation drops to 2.5pc

LONDON, Sept 16: British inflation dropped to an annual rate of 2.5 per cent last month, hitting the Labour Party government's target for the first time since January, officials said on Tuesday, reports AP.

The underlying inflation rate in August was down from an annual rate of 2.8 per cent in July, 2.8 per cent in June and 3.2 per cent in May, the Office of National Statistics reported.

Analysts said the trend underlined a slowdown in the economy and could herald a drop in interest rates — now at 7.5 per cent — which business and labour union leaders have long demanded.

Dutch aid for flood victims

Star Business Report
Netherlands has decided to give one million US dollars for the flood victims of Bangladesh.

This is in addition to the earlier contribution of 250,000 US dollars, says a press release. The Netherlands will also contribute 500,000 US dollars to the UN-emergency appeal.

A similar amount of 500,000 US dollar will be added to a national action for the people of Bangladesh, which was launched on Monday by 10 major NGOs in Netherlands.

These NGOs intend to raise as much assistance as possible from the people of Netherlands in the countryside campaign in order to support the people of Bangladesh.

Mobil joins in flood relief effort

Mobil has joined in the collective effort to help people distressed by severe flooding in Bangladesh, says a press release.

Over the weekend, Mobil employees distributed food, clothing, oral re-hydration saline and water purification tablets to more than 1,200 affected people who are stranded on an old railway embankment at Madanpur union of Narayanganj district. The beneficiaries were mostly women.

"As a good corporate citizen Mobil is pleased to participate in helping our community at such times of trouble," said a senior Mobil official.

Mobil has already taken steps to help its employees who have been affected by the flooding.

UK hails HK financial market intervention

HONG KONG, Sept 16: Britain lauded Hong Kong's political progress and voiced its support for the government's recent intervention in the financial markets to defend its currency link, a senior diplomat said Wednesday, reports AP.

Alan Paul, British team leader of the Joint Liaison Group, described the first elections since the handover of this former British colony as "efficient and scrupulously fair."

High voter turnout "destroyed once and for all the myth that the people of Hong Kong are not interested in democracy," Paul told reporters after the group's meeting.

He said he also discussed human rights, freedoms and the rule of law in Hong Kong with his Chinese counterparts.

"So far, the picture is an encouraging one, but there is no room for complacency and we will continue to follow developments in these areas with the closest interest," he said.

The working group, which was set up to handle details of the transfer of Hong Kong's sovereignty in July 1997 from Britain to China, met in the territory over the past two days.

Both Paul and Wang Guisheng, the leader for the

mainland Chinese side, said the work of the group was basically complete.

They also reiterated their countries' support for Hong Kong's decision to intervene in the stock market.

Last month, the Hong Kong government took on currency and stock speculators, ultimately intervening and changing market rules to close the door on what it called market manipulation.

Hong Kong officials say the intervention was aimed at protecting the 14-year-old currency peg, which has come under attacks by speculators since October.

The two sides, however, failed to reach a consensus on a solution to the decades-long issue of Vietnamese refugees stranded in the territory.

Paul said it was no longer Britain's direct responsibility after the handover, but Wang disagreed.

"England has an unshirkable responsibility for the final solution," Wang said.

Since communist North Vietnam defeated the US-backed South in 1975, ending the Vietnam war, nearly 223,000 Vietnamese have passed through Hong Kong.

Starwood area chief in city

Star Business Report

The Area Managing Director of Starwood Hotels and Resorts Worldwide Inc. David Shackleton arrived here yesterday on a three day visit to Bangladesh.

This is the first ever visit by a high official of Starwood Hotels and Resorts Worldwide Inc. to Bangladesh since it took over the ownership of Sheraton properties from ITT Corporation, a Sheraton statement said.

During his stay in Dhaka, Shackleton will call on the high officials of the Ministry of Civil Aviation and Tourism. He will also inspect the Dhaka Sheraton hotel and suggest ways and means to further upgrade and enhance the hotel's facilities.

A Canadian national, Shackleton brings with him 23 years of experience with Westin Hotels and Resorts worldwide and has managed a number of prestigious five star properties in Singapore, United States, Canada, South Africa and Korea.

He is currently the Managing Director of the most prestigious 2,050-room hotel Westin Stamford and Westin Plaza in Singapore.

Sheraton Hotels and Resorts is owned by Starwood Hotels & Resorts Worldwide, Inc, a hotel operating and management company whose shares are paired and trade together as a unit with Starwood Hotels & Resorts, the largest real estate investment trust in the United States.

It offers guests a choice of more than 650 hotels and resorts in over 70 countries. The Asia Pacific region has over 60 hotels in 17 countries.

HK gets more crowded

HONG KONG: Hong Kong's population grew by 2.8 per cent last year, squeezing another 185,000 people into what is already one of the most crowded places on earth, the government reported Tuesday, reports AP.

About 6.687 million people were living in Hong Kong's 420 sq. miles (1,092 sq. kilometers) — much of it uninhabitable because of hills — by the middle of 1998, compared to 6.525 million a year ago, a statement said.

"During his speech opening the conference, Kuntoro conceded that at present 'greater emphasis is being placed on the provision of low cost energy (than reform), given the adverse impact of the crisis on both corporate and individual incomes."

But he said the government will revise existing laws to open the domestic oil and gas sector to full competition, including the privatisation of national oil and gas monopoly Pertamina.



A model holds the new Polaroid one-way camera named "Pop Shots" that has its world premiere at the Photokina photo fair in Cologne, Germany on Tuesday. Polaroid claims the camera that comes with a ten-image film can be recycled 100 per cent. The company says it will donate one euro (about one US dollar) to an Aids foundation in Europe as an incentive for users to return the camera. The fair runs from Sept 16 through 21.

— AP/UNB photo

Indonesia to proceed with cuts in oil, gas subsidies

SINGAPORE, Sept 16: Indonesia's energy minister said Monday that his government will proceed with plans to scrap controls on the domestic cost of fuel by next year, says AP.

"We've decided that the subsidies should be lifted, and we're studying how the gradual process of this can take place," Mines and Energy Minister Kuntoro Mangkusubroto told reporters after addressing the Asia-Pacific Petroleum Conference. "But for sure, it will start next year."

A rise in fuel prices earlier this year helped spur riots and protests that gained widespread support, eventually forcing President Suharto to step down

in May.

Domestic subsidies have been a major obstacle in reforming Indonesia's state-dominated oil and gas sector in line with other industries, and the government is seen walking a tightrope between reform and further upheaval.

"We haven't come up yet with a final scheme on how to do this, but the decision has been made," he said. "So starting next year we're going to give up the subsidies, bit by bit, in a fairly systematic way."

Kuntoro cautioned that the changes would be a "very slow process," ruling out a sudden change because of the precarious state of Indonesia's econ-

omy. Asia's financial troubles have hit hardest at Indonesia, triggering the country's deepest economic crisis in decades.

"During his speech opening the conference, Kuntoro conceded that at present 'greater emphasis is being placed on the provision of low cost energy (than reform), given the adverse impact of the crisis on both corporate and individual incomes."

But he said the government will revise existing laws to open the domestic oil and gas sector to full competition, including the privatisation of national oil and gas monopoly Pertamina.

Foreign aid helps donor as much as recipient

by Manik Mehta

BONN, Sept 16: A German study has conclusively established that grant of foreign aid benefits as much the developed donor country as the recipient developing nation.

The link between development assistance and employment in Germany has been documented in a survey conducted by an economic research institute, popularly known by its German acronym IFO-Institut.

"German development assistance is not a one-way street," an official of the Ministry for Economic Cooperation who did not wish to be identified, told IANS. "It also, naturally, brings benefits for the German economy, particularly in view of the fact that much of the assistance is tied to projects in which German companies are involved or have some sort of commercial interest. The benefits accruing to German companies out of development assistance are substantial."

While development assistance may be helpful to a recipient developing country, it is proving to be an instrument for not only creating jobs but also safeguarding them in the donor country, the study concluded.

According to it, German development assistance — Germans use the euphemism "economic cooperation" instead of "foreign aid" — has helped safeguard some 240,000 jobs in this country.

Some 80 per cent of the German development funds between 1976 and 1993 flowed back to the German export industry in the form of orders from the recipient countries. East German companies — East Germany has a higher rate of unemployment than West Germany — alone received orders to the tune of 2.5 billion German marks between 1991 and 1997.

Orders for 1997 alone amounted to 700 million German marks. Carl-Dieter Spranger, the

Minister for Economic Cooperation, said the survey had confirmed that assistance to developing nations had a far greater effect on employment than had been originally assumed.

Earlier, it was thought that development assistance safeguarded some 100,000 jobs.

The IFO Institute, based in Munich, studied development assistance to 43 recipient countries and the impact of such aid on Germany as a site for investment and economic activities between 1976 and 1993.

With a volume of 11.3 billion German marks given to developing countries during 1997, Germany has become one of the world's most important donor countries.

The survey, which was commissioned by the Ministry for Economic Cooperation, also covered India and China, the two most populous nations of the world with which Germany has extensive business

ties.

The IFO Institute confirmed that development assistance used for improving the political and economic conditions in the recipient country generally had a positive impact on German exports, Spranger told journalists here. "The economic upturn in the developing countries also helps create new export markets for the German export industry," the minister said.

Asked if he could identify how much business had been generated for German companies through development assistance to South Asia, a spokesperson of the Ministry for Economic Cooperation said the study had concentrated collectively on the 43 recipient states and not individually on India, Pakistan, Bangladesh, Sri Lanka, Nepal or China, all of which receive substantial development assistance from Germany.

He said international prices of cotton were expected to go up from the present 68 US cents a pound (0.45 kg) to 70 cents due

Pakistan to export over 700,000 bales of cotton

KARACHI, Sept 16: Pakistan will export more than 700,000 bales of cotton from a bumper crop it hopes to harvest this year, officials and exporters said yesterday, reports AFP.

Commerce Minister Ishaq Dar said the government had increased the cotton export limit from 200,000 to 700,000 bales.

A high level meeting of growers, exporters and textile mill owners was held Monday the country's cotton crop monitoring committee had estimated a yield of more than 10.5 million bales, each weighing 375 pounds, this year.

The committee said the key cotton growing region of Punjab Province was expecting a bumper crop.

Exporters Abdu Sattar Balagamwala said prospects were "bright" for Pakistan after the "failure" of cotton crop in major producer states.

He said international prices of cotton were expected to go up from the present 68 US cents a pound (0.45 kg) to 70 cents due

to the shortage of cotton in major growing countries.

Balagamwala said Pakistan would have a surplus of at least one million bales by the end of the picking season in February as the domestic textile industry will consume up to 7.9 million bales.

The growers will also benefit from the new rupee rate, he said adding that last year cotton exporters sold their dollars for 44 rupees but with the devaluation this year they will get 56 rupees a dollar.

Pakistan, one of the leading cotton producers in the world, had been battling crop failures for the past couple of years amid cotton crop diseases and pest attacks.

However, cultivation of virus-resistant varieties and better pest management this year had helped Pakistan improve its production.

The country earns more than 60 per cent of its foreign exchange from the export of cotton and textile goods.

Equity return IFIC tops Asia Week's list of 500 banks

Star Business Report

IFIC Bank topped the list of the leading 500 banks in Asia in respect of highest equity return, says a press statement issued yesterday.

An Asia Week report published on September 11, assessed the performance of the region's 500 best performing banks.

In respect of asset, the bank secured the 478th position among the 500 banks as against 497th position of last year.

In respect of deposit, the position of the bank is 459, in terms of net profit it stands at 194. The equity return of IFIC stands at 123.6 per cent as against 121 per cent of the previous year.

The bank has a total asset of USD 388 million. Its deposit stands at USD 335 million, loans USD 221 million and net profit at USD 18.60 million as of December 31, 1997.