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DHAKA, FRIDAY, SEPTEMBER 18, 1998

UNCTAD calls for controls on global markets

WASHINGTON, Sept 17: The United Nations Conference on Trade and Development (UNCTAD) says debtor nations in the developing world should have the right to block capital transactions when their currencies are under speculative attack, says UNIS.

In its annual report, released September 16, UNCTAD said exaggerated faith in free markets has led to negligence of inherent weaknesses in developing economies seeking integration into global capital markets, according to an accompanying press release.

Permitting policy makers in developing countries flexibility to introduce capital controls is a proven technique for dealing with volatile capital flows, UNCTAD said.

Much of the activity of financial markets is no longer related to wealth and job creation, but rather is the result of herd-like behaviour of investors entering and exiting markets, UNCTAD said.

Hilsha fish being sold in Ramgati at throwaway prices

RAMGATI (Lakhsimpur), Sept 17: Hilsha fish available in abundance in the different markets here are being sold at throw away prices, says UNB.

According to the local people, a big size Hilsha weighing two to three kgs is being sold between Tk 70 and Tk 90 as against Tk 150 and Tk 200 a few days back and a small size between Tk 6 and Tk 7.

A huge quantity of Hilsha fishes are being caught by the fishermen from the river Meghna but the fish cannot be stored due to scarcity of ice. The ice factories cannot produce ice due to erratic power supply.

Finding no other ways out the fishermen and fish traders are forced to sell the hilsha at throw away prices.

Meanwhile, transportation of the catch to Noakhali and Lakhsimpur districts remained disrupted following the collapse of 20-foot Ramghati-Lakhsimpur bailey bridge.

India plans to sell shares in airlines

NEW DELHI, Sept 17: The Indian government plans to sell stock of its domestic and international airlines, which have been losing money, the civil aviation minister said on Wednesday, reports AP.

The government is likely to accept recommendations that it divest 60 per cent of the stock in Air-India to a private joint venture and to the public, said minister Ananth Kumar.

The recommendation of the government's privatisation agency has to be approved by the council of ministers.

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New regional head for ANZ Grindlays Bank

The ANZ Banking Group has appointed Arun Nangia as its Regional General Manager Middle East and South Asia for its corporate and business bank.

Nangia has relocated to the region from the bank's head office in Melbourne and will be based at a new regional office in Dubai, United Arab Emirates, says a press release.

Nangia has a career spanning 21 years with ANZ. Most recently he was Chief Manager Corporate Banking for Victoria and Tasmania, Australia and prior to that, Assistant General Manager Asia responsible for ANZ's operations in Korea, Malaysia, Philippines, Taiwan and Thailand. Previous appointments have included roles in London, India and Melbourne.

Nangia's focus will be to deliver a superior service proposition that adds value to ANZ's customers' businesses. By concentrating on enhancing the quality and skills of ANZ's people in the region, and at the same time leveraging the group's global network and strengths in product delivery, his prime objective is to further strengthen ANZ Grindlays position as a leading corporate and business bank in the region.



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Faulty system halts trading in 5 issues

By M Shamsur Rahman

Trading in five issues was halted on Dhaka Stock Exchange (DSE) for 13 times due to circuit breaker violation yesterday. The five included two new issues which did not fall into criteria of circuit breaker.

The stoppages were probably due to mistakes done by DSE's computer personnel.

The two new issues, Aramit Cement and JH Chemicals which entered the market for the first time, experienced halt eight times although the circuit breaker guidelines allow these issues to trade freely for first

five days.

Aramit Cement alone was stopped seven times while JH Chemicals once.

"We have three layers for protection. DSE's IT department kept layer 'A' without circuit breaker and circuit filter as per SEC guideline. But when the system found 'A' layer without protection it activated layer 'B'. And if system finds 'A' and 'B' clean then the system activates layer 'C', a source in DSE said.

"However, the DSE has overcome the situation and there would be no circuit breaker or

filter in all the layers -- A, B and C for all the new instruments from next trading day. The issues would be allowed to be traded freely for five consecutive days," he said.

Market operators said such mechanism of halting due to circuit breaker violation was creating confusion in the market. They said that such mechanism leaves scope for market manipulation.

"The system should not have the option for an issue to be halted. Entries violating the circuit breaker limit should be

rejected instead of being halted," a market analyst said. "Otherwise anybody would be able to manipulate the price of an issue if its price starts going high or down by giving foul entries."

When asked, a DSE official said the Exchange had already asked Indigo Technologies, the software provider, to change the system that would reject an order violating the circuit breaker instead of halting it. The official said Indigo agreed to change it in 2-3 days.



The 2nd annual general meeting of City General Insurance Co Ltd was held Monday at Dhaka Sheraton Hotel with Hossain Akhtar, Chairman of the company, in the chair. The picture also shows Vice Chairman Mohd Abu Taher, Director Anwar Hossain, Managing Director Syed Md Habibul Haque and Adviser, A M M Nasrullah Khan.

'S'pore grappling with serious economic crisis in 30 years'

SINGAPORE, Sept 17: Singapore is grappling with its most serious economic crisis since the British withdrew their armed forces from the former colony in 1968, elder statesman Lee Kuan Yew was cited as saying in a Thursday newspaper, reports AP.

"The damage to the Indonesian economy and the problems in Malaysia have made for more concerns" for neighbouring Singapore, Senior Minister Lee was quoted as saying in The Business Times. "Their difficulties will affect us through our many trade and investment links."

Lee, the father of modern Singapore, said late Wednesday that Singapore would have to cut business costs significantly in order to restore its competitiveness and control rising unemployment, according to the report.

Since the start of the financial crisis in Asia, Singapore's currency has weakened considerably less against the US dollar compared to its neighbours. Also, the cost of doing business in the city-state had steadily risen to levels higher than its competitors, even before the crisis.

Speaking at an event to launch his controversial memoirs and celebrate his 75th birthday, Lee explained that

these adjustments will not solve our problems and cause us to recover quickly, as happened in 1985" during the last recession. Lee was quoted as saying, "But they are indispensable if Singapore is to weather the severe difficulties that will last at least a few years."

He added that the present crisis is more difficult to overcome because Japan is in recession, leaving only the United States and the European Union to aid Singapore.

The huge depreciation in Asian currencies, including the Indonesian rupiah and the Malaysia ringgit, has made Singapore's costs -- especially labour -- less competitive than other Asian countries, said Lee.

Simply letting the Singapore dollar fall to regain competitiveness would not work.

The former prime minister said all-round cuts in rents, fees, taxes, power and telecommunications rates, and wages were required, reported the daily.

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PAL halts operations next week

MANILA, Sept 17: Strike-ravaged Philippine Airlines announced Thursday it will halt operations next week, ending the 57-year history of Asia's oldest airline, reports AP.

Airline officials said efforts to rebuild the ailing carrier were no longer feasible following a decision by its largest union to reject a proposal aimed at helping the company survive.

"We're going to close. It's final," PAL vice president Rolando Estabill said.

He said the closure was approved by the airline's board and will be effective at midnight next Wednesday.

The shutdown of the Philippines' largest airline would leave the country with only a handful of very small carriers, most with severe economic or operating problems of their own.

"It is not easy to preside over the demise of a great Filipino institution that has been a partner in nation building for over half a century," PAL said in a statement.

"Sadly, our sincere efforts to

keep PAL flying and serve the riding public have not been matched by a similar commitment from our employees' unions," it said.

Aides said President Joseph Estrada might intervene in the decision, and he was to meet Thursday evening with Lucio Tan, PAL's biggest shareholder and chairman.

"I'm hoping and praying," Estrada told reporters.

Tan is estimated to have a 70 per cent stake in PAL, while the government owns about 18 per cent.

On Wednesday, the board of the PAL Employees Association, which represents ground staff, reversed an earlier decision and rejected the proposal offered by Tan.

The offer would have given workers three board seats and PAL stock in exchange for a 10-year suspension of their collective bargaining agreement.

Union vice president Gerardo Rivera said the board rejected the airline's proposal because "we cannot just wholesale surrender our right to collective bargaining."

"We will all suffer because of this, most especially the workers," he said of the decision to shut the airline.

Under the proposal, Tan offered to give 20 per cent ownership of the company to its employees, with each employee receiving 60,000 shares of stock worth 300,000 pesos (about 6,900 dollars). The company also pledged to refrain from cutting salaries and to rehire many retrenched workers.

In June, PAL cut most of its routes, laid off 5,000 of its more than 13,000 workers, and said it would dispose of most of its 54 planes in response to a crippling 22-day pilots' strike and the added travails of Asia's currency crisis.

The airline has debts of 2.1 billion dollar to local and foreign creditors, but had secured a debt moratorium while a survival plan was considered by regulators and creditors.

PAL officials said creditors refused to agree to the restructuring plan unless new capital is infused into the airline.

City General Ins AGM held

Star Business Reports

The 2nd annual general meeting (AGM) of City General Insurance Co Ltd was held at Dhaka Sheraton Hotel Monday. The AGM adopted the directors' report and audited accounts for the year ended 31 December, 1997.

Meanwhile, the company's Board of Directors in a meeting held on the day unanimously re-elected Hossain Akhtar and Md Abu Taher the company's Chairman and Vice Chairman respectively, says a press statement issued in city yesterday.

At the close of the year, the company's total assets stood at Tk 8,53,84,442.

US govt approves WorldCom's MCI takeover

WASHINGTON, Sept 17: WorldCom's takeover of MCI Communications Corp. won approval from federal regulators Monday, paving the way for the companies to close one of the nation's biggest telecommunications mergers, reports AP.

The Federal Communications Commission's action removes the last major regulatory hurdle to the deal originally valued at 37 billion dollars.

MCI already is the nation's second-largest long-distance company, behind AT-and-T, and would remain so after the merger with No. 4 WorldCom Inc. of Jackson, Mississippi.

Still, the new company, to be called MCI WorldCom, would be a behemoth selling a full range of services -- from local and long-distance to Internet connections -- to 22 million customers in more than 200 countries.

For customers, the deal is likely to speed the advent of all-in-one packages of telecommunications services, ranging from long-distance and local telephone to Internet access, on a single monthly bill.

MCI officials expect to close the deal soon.

US and European antitrust regulators had approved the deal in July on condition Washington-based MCI sell all its Internet business. MCI is supposed to complete the 1.75 billion dollar sale to London-based Cable-and-Wireless PLC upon the FCC approving the merger.

The FCC also conditioned its approval on the sale of MCI's Internet business.

Consumer groups opposed the merger, fearing MCI WorldCom might ditch less lucrative residential phone customers and focus on businesses. The companies have told the FCC they won't abandon residential customers.

Consumer groups also worried that the merger would stifle competition in the residential phone market, possibly reducing choices for customers and driving up rates.

The merger, announced Nov. 10, 1997, will be the third biggest telecommunications merger in US history. Only the proposed mergers involving SBC Communications Inc. and Ameritech Corp., valued at 56.6 billion dollars, and Bell Atlantic Corp. and GTE Corp., valued at 52.9 billion dollars, are bigger.

Iraq urges UN to restore sanction reviews

BAGHDAD, Sept 17: Iraq called Wednesday for the UN Security Council to reverse its decision to suspend reviews of sanctions, says AP.

In a statement issued after a meeting of the Revolutionary Command Council, chaired by President Saddam Hussein, the government said it had decided to ask the Security Council to rescind the resolution it passed on Sept 9.

The resolution condemned Iraq's decision to stop cooperating with UN arms inspectors as "a totally unacceptable contravention" of UN Security Council measures. It suspended the 60-day reviews of the sanctions imposed on Iraq after its 1990 invasion of Kuwait.

Saddam had promised Iraqis that sanctions would be lifted by early next year. The Security Council's move left Baghdad with no mechanism to have the embargo terminated.

UN arms experts must certify that Iraq has destroyed its long-range missiles and chemical, biological and nuclear weapons before the Security Council will lift sanctions.

Since Iraq froze surprise inspections Aug 5, UN arms experts have continued to monitor Iraq weapons sites where they have installed cameras and sensors to make sure that no prohibited activity occurs.

Iraq's rubber-stamp parliament called Monday for the government to end the UN monitoring, which would effectively close down the whole disarmament operation.

The Revolutionary Command Council said Wednesday it would implement the parliament's recommendation to freeze the continued monitoring "at a suitable time," the official Iraqi News Agency reported.

"The duration of this time will be short if the United States and Britain persist with their hostility," the Council warned.

The command council said the parliament's recommendation was "an expression of the angry feelings of the Iraq people."

The command council said that sanctions were being maintained because of "pressure and extortion that the United States was exerting on the Security Council."

The Security Council resolutions agreed to a recommendation from UN Secretary-General Kofi Annan for a comprehensive review of Iraq's progress on disarmament, but said such a review could take place only once Iraq had restored cooperation with the inspectors.

In its response Wednesday night, the Iraqi leadership said a review would not be acceptable unless the Council rescinded its decision.

Iraq withdrew cooperation with the inspectors after the chief inspector, Richard Butler, refused to certify that Iraq had destroyed its banned weapons.

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Malaysia clamps down on black mkt money trading

KUALA LUMPUR, Sept 17: The central bank said Thursday it was sending officials into city streets nationwide to assess the degree of black market currency trading, reports AP.

As Malaysia enforces its sweeping currency curbs, fears of rampant inflation and a scarcity of dollars have nurtured a fledgling foreign exchange black market.

"We have received complaints about hoarding [of US dollars], and have sent out people to check," assistant central bank governor Awang Adek Hussin told a news conference. "We have some cases, but it's not widespread, and we don't expect it to be."

Over the weekend, Bank Negara, the central bank, threatened to revoke the license of any money changer found hoarding foreign currency or trading the Malaysian ringgit outside a 2-percentage-point spread from the fixed rate of 3.8 ringgit to the US dollar.

That fixing was set after

Malaysia introduced currency controls Sept 1 that limit the amount of money flowing in and out of the country.

Bank Negara also issued a statement that clarified how the restrictions affect residents and non-resident travelers. Starting Tuesday in a trial run, such travelers have to declare the contents of their wallets at immigration checkpoints.

Visitors to Malaysia cannot bring in or take out of the country more than 1,000 ringgit 263 dollars. Travelers are allowed to enter the country with an unlimited amount of foreign currency or travelers checks.

Expatriate workers paid from overseas must get permission from the central bank before taking their earnings home with them.

Malaysians can return from travels abroad with any amount of foreign currency but can only take out a maximum of 10,000 ringgit 2,632 dollars, unless given approval from the central bank.



Emirates is the first airline to operate three members of the Rolls-Royce Trent engine family. Confirming the deal for the Trent 500 series at Farnborough Airshow are Emirates' Chairman Sheikh Ahmed Bin Saeed Al Maktoum (L) and Rolls-Royce Plc's Chairman Sir Ralph Robins.

Business Briefs

EU may ease beef ban by year end

BRUSSELS: British Agriculture Minister Nick Brown said Monday he believed the European Union would significantly ease its 2-year-old ban on British beef exports by the end of the year.

Brown said he expected EU countries to allow over the next 3 1/2 months the export of beef from British animals born after Aug. 1, 1996.

Brown on Monday met with members of the EU Commission, which made such a proposal in June. It is being scrutinised by EU countries, which must approve the plan before it can take effect.

Some countries have expressed worries about the possible spread of "mad cow" disease -- or bovine spongiform encephalopathy -- as a result of British beef exports, which the Commission banned in March 1996.

But Brown said a recent Commission inspection showed that exports as of now would be safe.

"The report was broadly favourable," Brown said. "The people who went to visit they were pretty impressed with what we're doing."

Brown said he expected the 15 EU farm ministers to endorse the proposal by the end of the year.

The Commission banned the export of British beef in March 1996 after Britain announced a possible link between BSE in British beef and a fatal brain ailment in humans called Creutzfeldt-Jakob.

Incomes of rural Chinese to grow

SHANGHAI: Incomes of China's rural residents are forecast to grow by an average 4 per cent this year, despite stagnant growth in the first half, the official newspaper China Securities News said Thursday.

For the past three years, incomes in the countryside have grown an average of 5.4 per cent, stimulating economic growth by creating new demand, the paper said.

Last year, more than a quarter of China's 8.8 per cent gross domestic product growth was driven by rural demand. This year, increased rural demand is expected to help compensate for sagging export growth and falling foreign direct investment.

China's rural residents have about 1.62 trillion yuan (\$ 196.13 billion) in cash and savings, a powerful source of consumer demand, the paper said.

Rural Chinese had an average per capita income of 1,926 yuan (\$ 232) in 1996, compared with urban average incomes of 4,890 yuan (\$ 588).

The gap between the cities and the countryside is growing due to the difficulty of improving farm productivity, the unlikelyhood of increases in farm product prices already high by world standards, and the lack of a social security system for farmers.

Fujitsu, Toshiba, NEC strike deal

TOKYO: Fujitsu Ltd., NEC Corp. and Toshiba Corp. said Thursday they have reached an agreement on the specifications for a stacked multi-chip package.

The multi-chip package stacks "NOR" type flash memory and static random access memory on a single package and achieves space reduction compared to standard packages, the companies said.

While each company will manufacture and market the chips independently, common specifications will promote stacked MCP's market penetration and allow the three to act as secondary sources for one another, ensuring stable supply," they said in a statement.

Seiko Epson Corp., Hyundai Electronics Industries Co. and Samsung Electronics Co. have also endorsed the specification and will support the efforts of Fujitsu, NEC and Toshiba in promoting the multi-chip package as the standard package for flash memory and static random access memory, the three companies said.

ROK Anam seeks foreign investment

SEOUL: South Korea's Anam Semiconductor Inc. said Thursday it is in talks with a number of foreign financial institutions seeking their investments.

"For the past few months, we've been talking with several foreign financial institutions including Salomon Smith Barney and Merrill Lynch," said a senior spokesman at Anam Semiconductor.

However, he said that nothing has been finalised yet including the type of investment.

"We expect the deal to finalise when our president returns from the US in a couple of weeks," the official said.

Funds raised from the deal will be mainly used in paying back the company's debts, the official said.

Many local companies are trying to draw foreign investment this year as part of their restructuring efforts.

— AP reports

Prodding from Washington on economy stirs up Japanese ire

TOKYO, Sept 17: When Prime Minister Keizo Obuchi meets with US President Bill Clinton next week, the world from Washington will be loud and clear: Get your economy back on track, and do it quickly, says AP.

At home, Obuchi is hearing a different message.

For many Japanese, the United States' calls for Tokyo to lift its economy out of a nearly decade-long slump are like those of a pushy big brother whose demands are far easier made than met.

"Americans are only thinking about what's convenient for them," Yoshihiko Nakamura, a 65-year-old retired civil servant, said in an increasingly heard get-off-my-back refrain.

"Americans are different

from Japanese," he said. "They can't really understand us."

But America's concerns are real.

Japan desperately needs to restart its economy if Asia is to come out of its deepening financial crisis. If it doesn't, the problems across the Pacific could set off a global recession, dragging down the US economic boom.

Obuchi -- the epitome of the quiet, consensus-building Japanese politician -- realises this, and has been careful not to show any annoyance with the haranguing from Washington.

The meeting with Clinton next week in New York will be the highest-profile trip abroad Obuchi has taken since assuming office in July, and he very much wants it to be a harmo-

nious meeting of allies, not a showdown over the economy.

American officials want Japan's government to take a stronger role in bailing out banks saddled with bad debt, to spend more on public works projects and to implement tax cuts.

Obuchi has vowed to do so. But he has been bogged down by opposition in Parliament, and Japanese officials are concerned that the growing US impatience with his lack of progress may damage relations between the two nations.

Even so, harmony did not appear to top the agenda of two senior US officials in Tokyo this week to pave the way for the summit.

US Trade Representative Charlene Barshefsky -- who

last week slammed Japan for its ballooning trade surpluses -- was expected to do more of the same in her two days of talks here.

And Stuart Eizenstat, US undersecretary of state for economic, business and agricultural affairs, said after a round of talks Wednesday, "It's urgent that Japan act quickly."

He was careful to add, however, that he saw Japan as an equal ally.

"We speak respectfully. We speak without condescension," he said. "We are speaking as your partners. We are speaking as your friends."

Japan's ambassador to the United States, Kunihiko Saito, said the United States was making the demands only because it is concerned.

"Reacting with an emotional backlash would be a mistake," he told the Asahi, a leading Japanese newspaper, this week.

But not all are so sanguine about Washington's intentions.

"Japan is not making its own decisions," said opposition lawmaker Nobuto Hosaka. "We've entered a stage in which US-Japanese relations need to change."

Such anti-American resentment amid economic friction is hardly new -- in the 80s, many Japanese felt humiliated by the so-called "Japan-hashing" spawned by their country's growing trade surplus.

But Japan's economy was strong then. Not so now, and nerves are especially raw because of the general mood of helplessness and frustration --

which is easily redirected at America.

And in doing that, the tabloid press has been happy to oblige.

Recent inroads by US companies -- exemplified by Merrill Lynch's takeover of the outlets of failed brokerage giant Yamaiichi Securities -- have been portrayed as the start of an American corporate invasion.

"America's reoccupation of Japan," said recent headline in Shukan Gendai, a tabloid-style magazine read by hundreds of thousands of Japanese each week.

The article accused the United States of trying to run Japan's financial institutions and of seeking "gold rush" profits by exploiting the nation's economic woes.