

'Brazil needs no IMF fund'

WASHINGTON, Sept 20: Brazil needs no help from the International Monetary Fund at present and does not plan to devalue its currency or restrict capital flows or imports, a Brazilian finance official said Monday, reports AP.

Amatory Bier, the No. 3 official in Brazil's Finance Ministry, said a country with 50 million dollars in reserves can avoid such measures despite concerns that financial turmoil in Asia and Russia will spread to Latin America.

Our response is an orthodox one, Bier said, referring to the government's decision to raise interest rates to 40 per cent in an attempt to tempt investors with high yields by leaving their currency in the country.

Since Russia's collapse, Brazil, the world's ninth largest economy, has struggled to halt a flood of dollars out of the country. Stocks on the Sao Paulo exchange have lost half their value although they have recovered slightly the last two trading days.

Bier said there is "no need at this time" for an IMF rescue package. "What is needed for a country with 50 billion dollars in reserves is to do the right thing and we believe we are doing the right thing."

Besides increasing interest rates, he said the government was trying to rein in a high budget deficit and cut government spending at the federal and state level.

Talking to reporters after a speech at the US Chamber of Commerce, he declined to say if he was meeting with IMF or Treasury officials during his visit to Washington.

The IMF said Friday that even though its reserves were dwindling after billion-dollar bailouts in Asia and Russia, the lending agency believed it could find money to rescue Brazil if necessary.

A former vice chairman of the Federal Reserve told a congressional panel Monday the United States and the IMF must prepare a financial rescue package for Brazil or risk having the global economic contagion consume Latin America.

Arab stocks end-week mixed

RIYADH, Sept 20: Arab stock markets posted mixed results for the week which saw the Qatari and Moroccan bourses consolidate their regional leads, a Riyadh-based specialist financial institute said yesterday, reports AFP.

Qatar's DSM index rose 1.9 per cent to 114.09 points, driven by bank shares, said Bakheet Financial Advisors in its weekly report. The Doha stock market has gained 44.1 per cent so far this year, the highest growth of any Arab bourse.

Morocco's CSE index up by 1.6 per cent to 876.73 points, bringing its total gains since December 31 to 36.5 per cent, the Arab world's second best performance.

Four other markets posted modest gains, Egypt's ESE index advanced by 0.5 per cent to 364.36 points, and Tunisia's BVM index went up 0.3 per cent to finish the week at 460.40 points.

Lebanon's Blom index rose 0.3 per cent to 913.29 points and Bahrain's BSE index grew 0.2 per cent to 2506.12 points.

On the losers side, the Palestinian bourse, hit by a fall in the Palestinian Telecommunication Company's shares, dropped 3.3 per cent, the Jerusalem index finished the week at 165.16 points.

Oman's MSM index lost 1.9 per cent to 259.85 points as it continued to suffer from a chronic liquidity squeeze which has dragged it down by 46 per cent so far this year.

Saudi Arabia's stock market, the Arab world's largest, shed 1.4 per cent as investors feared that bank profits could show a decline in the third quarter, the NCFEI All-Shares Index closed at 163.6 points.

A decrease in demand on investment funds pulled Jordan's AFM index down 1.2 per cent to 175.65 points, while Kuwait's KSE index fell 0.3 per cent to 2,168.00 points.

The unofficial share market of the United Arab Emirates lost 1.4 per cent due to profit taking. The National Bank of Abu Dhabi (NBAD) index finished the week at 4,893.53 points.

Bakheet has said Arab stocks markets managed to escape the effects of financial crises elsewhere because of a lack of foreign investors, low levels of integration between Arab and global economies and an absence of foreign debt.

BIA course on life insurance opens

Star Business Report

Bangladesh Insurance Association (BIA) inaugurated a short-term basic course on the life insurance at its office yesterday.

The object of the course is to meet the growing need of trained manpower, says a press release issued yesterday.

About 23 officers from Homeland Live Insurance Company attended the course.

M Moeedul Islam, Chairman of Bangladesh Insurance Association and MA Samad, Convener of Education and Training Sub-Committee of the Association, addressed the trainees on the occasion.

Md Sarafat Ullah Dhali, Managing Director of Homeland Live Insurance Company, also attended the function.

Audit finds huge IMF money misappropriation
Primakov calls for foreign financial backing to pursue reforms

BONN, Sept 20: Russia's new Prime Minister Yevgeny Primakov called for urgent foreign financial backing to help the country pursue its reforms, in an interview published in Sunday's daily newspaper Bild, reports AFP.

"We have enough reserves to prevent US going off the rails financially, he stressed, but added international organizations would do well to realise that we need credits in order to win time and pursue reform."

Primakov insisted that the country was striving to ensure that foreign investment "not only returns, but increases."

"As head of the government I can promise that the investment climate will achieve stability and that we are preparing no surprises for our overseas partners," he assured.

He vowed that Russia would pursue its path of reform and that there would be no return to a system of administrative dictatorship.

"The biggest problem to tackle is that of (UNPAID) salaries and pensions," he said, noting that the financial crisis had provoked social tensions which were reaching "a dangerous point."

The government must "convince people that strikes and acts of insubordination will resolve nothing, but only worsen the situation," said Primakov.

He also expressed concern at

a general apathy among the population "which does not have faith in the authorities to resolve the crisis."

Strategies to be adopted to do just that Primakov told Bild, include widening the tax base and toughening up on non-payment while boosting industrial and agricultural production.

In spite of his reassurances, Primakov admitted that the situation was "even worse" than he had expected when President Boris Yeltsin asked him to run for the premiership in order to break a three-week deadlock between the president and the parliament.

Yeltsin's first-choice candidate Viktor Cernomyrdin withdrew ahead of a decisive third parliamentary vote after the lower house of parliament twice vetoed his candidacy.

A Reuters report adds: A Russian financial official said in a British television interview Sunday that billions of dollars of International Monetary Fund (IMF) loans to Russia were either misused or stolen.

"We have checked a fair portion of the loans and I'm ashamed to say that several billion dollars has not been used for its intended purpose and some of it was simply stolen," Venyamin Sokolov told the BBC's money programme.

Sokolov, Russia's chief state auditor, was indirectly quoted

as urging the West not to give more money unless better supervisory measures were in place. The BBC released a statement carrying the remarks.

Meanwhile, another AP reports says: Prime Minister Yevgeny Primakov met with leading industrialists and bankers Sunday and told them that his government was working on a plan to lead the country out of its economic crisis.

The new prime minister said that even though he has not yet named his whole Cabinet, the government has been working for the past six days on a recovery plan.

"Active work on this programme is underway," he told the leaders of the Russian Union of Industrialists and Entrepreneurs.

The economy has been at a near-standstill after the events of the past month, during which the nation's currency has been devalued, the country has defaulted on its loans and has changed governments.

Primakov, who was confirmed by parliament on Sept. 11, said his government was working on reforms "that instead of harming people, would make them better off."

The prime minister has sought to assure foreign investors that Moscow will meet its obligations. At the same

time, he urged western lenders to fulfill their promises of aid to Russia.

The International Monetary Fund, which put together a \$22.6 billion aid package to Russia this summer, has said the next infusion of money would be postponed until the government resumes market reforms.

Although the new government's economic programme is still being worked out, according to officials' statements so far, one the programme will include the imposition of some Soviet-style controls over the economy.

Primakov told the industrialists that reforms will not succeed without their support. The plan will be incomplete without proposals from industrialists and employers," Primakov said.

Part of the economic recovery plan is expected to involve the printing of billions of new roubles, which almost certainly will contribute to inflation. Consumer prices have already begun to soar after being kept under control for more than a year.

Gennady Zyuganov, leader of the Communist Party, said at its annual plenum on Saturday that its supporters would demand that the new government support Russian industry and set an official minimum standard of living.

'Certification for US beef export to EU falsified'

WASHINGTON, Sept 20: Veterinarians at the US Department of Agriculture were pressured into signing export certificates for beef sold to the European Union without having inspected it, a former USDA official charged Friday, reports AFP.

"Products imported into the EU — their certification was falsified," Lester Friendlander, a former veterinarian with the USDA, told AFP.

"The overall picture is that the meat is not inspected as it should be," he said. "This could include beef with hormones or tuberculosis."

The national Association of Federal Veterinarians also commend the practice in letters sent to the USDA since July which were obtained by AFP.

Uninspected meat and poultry were also sent to Russia and Canada, according to the Veterinarians' Association.

The USDA confirmed that the Association had made the complaints but played down their significance.

"It's two veterinarians that don't agree with USDA policy," the spokesman said, adding that he did not believe the entire federal veterinarians association agreed.

In a letter to Agriculture Secretary Dan Glickman dated July 20 the veterinarians' association cited an incident in which a field inspector was told he would be "removed for insubordination for balking at signing an export certificate for beef livers to Russia."

However, the cattle whose livers were being sent to Russia may have been exposed to diseases like brucellosis and tuberculosis in sales barns in the southwestern United States and Mexico, the letter said.

RBI governor says
Plentiful rains a boost to Indian economic growth

CALCUTTA, Sept 20: India could record one of the highest economic growth rates in the world in 1998/99 (April-March) following plentiful rains, Reserve Bank of India (RBI) Governor Bimal Jalan said yesterday, reports Reuters.

The RBI Governor, however, said India still needed to address several issues such as infrastructure to facilitate progress.

"We have to be constantly on the move. We have to do many things such as open our economy to real competition, globalise our skills and human resources to seize the new opportunities that the world presents," he said.

"Above all, we need to remove the heavy hand of negative administrative rules, archaic regulations and procedural hurdles for commercial decision making."

Jalan said Indian business managers should take advantage of the developments in communications and information technology, growth of service sector, and the mobility of capital.

"These three factors present an unprecedented new paradigm for India. I believe that India, if it seizes the opportunities that now are before us, can become in the next ten years, one of the fastest growing countries in the world."

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"We have maintained fairly high levels of reserves covering more than six months of imports," Jalan said.

The RBI earlier on Saturday

reported that foreign exchange reserves had risen to 29.05 billion dollars in the week ended September 11 from 28.555 billion dollars a week earlier and only marginally below a year ago level of 29.32 billion dollars.

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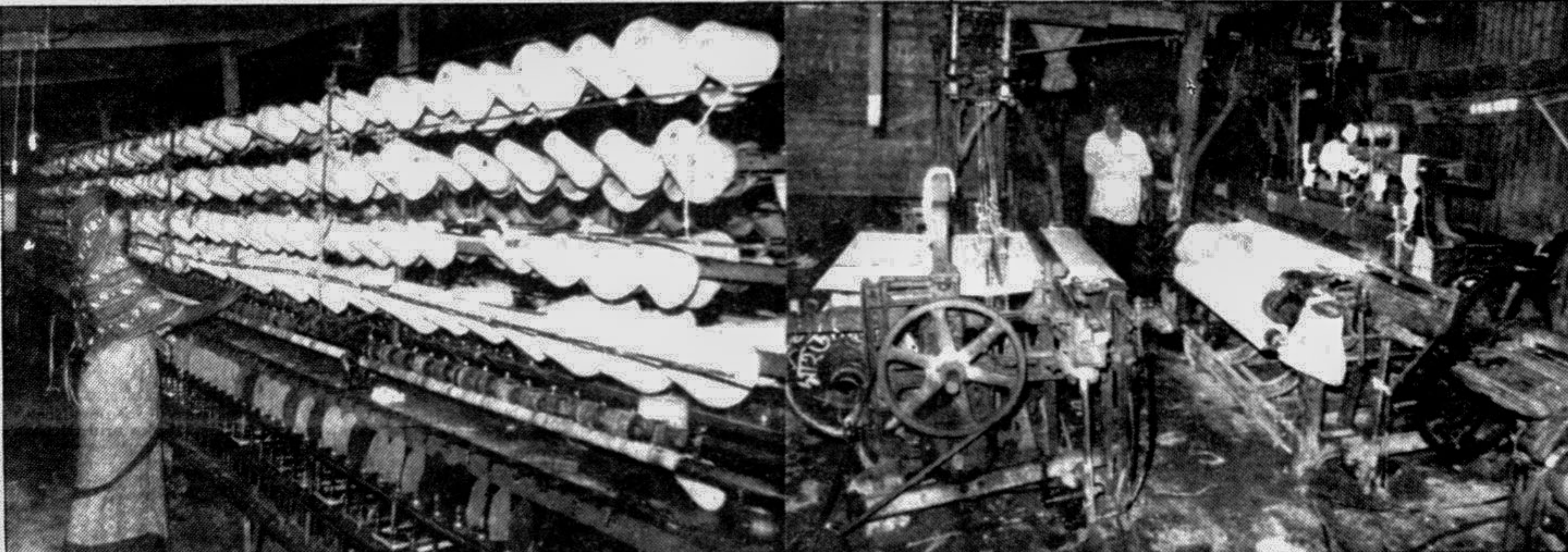
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THE WAIT FOR A NEW BEGINNING: Though flood water has begun to recede in most parts of the country, that won't be, as the situation tells, enough for the reopening of business organisations and resumption of full-scale production in the industrial units. The pictures show two victims of the recent deluge, Mohiuddin Cotton Mills (left) and handlooms of Bangladesh Samabaya Shilpa Sangstha (right), at Narayanganj, readying themselves to start afresh. These two units will take at least a month to do the same. — Star photo by Anisur Rahman

Asian stocks, currencies head for choppy trading

SINGAPORE, Sept 20: Asian stocks and currencies face choppy trading in the near term pending a US Federal Reserve decision on interest rates and Japan's action on its ailing banking sector, analysts and dealers say, reports AFP.

Traders are also awaiting the impact of a US Congress decision to allow the broadcast Monday of President Bill Clinton's videotaped testimony on his affair with former aide Monica Lewinsky, which has revived impeachment fears.

Another focus of interest is the summit between Clinton and new Japanese Prime Minister Keizo Obuchi. They will meet Tuesday on the sidelines of the UN General Assembly meeting in New York.

ANZ Investment Bank in Singapore said in a weekly advisory that Asian markets could "consolidate and perhaps gain a bit" ahead of the US Federal Open Markets Committee (FOMC) meeting on September 29.

But any upside to most trades is "likely to be finite and could abruptly terminate" if the Fed fails to deliver an interest

rate cut, it said, urging caution and liquidation of most trades by the middle of next week.

Asian currencies got a breather last week thanks to a steady Japanese yen, which benefited from bearish sentiment on the US dollar, partly due to the creeping financial turmoil in Latin America.

Markets were disappointed last week when US Federal Reserve Chairman Alan Greenspan failed to give any clear indication of an interest rate cut by the Group of Seven (G7) industrialised powers, as suggested by an earlier G7 joint statement.

But in a deflationary environment, analysts wonder how much impact a Fed easing would have.

"The question for global emerging market investors in the extent to which a 50 basis points cut in the Fed funds rate is now discounted," said regional analyst Christopher Wood of Santander Investment Securities in Hong Kong.

A bear-market rally from such a cut could be "short and sharp," he said.

Japanese Premier Obuchi

goes into the summit with a last minute deal to salvage Japan's ailing banks with a stunning cave-in to a raft of tough opposition demands.

He hopes the key finance reform bills would pass parliament by the end of the current session on October 7.

The agreement delivers a hard landing for the bad loan-ridden banking system and places ailing long-term Credit Bank of Japan Ltd. under temporary state control before it is merged or liquidated.

Domestic factors are also bearing down on sentiment in regional economies.

Indonesian share prices nosedived 4.8 per cent Friday on renewed concerns that an expanded investigation of ex-President Suharto's wealth may trigger new political chaos. Jakarta has also issued conflicting signals on the possible reimposition of some form of capital controls following Malaysia's example.

In the Philippines, tycoon Lucio Tan sent shockwaves through the economy with his decision to shut down Philippine Airlines after talks on a

cooperation programme with the carrier's restive union failed.

Thai Premier Chuan Leekpai was dogged by a scandal in the health ministry, and Malaysia was bracing for the fallout of a looming showdown between Prime Minister Mahathir Mohamad and his sacked Deputy Anwar Ibrahim.

Hong Kong, where the government has had to intervene in the currency and stock markets, is under further gloom on the employment front as the jobless rate hit a 15-year high and major employer Hong Kong Telecom seeks a 10 per cent salary cut from its employees.

In Singapore, the government appears set to recommend a cut in employers' contributions to a state pension fund in a bid to ease business costs, and key non-oil exports are expected to show another decline in August when data are released on Monday.

Tensions with Malaysia were again on the rise following publication of Singapore founding father Lee Kuan Yew's memoirs which are critical of Malaysia.

China accuses US of ulterior motive in beetle ban

BEIJING, Sept 20: The United States intends to use a requirement that Chinese exporters treat packages for a destructive type of beetle as a weapon for reducing its trade imbalance with Beijing, a Chinese trade official was quoted as saying Sunday, reports AP.

Starting in late December, the United States will require that crates and pallets carrying Chinese goods to the United States be fumigated or treated with heat or preservatives to kill the Asian long-horned beetle. The beetles from China have eaten through thousands of trees in the New York and Chicago areas.

The ban on Chinese exports in untreated wooden crates is excessive, Business Weekly quoted Zhou Shijian of the China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters as saying.

"The under-estimation by the United States of the potential loss to China's exports also betrays its true intention to narrow its trade deficit with China," he said. "This is not a proper way to solve the problem."

Zhou warned the costs of treating the packaging would be passed on to US consumers.

Britain's blighted housing estates may be demolished

LONDON, Sept 20: Britain's most blighted housing estates could be razed to the ground, Prime Minister Tony Blair said as his government launched a pilot scheme to regenerate the country's inner city trouble-spots, reports AFP.

"Some estates are beyond rescue and will never be placed where people want to live," he said in an interview with The Express newspaper.

"That could mean moving people to new homes, levelling the site and using the land for something the public wants."

Blair's Labour government named 17 areas to pilot the first stage of an 800 million pound (£2.8 billion dollars) three-year project to regenerate deprived areas in England.

These include Liverpool, which was swept by violent riots in 1981, four poor areas of London, Newcastle, Bradford, Leicester and Birmingham.

A United Nations report published last week showed that poverty in Britain was alarmingly high.

Britain came out nearly bottom of the world's 17 industrialised countries in the UN's index of progress in eradicating poverty, above only Ireland and the United States.

The UN report estimated that 13.5 per cent of the population in Britain was living below the poverty line, compared with 7.5 per cent in France and 5.9 per cent in Germany.

Former Conservative Premier Margaret Thatcher's policies of shifting the taxation burden from the wealthy onto the poor and shutting down vast swathes of British industry caused a sharp rise in inequality in the 1980s in Britain.

Heavily industrialised areas in northern England, Scotland and Wales suffered the most.

Blair, who came to power in May last year with a mandate for change after 18 years of Conservative rule, on Tuesday announced a 10 to 20 year plan to turn around conditions for those living in run-down inner city areas.

In a speech in Hackney, east London, where he was touring a redeveloped housing estate, Blair said: "It's not acceptable for us to have any part of the country in which we live where people feel excluded and shut out from society."

His visit to Hackney was timed to coincide with the publication of a hard-hitting report by the government social exclusion unit, set up by Blair to examine ways to reduce poverty in Britain.

The report painted a bleak picture of a nation which has become "more divided" over the last generation, with pockets of "intense deprivation" which have become "no go" areas for some and "no exit" zones for others.

It blamed major economic and social changes but also failed government policies which put "too much emphasis on physical renewal instead of better opportunities for local people."

Natural rubber in India hit by economic slowdown

NEW DELHI, Sept 20: Among the four main plantation commodities in India, natural rubber has been the worst hit by the economic slowdown in the country in the past 18 months, the observer of business and politics said yesterday, reports Xinhua.

Its main consumers — tyre and automotive industries — have been reeling under demand recession, the government's policies to allow import of second-hand tyres as well as arbitrary import of different grades of rubber for making specific products have not only led to lower off-take of the commodity, but also caused a slump in prices even as supplies are exceeding demand.

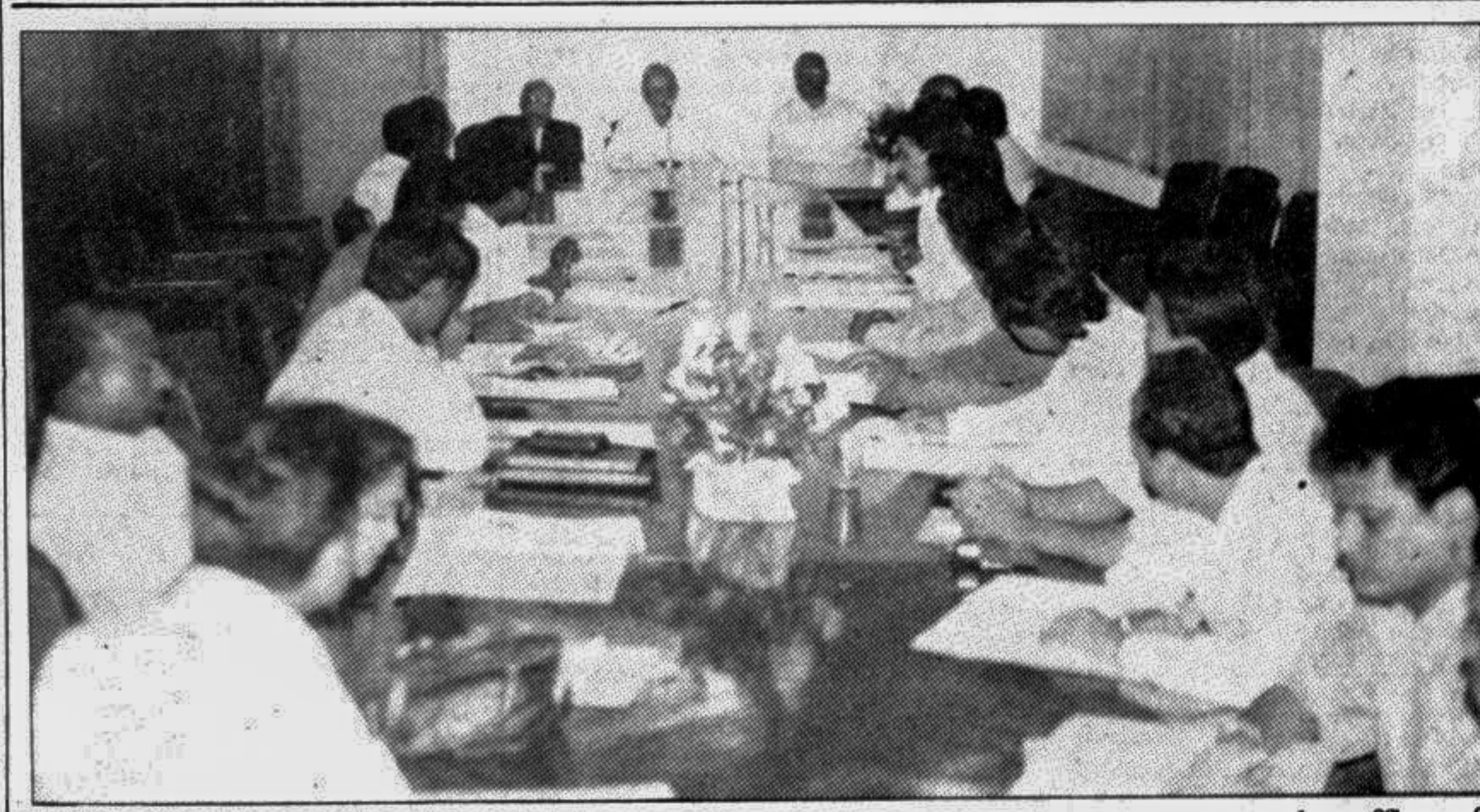
The situation is so alarming that a majority of rubber planters in Kerala state in the far southwestern India, which accounts for 93.5 per cent of the 585,000 tons of production are faced with an uncertain future with no signs of demand picking up, worse still, even during the lean season between February and August when tapping of trees is halted on account of monsoon, prices remained slack.

The declining off-take of rubber by the passenger car sector since the previous financial year has led to high inventories, tyre manufacturers have put a freeze on sourcing their raw material.

According to projections made by the rubber board, the total supply of rubber in 1998-99 in expected to reach 791,000 tons while demand is likely to be 700,000 tons, leaving an excess supply of 91,000 tons as against 51,000 tons the previous year.

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The inaugural ceremony of a short-term basic course on life insurance at the office of Bangladesh Insurance Association in the city yesterday. — BIA photo

BB bill auction results

The 3rd auction of 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held yesterday, reports UNB.

Seventy-three bids for a total of Tk 783.50 crore, one bid for a total of Tk 21.00, 20 bids for a total of Tk 92.00 crore and two bids for a total of Tk 10.00 crore were offered for the 28-day, 91-day, 364-day, 2-year and 5-year bills respectively.

Of these, 40 bids for a total of Tk 695.50 crore of 28-day bill, one bid for Tk five crore of 91-day bill, seven bids for a total of Tk 14.00 crore of 364-day bill and two bids for Tk 10.00 crore of 2-year bill were accepted.

Howard pins reelection hopes to economic management, tax reform

SYDNEY, Sept 20: Australia would survive the global financial turmoil and emerge the economic "strongman of Asia" if the government were re-elected at Oct. 3 national elections and allowed to implement its tax plan, Prime Minister John Howard said Sunday, reports AP.

Officially launching his conservative Liberal Party's election campaign, Howard firmly pinned his reelection hopes to economic management issues by devoting most of his speech to his controversial taxation plan.

With Howard's ruling coalition trailing the opposition Labour Party in most opinion polls less than two weeks before

polling day, the launch was seen a key opportunity to inject some fire into the campaign.

Overshadowed in the news by Australian sporting achievements at the Commonwealth Games and the US Open tennis, campaigning by the major parties has so far been lackluster.

Both parties will hold their campaign launches this week, in moves observers say signal and increase in the intensity and momentum of the race.

Standing center-stage at a theater in Parramatta, in Sydney's western suburbs, Howard Sunday outlined his vision for a future Australia to a crowd of party faithful including senior government ministers and his

wife and children.

"There is no reason that by the year 2030 the Wall Street of the Asia-Pacific should not run slap bang through the central business district of a major Australian city," said Howard.

In the 2 1/2 years of his government, "Australia has become the strongman of Asia because... we have followed policies which have protected the Australian people from the worst impacts of the Asian downturn," he said.

Further reform was necessary, particularly of the taxation system. "If we are to survive the challenges of international economic circumstances,"