

**Flood costs hosiery industry Tk 43 cr**

From our Correspondent NARAYANGANJ, Sept 25: The prolonged flood this year cost the country's hosiery industry Tk 43 crore, claimed Bangladesh Hosiery Association (BHA).

Briefing the local press at Narayanganj Club here on Thursday afternoon, Rashid Sarwar, president of BHA, an apex body of 3,000 hosiery mills, said that due to suspension of production in mills for days together the hosiery industry incurred the huge financial losses.

"We now need financial support from the government," said the BHA president.

**Singer opens 69th showroom**

Star Business Report Singer has opened its 69th showroom-cum-sales centre at Uttara, Dhaka, on Thursday.

Chairman and Managing Director of the company Mahbub Jamil has inaugurated the function. According to a press release, Singer Bangladesh Ltd is committed to offer quality products through its exclusive chain of retail stores located throughout the country. Opening of showroom-cum-sales centre at Uttara reflects their adherence to its commitment. Singer firmly believes that customers will now be able to purchase Singer products in a more convenient and in a joyful manner.

With the opening of Uttara shop the total Singer showroom-cum-sales centre stands at 69 while its number in the capital city is 16.

**Asia's biggest-ever jewelry fair opens in HK**

HONG KONG, Sept 25: Hong Kong is hosting Asia's biggest-ever jewelry show although local traders admitted a decline in exports this year because of the regional economic slowdown, reports Xinhua.

Owing to a decline in overseas visitors to Hong Kong, the local jewelry industry suffered a drop of 20 to 30 per cent in overall sales in the first six months this year than the same period in 1997. Leung Sik Wah, Chairman of the Hong Kong Jewellers' and Goldsmiths' Association, said here on Wednesday.

But Hong Kong's jewelry exports to some specific areas showed a considerable increase, with a rise of 13 per cent for the United States, he said.

Leung was speaking at a press conference after the opening of the Hong Kong Jewelry and Watch Fair at the Hong Kong Convention and Exhibition Center here.

The fair features three jewelry shops opened here closed due to poor business or lack of interest in the business among the shop owners' younger generations, said Aaron Shum, Chairman of the Hong Kong Jewelry Manufacturers' Association. Some of the shops managed to survive after the property owners agreed to reduce the rents, he continued.

But in the first half of this year, the ratio was about one to one, which meant no increase of jewelry shops in general, Leung said.

Shum brought about good news for the local industry, there had been a 13 per cent increase in demand for platinum alloy and white gold jewelry products in the US market, which could offset Hong Kong's loss caused by the regional financial crisis.

And the steady market demand in South America and the Middle East and an improving economic situation in east European countries represents a good market potential for Hong Kong's jewelry industry, Shum said.

As the exhibition space had been expanded by 55 per cent over last year to 42,000 square meters, the five-day Hong Kong fair this year attracted a record attendance of 1,643 exhibitors from 41 countries and regions.

**CRISL workshop on int'l accounting standard today**

CRISL will organise a workshop on the "international accounting standard on the disclosure requirement of the banks and similar financial institutions for the senior bankers of the country" today at Dhaka Sheraton Hotel.

Most of the local and foreign banks operating in Bangladesh will participate in the workshop, says a press release.

Lutfur Rahman Sarkar, Governor of Bangladesh Bank, Dr Akbar Ali Khan, Secretary, Ministry of Finance and M A Sayeed, Chairman of Securities and Exchange Commission, have agreed to be present in the inaugural session as guests of honour.

Managing directors of banks and heads of other financial institutions and officials of World Bank, ADB, IMF have been invited to the inauguration session at 9.30 am.

Approximately 55 senior bankers involved in the approval process of annual report and its disclosure will attend the workshop which will be conducted by resource persons selected from accounting and banking community.

The editors and the senior economic reporters of the national dailies have also been invited to the inauguration session.

**Economic globalisation**

**WTO chief seeks system to deal with human problems**

World Trade Organisation head Renato Ruggiero yesterday called for a new global architecture to deal with all the human problems associated with globalization, says an ICC press release.

"This is the future we need to invent," he told a meeting organised here by the Paris-based International Chamber of Commerce to build cooperation between business and governments in meeting the chal-

lenges of the global economy.

Addressing the first ICC Geneva Business Dialogue, the WTO Director-General said this new system should encompass not just trade, finance or development, but the human dimension of globalisation in all its many facets. Our interdependence is about more than trade or capital flows. As distances and barriers fall, we are increasingly dependent on each other's economic security, on

our shared development, environment, health and stability," the release quoted him as saying.

At the same time, he said, the WTO must press forward with its programme of mutually agreed rules embracing more and more countries.

"We have to redouble our efforts to advance current negotiations with the 32 candidates who want to join the WTO. They include giants such as China, Russia and Ukraine ex-Soviet republics in the Baltic and Central Asia, Saudi Arabia and Chinese Taipei."

All speakers — from business leaders to the President of the Swiss Confederation and heads of international organisations — warned against the damaging effects of protectionist steps and attitudes.

Earlier, United Nations Secretary-General Kofi Annan said expanding relationship between the UN and the ICC is part of a trend that holds great promise for global peace and prosperity; the growing awareness that the goals of the United Nations and the goals of business can and should be mutually supportive.



Inauguration of 69th Singer showroom-cum-sales centre at Uttara in Dhaka on Thursday. — Singer photo

**Japan, DPRK strike basic deal in fisheries row**

TOKYO, Sept 25: Japan and South Korea reached a basic agreement Friday on a new treaty to determine fishing boundaries and quotas around hotly disputed islands, a government spokesman said, reports AP.

The breakthrough comes ahead of the visit to Tokyo next month of South Korean President Kim Dae Jung, during which the two countries are expected to sign a fisheries treaty.

"I think fishing people on both sides... may feel some dissatisfaction, but I ask their understanding for the sake of long-term friendship," said Japanese Prime Minister Keizo Obuchi, who attended the talks. The countries agreed to es-

tablish a joint fishing zone around disputed islets at 35 nautical miles (40 miles, 64 kilometers) from the shores of the two countries, said Isao Koya, a spokesman for Japan's fisheries ministry.

The islets, called Takeshima in Japan and Tok-do in Korea, are surrounded by fertile fishing grounds and have been the source of much acrimony between the two countries.

Japan had wanted to make the joint fishing zone small in order to limit South Korean fishing in it. Japan had been insisting on a boundary of 36 nautical miles (41 miles, 66 kilometers) from the countries' shores.

**SAS code-sharing accord with S'pore Airlines likely**

LONDON, Sept 25: SAS will sign a code-sharing agreement with Singapore Airlines in the latest tie-up in the consolidating airline industry, the Financial Times reported Friday, reports AP.

The newspaper said executives at Scandinavian Airline System, the half state-owned flag carrier for Sweden, Denmark and Norway, said the partnership with Singapore Airlines could pave the way for the Asian carrier's participation in the Star alliance, a super alliance of six carriers that includes SAS.

Alliances are becoming increasingly common in the international aviation industry, where travel is booming, but leading airlines realized long ago it wouldn't be feasible to get big enough to cover the entire globe single-handedly.

The newspaper quoted Jan Stenberg, SAS chief executive, as saying that Singapore Airlines — which already has a code-sharing partnership with Germany's Lufthansa, another Star member — had no immediate plans to join the Star alliance, although it was an option for the future.

The other four members of the Star alliance are US-based United Airlines, Brazil's Varig, Air Canada and Thai Airlines. "We could manage 10 carriers within Star," the Financial Times quoted Stenberg as saying.

The link between SAS and Singapore Airlines follows the launch earlier this week of the five-carrier "oneworld" alliance, a rival to the Star alliance involving British Airways, American Airlines, Hong Kong's Cathay Pacific, Australia's Qantas and Canadian Airlines.

The "oneworld" airlines say they will coordinate their flight schedules and ticketing, while cooperating on their frequent flier programmes to better serve customers beginning early next year.

Besides Star and "oneworld," there are many smaller alliances, such as the deal between US-based Northwest Airlines and KLM Royal Dutch Airlines.

Vagn Sorensen, the SAS director responsible for alliances, was quoted by the Financial Times as saying that the Star carriers were exploring associate membership for smaller airlines and that SAS was in talks with All Nippon Airways, Japan's second largest airline, about possible participation.

**Nigeria calls for lifting of economic sanctions**

UNITED NATIONS, Sept 25: Citing progress on human rights and democracy, Nigeria's leader urged the international community to lift economic sanctions to support the "silent but peaceful revolution," that is taking place in his country, reports AP.

"I stand before this august body as the leader of a country which is now fully engaged in a genuine and irreversible process of transition to democracy," Gen Abdulsalami Abubakar told world leaders at the General Assembly.

He repeated his pledge to return Nigeria to a democratically elected government on May 29 and noted that a new electoral commission was inaugurated last month.

Abubakar came to power in early June following the sudden death of Gen Sani Abacha, who annulled presidential elections in 1993. Abacha's five years in power were marked by rampant human rights abuses.

Abubakar has released political prisoners and has been working to improve relations with the rest of the world. Because Nigeria has honoured a pledge to restore fundamental human rights and freedoms, "we now call on the western countries to lift the sanctions which some of them have imposed on our country," he said.

British Prime Minister Tony Blair said earlier this week that

he was confident that all the sanctions against Nigeria — including those imposed by the European Union — would be lifted soon, with the exception of the arms embargo.

**ILFSL declares 15 pc dividend**

Star Business Report

The 2nd annual general meeting of the shareholders of International Leasing and Financial Services Limited (ILFSL), a joint venture leasing company sponsored by Singer Bangladesh Limited, Muslim Insurance Company Ltd, Rupali Commercial Bank Ltd, Rupali Matul Islam and Associates, was held Tuesday, says a press statement issued Thursday.

The meeting approved 15 per cent dividend in the form of bonus shares for the shareholders. The meeting reviewed the performance of the company. In 1997, the company made a net profit of Tk 11.323 million.

The meeting was chaired by M Matul Islam, Chairman of the Board of Directors, and was attended by Mahbub Jamil, Jamaluddin Ahmad, Rezaur Rahman and Ahmed Karim representing the shareholders of the company. Mafizuddin Sarker, Managing Director of ILFSL also attended the meeting.

British Prime Minister Tony Blair said earlier this week that

**No sign for releasing next loan tranche IMF team winds up Russia visit**

MOSCOW, Sept 25: An International Monetary Fund team met top Russian economic officials Friday, but there was no sign the IMF would heed Moscow's request and release the next instalment of a 22.6 billion dollar loan package, reports AP.

"Reaching an agreement between the IMF and Russia is important for both of us," said Deputy Prime Minister Alexander Shohkin, head of the Russian delegation. "Today we need such support very much."

Russia signed the loan agreement with the IMF and other international lenders in July, and shortly thereafter received the first instalment from the IMF, worth \$4.8 billion. However, that failed to stabilise Russia's economy, which slid into a full-fledged crisis last month.

Russia has been hoping for another \$4.3 billion from the IMF by the end of September. But the IMF has indicated that it doesn't intend to release more money to Russia until it's satis-

fied that the country has sound economic policies in place. The visiting IMF team was expected to wrap up its visit Friday.

In another development, a plan to pay out money to Russians from their frozen bank accounts won't begin until Nov. 30, two weeks later than previously planned, news reports said.

Russia's new government is trying to bail out the country's troubled commercial banks, which have been largely paralysed by the economic crisis. Most major banks are either closed or have been conducting only limited transactions.

As part of a plan to protect ordinary citizens, the government has said that individual depositors may transfer their savings from the ailing commercial banks to the state-controlled Sberbank, where their money would be guaranteed by the government.

The deadline for transferring the accounts has been pushed back from Sept. 26 to

Oct. 10, and the date for making withdrawals has been delayed from Nov. 15 to Nov. 30, the Central Bank said, according to Russian news agencies.

The Central Bank feared a collapse of the country's banking system and on Sept. 2 ordered six of Russia's largest banks to close their branches temporarily and transfer personal accounts to Sberbank.

However, many Russians keep their savings accounts in US dollars, and those accounts will be converted to roubles at the official rate of Sept. 1, which was 9.3 roubles to the dollar.

That means people with dollar accounts are likely to lose a substantial portion of their money. The route is currently trading at around 15 to the dollar and is expected to go lower.

Some bank branches are still operating, but limit the amount of money that customers can withdraw. Most business accounts have been frozen, making it impossible

**IFC income down by \$186m in '97-98 Asian crisis forces WB to boost its lending by record 39pc**

WASHINGTON, Sept 25: The World Bank announced Thursday that in response to the Asian crisis its loans in the 1997-1998 fiscal year came to a record 28.594 billion dollars, a 39 per cent increase over the previous period, reports AFP.

Commitments from the World Bank itself amounted to 21 billion dollars, up from 14.5 billion dollars, while those from the International Development Agency (IDA), a bank unit making interest-free loans to the poorest countries, boosted its lending from 46 billion to 7.5 billion dollars.

The World Bank group in its fiscal year ending June 30 posted a profit of 1.243 billion dollars, just down from the 1.285 billion earned in 1996-97.

For the World Bank and the IDA, disbursements came close to 20 billion dollars, compared to 25.5 billion dollars last year. In its annual report, the bank said its loans were earmarked for 115 projects in 43 countries. The IDA financed 67 new projects in 19 countries.

A third of the bank's loan commitments were for East Asia, 9.6 billion dollars, with South Korea, five billion, and

China, 2.3 billion, the largest borrowers.

In second place was Latin America with six billion, followed by Europe and central Asia, 5.2 billion, and Africa 2.874 billion.

Around 40 per cent of the bank loans targeted anti-poverty initiatives, principally for education, health, nutrition and social services.

"For all of us at the World Bank group, the crisis has highlighted the fact that financial and social policy must go hand-in-hand," said World Bank President James Wolfensohn.

Bank Vice President for External Affairs Mark Malloch Brown agreed it was inevitable that consideration would be given to reforming institutions such as the World Bank and the International Monetary Fund in light of global economic difficulties.

The Bank and the Fund are to hold their annual joint membership meeting here next week.

Rather than a merger of the two groups, as recently suggested by British Prime Minister Tony Blair, Malloch Brown

said reforms should focus on collaboration between two institutions with different mandates.

But he added that formation of a joint committee to supervise financial sector initiatives by the World Bank and the IMF was under study.

Meanwhile, another report says: The International Finance Corporation, a World Bank unit assisting the private sector, saw its net income fall by 186 million dollars in 1997-1998 in the face of the Asian financial crisis.

The IFC, reporting on its fiscal year ending June 30, said income dropped from 432 million dollars in 1997 to 246 million because it was forced to commit 481 million dollars to provision itself against "the extraordinary turn of events in East Asia."

It said provisions were 81 per cent higher than in fiscal 1996-1997, "reflecting appropriate prudence."

IFC net income from portfolio investment was 94 million dollars.

The corporation, which finances private sector investment, mobilises capital on in-

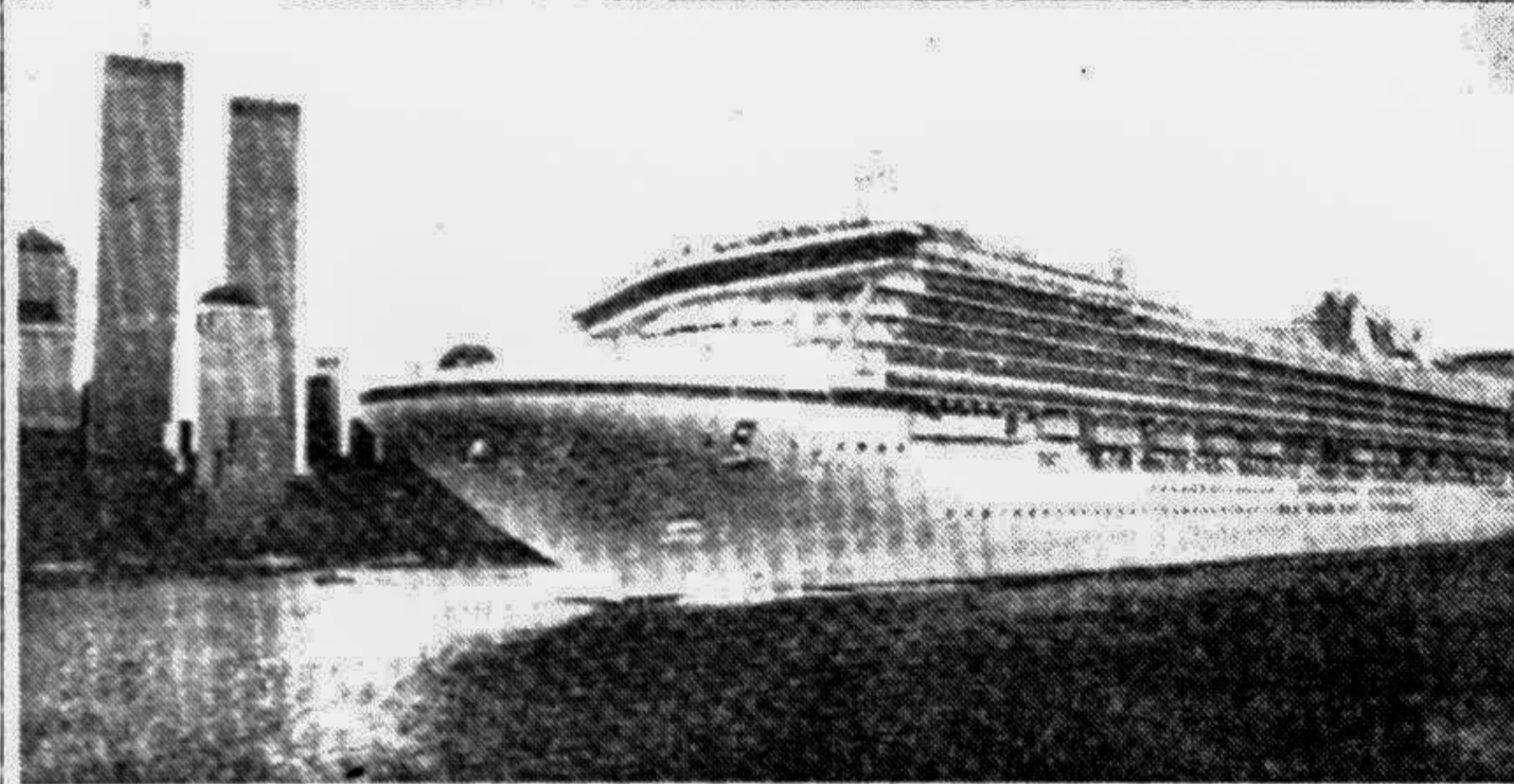
ternational financial markets and provides technical assistance to businesses, approved investments in 73 countries and regions, up from 60 in 1997.

In the face of the Asian crisis, according to the report, the IFC renewed operations in the region, investing in four projects in South Korea, where it had not operated for a decade, and returning to Malaysia after an absence of seven years.

"The year posed a particular challenge for the IFC in striking the balance between maintaining its strong reputation as an internationally credible investor with a triple-A rating and its fundamental role of committing to long-term partnerships with companies in developing countries and helping them through liquidity problems triggered by economic crises," the report said.

In fiscal 1998, the corporation committed 5.1 billion dollars to 226 projects, an increase from 203 in the previous fiscal period.

Of the 5.1 billion, 2.7 billion was from IFC resources while 2.4 billion was provided by participating banks.



The Grand Princess, world's largest and most expensive cruise ship, sails past the World Trade Centre, in New York, Thursday. The cruise ship will dock next to the Intrepid Air and Space Museum and kick off six days of inaugural festivities during her US debut. The Grand Princess weighs 109,000 tons and cost \$450 million to build. — AP/UNB photo

**Ex-UN official charged in \$1.5m fraud scheme**

NEW YORK, Sept 25: A former United Nations housing official has been charged with defrauding the world body out of more than 1.5 million dollars by inflating the cost of projects in Africa, reports AP.

FBI agents arrested Krishna Gowandan, 57, on Thursday on federal charges of conspiring with a Ugandan architect to commit wire fraud. The architect, Peter Kanya, had not been arrested; he is believed to be living in Uganda.

Gowandan, a citizen of Trinidad and Tobago who lives in Hastings-on-Hudson, New York, is a former housing chief of the United Nations Development Program.

A criminal complaint filed in US District Court in Manhattan accuses Gowandan of fixing a 1989 bidding process so that Kanya won a contract to build homes for UN employees in Africa.

Gowandan allegedly approved \$1.98 million in UN payments for \$400,000 worth of work. Kanya funneled at least \$500,000 back to Gowandan through a series of wire transfers involving bank accounts in the Channel Islands; prosecutors said.

Suspicious UN officials confronted Gowandan in 1996, asking him if he was receiving kickbacks from Kanya. He allegedly told them, "I resent the question since I treat my integrity."

Gowandan was released on \$200,000 bond and ordered to return to court on Oct. 8. If convicted, he faces up to five years in prison and a \$250,000 fine.

**Manila withdraws as host of World Expo 2000**

MANILA, Sept 25: President Joseph Estrada said Friday he has made a final decision to withdraw the Philippines as host of World Expo 2002 because of the country's economy problems, reports AP.

"I made the decision for the welfare of the nation... now that we are in a crisis," Estrada said in a radio interview.

Tourism Secretary Gemma Cruz-Araneta earlier announced Estrada's decision to surprised travel industry leaders, who had been meeting on ways to push the project.

Senate leader Blas Ople said he was inclined to support Estrada, but he will call for a Senate inquiry "to assess the impact of this decision on our international relations."

Withdrawing as host would "send a wrong message" to the international community as the Philippines tries to win investor confidence, said former Tourism Secretary Mina Gabor, who lobbied for the Philippines to win in June over Australia to host the exposition.

Estrada was concerned that the government may have to shoulder the entire 6 billion pesos \$ 135 million needed to host the event if the private sector is unable to cover half the amount it reportedly promised because of the economic downturn. "I decided that instead of spending 6 billion pesos for the World expo, it would be better to spend the money for agriculture — farm-to-market roads, irrigation — which are needed by our farmers," Estrada said.

Ms. Gabor, however, said only 116 million dollars would be needed and the government would account for only 32 per cent of the cost. She said Estrada may not have been properly briefed on the project.

She said at least 3.7 million tourists would be expected to attend the exposition. About 60 countries were expected to participate.

Alberto Fenix, president of the Philippine Chamber of Commerce and Industry and a member of the commission in charge of the Expo, asked Estrada to reconsider his decision.

**Over 35m Americans live in poverty**

WASHINGTON, Sept 25: More than 35 million people live in poverty in the United States, a number virtually unchanged since 1996 despite a slight rise in median household income from 1996 to 1997, the Census Bureau reported yesterday, reports AFP.

In its annual survey on income and poverty, the bureau noted that the percentage of the US population living in poverty declined slightly from 13.7 per cent to 13.3 per cent, a change too small to be considered significant.

A full 35.6 million people live below the US poverty line, which is defined as any annual income lower than 16,400 dollars for a family of four and 12,802 dollars for a family of three.

Median household incomes, however, rose 1.9 per cent to 37,005 dollars per year in 1997 from 36,306 dollar per year in 1996, with all figures adjusted for inflation, according to the bureau.

The report from the Census Bureau marks the third consecutive year that median household income has risen, recovering to its level in 1989, before the US recession of the early 1990s.

Median household income in the United States rose 2.7 per cent from 1994 to 1995, and 1.2 per cent more from 1995 to 1996.

**Weekly currency roundup**

Local Market

During the previous week (September 20- September 24), demand for US dollar in the interbank was mixed. In the first half of the week, dollar demand was moderate. Inward remittances and other inflows deterred dollar's rise against taka. From Wednesday, the demand for dollar rose due to payment of import L/Cs with different banks. The average daily turnover for the week was around 55 million dollar (Source: BAFEDA). The government has decided to float forex bonds denominated in GBP and USD for non-resident Bangladeshis.

On September 20, Bangladesh Bank accepted the following Treasury Bills:

Tenor	Amount (million Taka)	Yield
28 days	6955	8.52%
91 days	50	9.10%
364 days	140	10.75%
2 year	100	12.00%

Payment against these T-bills was due on Monday and the local money market panicked before the first clearing session pushing the call rate up to the range of 9 to 10.5 per cent. The market stabilised after the first clearing session and the rates remained in the level of 8 and 9 per cent till Tuesday. On Wednesday T-Bills worth of BDT 6.035 billion matured and the call rate went down to 7 and 8 per cent. The excess liquidity created by these maturities remained till Thursday, lowering the rate between 6 per cent and 7.5 per cent. This scenario is expected to prevail until the next auction of T-bills on September 27.

International Market

In the international market, dollar rose against yen and declined against Deutsch mark. The Greenback was high against yen as Japan's banking sector problem lingered due to inability of the government and the opposition to reach an agreement on bank reform legislation. Apart from this issue, dollar was strong against yen as the market was interested in releasing yen-denominated assets and investing in Mark. This week, dollar reached a seven-month low against mark. Sharp slide in Latin American stock market, concerns over impeachment against US President Bill Clinton, speculation about Federal Reserve interest rate cut — all weighed heavily on dollar. In addition to these factors, the market is perceiving that the American banking sector might be in peril because its exposure in the emerging market is more than anticipated before. Pound was bullish throughout the week and rose to 1.7 USD level due to favourable UK economic indicators. International market was focused on European bourses in the later part of the week. — StanChart Bank

**Russia asked not to open door to faster inflation**

WASHINGTON, Sept 25: The International Monetary Fund yesterday warned Russia not to open the door to faster inflation and not to force a debt rescheduling on already disgruntled creditors, reports Reuters.

A senior IMF official, who asked not to be identified, dismissed the idea being floated by some Russian officials that Russia needed a period of "controlled inflation."

He did not say when the IMF might resume lending to Russia, but made clear further talks and more details on the new government's economic policies would both be needed.

This institution, after 53 years of existence, does not know what controlled inflation is, if not one of the avenues to hyperinflation," he said.

"Controlled inflation reminds me of what people call being half pregnant. The IMF does not like countries to be half pregnant with inflation, and I am sure the leaders of Russia will be quite attentive to send the proper signal."

The official, repeating the IMF's tried and trusted line, said Russian policies should be geared toward sound money, and the IMF would be watching inflation policies carefully. Moscow also needed to improve its system of tax collection, ensure that laws were followed and build an adequate safety net to help those who lost out under economic reforms, he said.

Russia is already the IMF's biggest borrower, although a 4.4 billion dollars payment scheduled for September has been put on hold while the fund talks to ministers and assesses plans.

Newly-appointed ministers have hinted at sharp shifts in policy, including the need for more support for industry. Some say the central bank should print money to help ailing banks and companies.

"The most fantastic suggestions are being made," the IMF said. Urging Russia to talk to its creditors, he also said it would be a mistake to try to impose an authoritarian solution on