Flood takes toll on Iron Sheet Galvanizing

Star Business Report A number of factories at Kanchpur producing textiles, CI sheets and engineering units have suffered damages during the floods.

The newly constructed Iron Sheet Galvanizing Plant, set up with Japanese assistance suffered damages to its equipment. underground furnace, electric transformers, generators and switch gears.

The plant was getting ready to go into production in November. The damages have been assessed at Tk five crore, says a press release of National Engineers Ltd. the owner of the company.

Mobile restaurant gains footing in Chittagong

CHITTAGONG, Sept 29: A mobile restaurant titled 'Silver Spoon' was formally launched in the city on Monday, says

Chittagong City Mayor Alhaj ABM Mahiuddin Chowdhury inaugurated the mobile restaurant at Home Arts Collection premises. Nasirabad at a simple ceremony.

Mahiuddin Chowdhury in his opening remarks said his corporation will extend all possible cooperation to turn Chittagong into a modern city through introduction of all kinds of modern public utility services.

City Mayor said mobile restaurant is now the need of the hour for the busy city dwellers and travellers.

The mobile restaurant will serve different kinds of food items in various important city areas including Agrabad Com-mercial Area, Sea Beach, Foy's Lake, Customs House, Shishu Park and GEC Square.

Third auction planned for troubled Kia

SEOUL, Sept 29: After two previous attempts to sell bankrupt Kia Motors Corp. failed, President Kim Dae-jung on Monday ordered a new auction for the troubled South Korean auto firm, says AP.

"A third auction will be called and various measures are being considered to prevent it from being aborted," Kim said at a news conference outlining his government's economic policies.

The first attempt to auction off the country's second-largest automaker and its commercial vehicle arm, Asia Motors Co. was scuttled by creditors Sept. 1 when bidders demanded bigger debt write-offs.

The creditor banks said then that they would write off 2.1 billion dollars of Kia's 8.4 billion dollars debt and put the company back on the auction block.

But that effort failed to impress the three South Korean automakers who submitted new bids for Kia last week. Ford Motor Co of the United States withdrew from the second round of bidding

Hyundai Motor Co., Sam sung Motors Corp. and Daewoo Motor Co. all said Kia's debt load was still too heavy. Kia officials said.

The president did not say what new conditions would be for the third auction but local media quoted government officials they did not identify as saying the amount of debts to be written off may be increased to 3.2 billion dollars.

The move to sell Kia is part of the government's effort to restructure its battered economy under a dlrs 58 billion bailout from the International Monetary Fund. Kia's collapse last year helped erode investor con-fidence in South Korea's industries, leading to a flight of capi-

Kia produced 780,000 cars in 1997. Asia Motors can turn out 250,000 vehicles, mostly trucks and buses, annually.

DPRK mulls over boosting heavy industry output

SEOUL, Sept 29: North Korea is considering expansion of production in its machinebuilding heavy industry as the country's prime economic task to help rebuild its flat economy, reports AFP.

"Our economy can never be activated without giving full play to the potentials of its own structure based on the heavy industry, the core of which is a machine-building industry, Pyongyang's official newspaper Rodong Sinmun said in a commentary Saturday.

It quoted reclusive leader Kim Jong-II as saying the economy should be activated.

"This idea carries his farreaching plan to improve the people's living standard by boosting the economy even under the present difficulties and develop the national economy onto a higher stage by ensuring extended reproduction at a high speed," it said.

The newspaper stressed that activating the economy could not be done without development of the heavy industry, a sector for the production of the

The norths' centrally planned economy has been teetering on the brink of implosion following decades of mismanagement, natural disasters and sanctions by the United

Tofail calls upon exporters

Produce quality goods to face competition

Commerce and Industries Minister Tofail Ahmed has urged the manufacturers and exporters to produce quality goods for the competitive domestic and world markets, reports APB.

"We must produce quality goods to enter the world market and increase our export volume," he said addressing the annual meeting of Bangladesh Standards and Testing Institution (BSTI) here yesterday.

He said, "There is a growing significance of standardisation of products in this world of competitive markets," and pointed out the increasing awareness about environment that required proper certification for exports.

He underlined the importance of the BSTI in setting a national standard for the country's manufactures and exportables. Other countries of the world were well ahead in respect of standardisation of products.

Certification is another essential matter in the international trade. Tofail said the instructed the BSTI officials to maintain the rules and regulations concerning standardisation and certification.

Tofail said the government's policy has been on extend all necessary help to the real businessmen to develop a dynamic and strong private sector that could be the engine for development.

The minister instructed the BSTI to simplify the procedures for issuing licenses and certificates for the country's manufacturing and export sectors. In this context. Tofail said the government was contemplating to amend the BSTI Ordinance to

Employees clean a Renault Megane as preparations go on

for the Paris Car Show Monday. The show opens on

Brown vows not to change

his iron economic policies

- AP/UNB photo

have come under heavy criti

cism for driving Britain into

But Brown repeatedly stre

ssed he would not bow to calls

from the trade unions for a

loosening of the Bank of Eng-

land's grip on interest rates and

for public spending growth to

"It is because of our com-

mitment to long-term stability.

even more essential at a time of

world instability, that from

this government there will be

no U-turns. No left turns. No

operational control over mone-

tary policy after Labour came to

power in May 1997, has kept in-

terest rates high since imple-

This has driven up the value

The chancellor has also

menting a series of rate rises.

of the pound, hurting exporters.

maintained an iron grip on

state pending, keeping down the

pay of public sector workers

such as nurses and teachers, to

the dismay of left-wingers and

The Bank of England, given

right turns," he said

union leaders.

increase public sector pay.

Thursday and runs to October 11.

BLACKPOOL (England), Sept

29: British Chancellor of the

Exchequer Gordon Brown yes-

terday bluntly told union lead

ers and left-wingers in the rul-

ing Labour Party that he would

not relax his iron economic

Their calls for a relaxation

of the tight grip he had imposed

on public finances and interest

rates would simply lead to a re-

turn to the days of boom and

bust he had vowed to banish,

Brown told Labour's annual

prudence for a purpose, is hard-

earned and hard won." the

British finance minister told

delegates in the northwestern

bust. We have not come this far

as a party, we have not come

this far as a country, to turn

coastal town of Blackpool.

"Our iron resolution, our

"No return to Tory boom and

Amid a worsening slump in

the country's manufacturing

sector, which is shedding thou-

sands of jobs, the chancellor's

orthodox monetarist policies

policies, reports AFP.

conference here.

keep up the changing needs of the world market.

He urged the BSTI officials to develop their institution into a professional one by equipping it with all the latest technologies. He also stressed the need for modernising the BSTI's laboratories.

The meeting gave the green signal for signing a Memorandum of Understanding (MOU) between BSTI and the Bureau of Indian Standards. Besides. BSTI was asked to intensify its relations with different other international standard institutions.

Industries Ministry Secretary KM Ezajul Haque, BCI President Sharif M Alzal Hossain. BSTI Director General Abu Taleb and executives and officials of different ministries and chambers were present.

Japan Leasing

Auto Corp goes

bankrupt

automobile leasing company

has filed for bankruptcy with

nearly 126 billion yen (930

million dollar) in debts after

the failure of its parent com-

pany left it without support.

company officials said Tues-

Corp. filed for protection from

creditors with the Tokyo Dis-

trict Court late Monday, said

company spokesman Osamu

parent company, Japan Leasing

Corp. took a similar measure in

the nation's largest ever corpo-

rate bankruptcy with debts of

2.18 trillion yen (16 billion dol-

with the Long-Term Credit

Bank of Japan, the bank at the

centre of political debate over

what to do about the nation's

Japan Leasing was also likely

to affected reconstruction plans

Tuesday, a regional textile

maker Longchamp Co. based in

western Japan, has filed for

court protection, with debts es-

timated at 9 billion yen (66

million dollar), according to a

private credit research agency

shareholder in the company.

Extent of Cuban

sugarcane damage

remains unclear

tent of harm done by Hurricane

Georges to Cuba's crucial sugar

crop - and the rest of the is-

land's agriculture - was un-

known Monday as authorities

continued to assess the dam-

steered away from the subject of

sugar, focusing instead on dam-

age done to banana and coffee

plantations by the hurricane's

march across the island on

those crops have not been pro-

nearly half of the nation's ex-

port revenue. Tourism recently

took over as the country's No

Specific damage figures for

Sugar still accounts for

Even before the hurricane,

Cuba was expecting perhaps its

worst sugar crop in half a cen-

tury. Production had been ex-

pected to fall to 3.5 million

metric tons (3.9 million US

tons), down from 4.6 million

metric tons (5 million US tons)

Thursday and Friday

Government media have

ages, says AP.

vided, either.

source of income.

HAVANA, Sept 29: The ex-

Longchamp is also a major

Analysts predicted the fall of

In a separate development

mounting bad debt problem.

for other LTCB affiliate.

Teikoku Databank Ltd.

Japan Leasing is affiliated

The action comes after its

The Japan Leasing Auto

day, reports AP.

Sugita.

TOKYO, Sept 29: A Japanese

MOSCOW, Sept 29: The IMF's top official in Russia yesterday ridiculed talk of a "controlled emission" of money by the central bank, a move touted by senior officials as a cure for the chronically sick Russian econ-

omy, reports AFP. In a frank radio interview, Martin Gilman said the International Monetary Fund had never heard of the concept and warned that future IMF payouts would depend on Russia's ability to respect existing commitments.

Senior cabinet ministers have floated the idea of printing money as a way of reviving the paralysed banking sector and pay off massive wage and pension arrears, even at the risk of triggering a return to hyperinflation.

New central bank Chief Viktor Geraschenko, who has a track record of using the printing presses to aid banks and ailing industry, told a confirmation hearing earlier this month he favoured such a move.

We cannot avoid a certain monetary emission, of course

PARIS, Sept 29: The Euro-

pean Union is raising its profile

in the debate on how to get the

world economy back on a more

even keel, ahead of the key an-

nual meetings of the IMF and

World Bank in Washington next

French President Jacques

Chirac and British Prime Min-

ister Tony Blair have issued

strong statements calling for

reform of the international fi-

nancial institutions in recent

Fund Managing Director

Michel Camdessus has mean-

while given a series of inter-

views to European media. argu-

ing the case for a continued role

for a reformed IMF, while ad-

mitting that the organisation

has made mistakes in the past.

on Thursday urging a joint EU

position on reform of the global

financial system in a 12-point

plan including more power for

due to be launched in January it

is all the more important for

the EU to speak with a single

voice, particularly as the EU

will be the world's fastest-

rowing economic area next

"We cannot turn in upon our-

selves, in the face of crises, the

time has come to unite our ef-

forts," Commission President

Jacques Santer told EU finance

ministers at a meeting in Vi-

The need to reform the insti-

tutions which have laid down a

framework for the interna-

tional financial system over

the past half-century has been

under discussion since the

Asian crisis erupted more than

increasingly urgent in recent

months as the ripple effect of

the Asian crisis continued to

spread, helping to push Russia

over the edge and causing prob-

lems in Latin America as in-vestors became increasingly

a speech to the New York Stock

Exchange last week to call for a

new version of the IMF and

World Bank founding treaties

Seven finance ministers due to

meet in Washington on Satur-

day, ahead of the IMF and

World Bank annual meetings

to "take this initiative forward

in bad bank debt and its worst

growth and serve as a market

for its troubled Asian neigh-

bours, a frustrated Clinton ad-

ministration believes other

Asian nations will have no

chance of pulling out of their

And then there is China.

Will slumping foreign sales put

so much pressure on its export-

driven economy that Chinese

officials renege on their pledge

not to devalue their currency, a

move that would further set-

Even if the worst nightmares

back recovery efforts in Asia.

If Japan doesn't resume

recession in 50 years.

own steep downturns.

Chirac meanwhile sent a let-

as a matter of urgency."

He said he wanted Group of

Blair took the opportunity of

wary of all emerging markets.

But the question has become

With the euro single currency

key IMF bodies.

enna on Saturday.

a year ago.

within a year.

year.

France went a step further

International Monetary

European leaders led by

week, reports AFP.

controlled," he told lawmakers on September 11. "But I will not distribute money left and right."

IMF finds fault with Russia's

But Gilman told Moscow Echo Radio that the IMF "has never in its 53-year history heard of such a term as "controlled emission" and in the Fund's view such a concept simply does not exist."

The IMF official said the

Goh remarks Singapore may see 1 pc GDP growth this yr

SINGAPORE, Sept 29: Singapore could see zero to one per cent Gross Domestic Product (GDP) growth this year and plunge into a recession in 1999. Prime Minister Goh Chok Tong said in remarks released today. reports AFP.

The last government estimate put GDP growth this year at 0.5 to 1.5 per cent.

WB-IMF meet next week

EU raising its profile on how

to boost world economy

ter to his G7 partners on Thurs-

day urging a "new Bretton

Woods," referring to the found-

ing documents of the institu-

the opening of our borders, it is

now vital to consolidate the in-

ternational financial system so

that it works better and to the

remain the centre of the system'

it needs increased "political

call for this to be provided

But while "The IMF must

France backs a Camdessus

benefit of all," Chirac said.

legitimacy.

"We have all benefitted from

"Russian economy's most critical problems is the huge gap between federal revenues and

spending. "This problem has been going on for so long that Russia can no longer do any borrowing, which has led to a pay-

ments crisis," he added. Gilman also expressed concern about "revenue shortfalls in the state pension fund, the bankruptcy of a large number of banks, the rate of inflation and the devaluation of the rouble." which has lost around half its value against the dollar in a month.

The IMF official's rebuke came as Russia has despatched a high-level delegation to Washington to press for release of a frozen 4.3 billion dollar loan tranche on the sidelines of the annual meeting of the IMF and World Bank.

The government of Prime Minister Yevgeny Primakov has sought to persuade the fund to release the cash so it can pay off massive wage and pension arrears without resorting to the printing presses.

through changes to the IMF's

key policy-making interim

24 finance ministers represent-

ing on a country or regional ba-

sis all 182 IMF members, and

Camdessus has called for it to

be transformed from a policy

France is suggesting that a

summit meeting of interim

member countries should be

called to discuss the reforms,

and is offering to host such a

body into one with decision-

The committee is made up of

committee.

making powers.

meeting.

'controlled emission' of money depression UNITED NATIONS, Sept 29: Malaysia's foreign minister, whose country is facing an economic and political crisis. warned of a global depression Monday unless developing

'Malaysia warns

of global

countries helped reform the international financial system. says AP. Blaming overseas currency speculators for the economic crisis that has swept his country and much of Asia, Abdullah Badawi told world leaders at the UN General Assembly that the turmoil had given developing

about the benefits of globalisation. Without reforms, The threat of global depression, as devastating as the one that hit the world in the thirties, could confront us," Badawi said.

countries second thoughts

Malaysia's economic problems, spurred by the Asian financial crisis, are its worst in more than three decades. The economy contracted by almost seven per cent in the second quarter of 1998, pushing it into full-blown recession.

The crisis and opposition to Prime Minister Mahathir Mohamad's decision to fire and arrest Anwar Ibrahim, his former deputy and heir apparent, has sparked a series of protests in Malaysia.

Badawi said the international community "must find consensus to formulate necessary ground rules to keep in check the rapacious nature of financial speculators and ma-nipulators whose only motivation is profit-making and profit-taking."

He said international financial markets lacked transparency, and called for rules governing the buying and selling of currencies.

"It is now most urgent that the international financial market be reformed. More than that, significant changes should be made to the international financial architecture." He said that globalisation

and free trade were impossible

until developing countries were given the time to strengthen their economies. Otherwise, "it would be a

continuing form of exploitation of the weak and poor nations by those that are powerful and

Sonargaon Textile AGM approves 8 pc dividend

The 12th annual general meeting of Sonargaon Textiles Limited approved an eight per cent dividend for the year 1997. says a press release.

The AGM was held at a local hotel yesterday with AKM Azizur Rahman, Chairman of the company presiding. Bazlur Rahman, Rosy Rah-

man and Dr. Nazmul Bari, directors of the company, attended the meeting. During the year ended on De-

cember, 31, 1997, the company achieved 17.34 per cent production growth and the turnover rose to Tk 310.38 million from Tk 234.65 million.

Taking part in the discussion, the shareholders extended their support to the management and assured of equity participation in the company's 3rd

Indonesia wants

banks to pay

Japan won't resume aid to Myanmar soon

AKM Azizur Rahman, Chairman of Sonargaon Textiles

Ltd, addresses the shareholders at the 12th AGM of the

company held in the city yesterday. Directors of the com-

pany Bazlur Rahman, Rosy Rahman and Dr. Nazmul Bari

WASHINGTON, Sept 29:

are also seen in the picture.

In New York on September 22, Komura "made very clear. that there was absolutely no more aid in the pipeline," Assistant Secretary of State for Democracy, Human Rights, and Labour Gare Smith told a house

aid to Myanmar in the late

imposed broad sanctions since the ruling junta crushed a prodemocracy movement and seized power by force in 1988.

-Sonargaon Tex photo

is a fundamental case of a good

ally involved as well.

Assistant US Secretary of State

The United States also has

Japan's Foreign Minister Masahiko Komura has assured US Secretary of State Madeleine Albright that Tokyo won't resume aid to Myanmar anytime soon, a senior US official said yesterday, reports

Japan suspended all but a

small amount of humanitarian 1980s but agreed in February to help finance reconstruction of the airport in Yangon, Myanmar's capital.

"In many respects Myanmar

country gone bad," Smith told the House International Relations Subcommittee on International Operations and Human Albright is herself involved in developing an approach to

Myanmar he said, and has urged UN Secretary-General Kofi Annan to become person-Earlier Monday in Bangkok,

for Economic and Business Affairs Alan Larson said Washington was committed to continued economic sanctions.

US likely to cut interest rate to fight deteriorating world economy Robert Reich said Monday. He with nearly one trillion dollar

WASHINGTON, Sept 29: With Fund with contributions from Federal Reserve Chairman Alan Greenspan expressing American Development Bank alarm about a deteriorating and individual countries inworld economy, Fed policymakers are expected to cut interest rates for the first time in nearly three years on Tuesday. reports AP.

While they don't believe the outcome of the Fed's meeting is in doubt, private economists said Monday that the big question is how much success the world's most powerful central bank will have in containing a currency crisis that so far has proven unstoppable.

"A Fed rate cut will help undergird a deteriorating global economic situation, but it isn't a magi bullet," said Sung Won Sohn, chief economist at Norwest Corp. in Minneapolis.

urgency, international monetary authorities were busy working behind the scenes on a rescue package for Brazil. The largest economy in South America is being hit by the same panicked rush to the exists by foreign investors that has already flattened a number of Asian countries and Russia.

Emphasising the sense or Those comments were read

Officials in Washington said discussions were centering on emergency loans of around 30 a symbol action of a quarter billion dollars assembled by point," former Labour Secretary the International Monetary

the World Bank, the Intercluding the United States.

The hope is that a Fed will serve as a badly needed confidence booster, demonstrating that US authorities will do whatever is necessary to keep the world's largest economy growing so it can serve as a market-of-last resort for other troubled economies.

"A Fed rate cut won't save the world, but it will start a process that will keep the US economy from weakening a lot more, something that would be deadly for the world," said Allen Sinai, chief economist at Primark Decision Economics.

Last week, Greenspan assured a congressional hearing that Fed policy-makers understood the need to act quickly "to prevent the contagion from really spilling over and creating some very significant further difficulties for all of us."

by some as a signal that the central bank won't stop with the usual quarter-point cut but will lower rates by a bolder half-"What is needed is more than urged at least a half-point cut as a "pre-emptive strike" against the threat of global deflation. something the world hasn't seen since the Great Depression of the 1930s. The last Fed rate reduction

occurred on Jan. 31, 1996, the final in a series of three quarter-point moves to stimulate domestic demand and keep the US economy out of recession. The federal funds rate,

which is used by commercial banks as a benchmark for determining the interest charges paid by millions of consumers and businesses on short-debt, was last changed on March 25, 1996, when it was raised a quarter-point to 5.5 per cent because of inflation worries.

While expressing relief that Greenspan has been able to marshall a Fed majority for rate cuts when as recently as July the central bank was leaning toward raising rates, analysts still worry about the sizable number of dangers that have the potential of rocking global markets.

In addition to Brazil and the

impact its collapse would have

on the rest of Latin America, a

region that buys nearly 20 per

cent of US exports, there are

still major worries about how

fast Japan will be able to deal

don't come to pass, economists insist the world is in for a prolonged period of weak growth as the countries already hit by market turmoil struggle to right themselves. "What started in Thailand has now spread much more widely and that makes it much

more difficult to turn things around," says Jeffrey Shafer, the Treasury official who helped mastermind the Mexican rescue effort in 1995. "But all is not bleak. You have a series of actors who, if they do their part, will be able to build the structure for a global recovery.

Brazil warned of looming economic chaos

SAO PAULO, Brazil, Sept 29: The two leading opposition presidential candidates in Brazil's Oct. 4 elections on Monday warned of impending economic choas in Latin America's largest country, says AP.

Luiz Inacio Lula da Silva of the leftist Worker's Party and Ciro Gomes of the left-of-centre Popular Socialist Party made their remarks at a joint press conference held to complain of what they said was the 'slanted press coverage' of their campaigns.

minister, said Brazil's current economic stabilisation policy would "at best result in a severe recession in 1999 and at worst, a complete economic break-Lula said Brazil had become

Gomes, a former finance

excessively dependent on speculative capital "to the extent that we are now at the mercy of the good will of the US government and the International Monetary Fund, which has lost all of its credibility.

He said that Korea, Indonesia. Thailand and Russia "recently submitted themselves of IMF-imposed austerity measurers, and all have gone

bankrupt. same direction," he added The two candidates said President Fernando Henrique

"And Brazil is headed in the

Cardoso, who is expected to win

his bid for reelection, was preparing a post-election package of austerity measures that would 'stifle economic growth.' Like other emerging markets, Brazil has been buffeted by the turmoil in world financial

markets with a loss of investor

confidence and a strong outflow

of capital. To prevent a collapse of Brazil's currency, the real, and stem capital flight, the government on Sept. 10 raised interest rates from 30 per cent to 50 per cent.

Last week. Cardoso tried to reassure international investors and prepare Brazilians for belt-tightening economic measures that heightened fears of recession and unemploy-

ment. He hinted strongly that taxes would be increased in an effort to tackle a budget deficit of more than 7 per cent of gross domestic product.

Before the interest rate hike, Brazil's needed 63 billion reals (53 billion dollar) to finance its internal debt, Gomes said.

"Now it needs 80 billion reals (68 billion dollar), bringing us dangerously close to 8 per cent of GDP. This spells economic chaos," he said.

Recent polls give Cardoso about 47 per cent of the vote, compared to 24 per cent for his nearest rival, Lula. Gomes trails in third place with about 10 per cent.

expansion project.

loans in cash JAKARTA, Sept 29: The Indonesian government is demanding that the former owners of insolvent banks repay billions of dollars in emergency loans from the central bank in cash not assets, Finance Minister Bambang Subianto said

Tuesday, reports AP.

nior economic ministers, Bambang said the owners of the banks had been given another month to come up with ways of "The government has asked them to solve this problem and sell their assets so they can pay

Speaking after meeting Pres-

ident B J Habibie and other se-

porters after meeting with President B J Habibie. "They have one month to provide proposals on how they're going to pay," he said.

in cash," Bambang told re-

Bambang was referring to 14 banks closed or taken over by the state. They include PT Bank Umum Nasional, which is partcontrolled by a close associate of former President Suharto. Mohamad "Bob" Hasan.

donesia, injected liquidity into the banks to offset the worst economic crisis in three decades. However, the government

The central bank, Bank In-

later shut them down as part of sweeping economic reforms. The government originally

gave banks until September 21 to repay the state. The owners of PT Bank Central Asia, the banking arm of the Salim Group, and PT Bank Dagang Nasional Indonesia have already reached agreement with the government to pay back \$7 billion in the form of assets, cash and property.

After the deadline passed,

the government said that other banks' owners who hadn't reached agreement could face civil or criminal proceedings. Some bankers have offered to hand over their assets in lieu

of cash payment. However, the government says the bankers have grossly overestimated the worth of many of the assets.

"This has to be worked out because the government is badly in need of cash," he said.

means of production.

Analysts here said the Stalinist north's woes worsened this year as trade with its neighbours plunged amid Asia's economic crisis.