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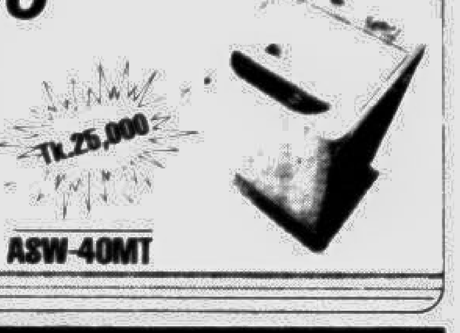


US has no excuse for not paying UN bills: Albright

by Suman Guha Mozumder

UNITED NATIONS, Oct 1: US Secretary of State Madeleine Albright has said her country has no excuse for not paying its arrears to the United Nations. "The US is not a failed state. We have no excuse, plain and simple, we should pay our UN bills," Albright said last night at the 32nd annual United Nations ambassadors' dinner hosted by the Business Council for the United Nations. Her response came after Secretary General Kofi Annan, in the course of his speech, referred to the US arrears. "Every man and woman, decent and silent Americans, and some not so silent, understand that this is a treaty obligation, a basic moral responsibility, a fundamental commitment," Annan said.

The Secretary General said he had stated in the General Assembly that while it is normal to seek value for one's money, there is no value without money. "I ask you as good friends of the United Nations to help convey this message far and wide. It is time to end this crisis and enable us to focus on the real work at hand," he said. Annan said at the ambassadors' dinner that there is a growing awareness that the goals of the United Nations and the goals of business can and should be mutually supportive. "I look forward to our continued partnership as we find solutions to global problems — solutions that reduce risk and spread prosperity and peace," he said.

Albright, a former U.S. Permanent Representative to the UN, said the time has come "to stop treating the United Nations like a political football."

— India Abroad News Service

Volatility in capital flows

Kibria seeks adequate int'l-level arrangements to contain effects

Finance Minister S A M S Kibria has called for making adequate institutional arrangements at international levels to contain the destabilising effects of volatile capital flows, reports UNB.

Addressing the Commonwealth finance ministers meeting in Ottawa on Wednesday, he said the countries affected by the financial market crisis need assistance to overcome their crises.

Kibria supported the idea of adherence to a code of good conduct for promoting private capital flows and coping with capital market volatility, according to a message received in Dhaka yesterday.

He stressed the need for some agreed points for presenting before the forthcoming World Bank-IMF meeting on behalf of the Commonwealth countries.

The finance minister recalled the concerns shared by the member countries during their deliberation in the Bank-Fund meeting last year in Hong Kong about the "adverse effects of the unfettered financial flows."

"The economic impact of globalisation itself should be reassessed," he said.

Kibria said the previous government of Bangladesh welcomed the globalisation without considering its consequences thoroughly.

"As a result, more than 5,000 industries have gone sick and they've transmitted their sickness to the financial sector of the country."

He mentioned that in late 1996, the capital market of Bangladesh experienced an unhealthy rise. Some foreign portfolio investors moved out with their capital and profit causing a sharp fall in the market.

The economy recovered from the shock and despite the volatility of the capital market achieved a GDP growth rate of 5.9 per cent, the finance minister added.

He said the country's growth prospect has been adversely affected by the worst flood of its history. The prolonged flood badly affected the economy of the country. It has damaged crops, industries and infrastructure.

Kibria said apart from immediate flood relief, the government has taken up a massive rehabilitation programme. Bangladesh needs active support of its development partners in reconstructing its economy.

He called for greater flexibility in access to IMF's emergency financing mechanism as well as IDA resources to assist the developing countries in times of crisis.

Contribution to economy sought

Expatriates urged to buy industrial bond

OTTAWA, Oct 1: Finance Minister Shah AMS Kibria yesterday called upon the expatriate Bangalees to contribute to the economic uplift of their motherland by purchasing the industrial development bond," reports BSS.

The finance minister who is now here to attend the conference of the finance ministers of the Commonwealth countries was addressing a meeting of the expatriates.

The minister said the proposed bond could be bought and sold in dollar and the money collected by selling the bond would be used for creating "Industrial Development Fund."

Kibria gave an outline of the economy of Bangladesh and replied to questions put to him by the participants who included expatriate teachers, journalists, doctors, engineer, businessmen and men of other professions, living in Canada.

The finance minister said stability has been restored in the overall economy of the country following various measures taken by the present government. The rate of economic growth has increased, inflation has been brought under control and reserve of foreign exchange has increased and reached at a stable level, he said.

Shah AMS Kibria observed that the recent devastating flood has obstructed the development process in the country damaging infrastructure and farm production. He said in view of the longest floods, international assistance has been invited from the foreign development partners and the response is very favourable.

Taka steady despite high demand for dollar

The Bangladesh taka remained steady against the dollar in the interbank trade Wednesday despite demand for the greenback due to puja and weekend holidays, foreign bank dealers said, reports BSS.

The taka was quoted at 47.25/47.26 per dollar Wednesday against the previous day's close of 47.24/47.50.

The hurry to open letters of credit against food imports by local traders ahead of the weekend has contributed to the crossing of the central bank's exchange rate fixed at 47.25, the dealers said.

The dealers said that the interbank call money rates were comparatively weak at 6.50 to 7.50 against the previous day's level of 8.50 to 9.50 per cent.

Another dealer said dollar supply was also poor as some of the biggest banks in the country want to increase their reserves. Many also bought US currency from the central bank.

They also said there was plenty of liquidity in the market due to maturity of treasury bills worth Taka 527 crore.

WHEN ABUNDANCE AFFLICTS: The price of hilsha has, these days, posted a sharp fall because of its oversupply in the markets. The abundance has proved to be a bane for both the fishermen as well as traders, since consumers' interest in the fish has been on the wane. This picture, taken from Shoarighat in city yesterday, shows a fish-seller waiting for buyers with his own pile of hilsha. — Star photo by AKM Mohsin

Japanese stocks hit 12-year low

TOKYO, Oct 1: Japanese share prices sank to new 12-year lows Thursday on mounting worry about the deterioration of the economy and concern over a drop on Wall Street overnight. The dollar rose against the yen, reports AP.

The benchmark Nikkei Stock Average of 225 selected issues fell 209.27 points, or 1.56 percent, to close at 13,197.12 — the second straight day it finished trading at lows not seen since February 1986.

On Wednesday, the Nikkei had plunged 415.04 points, or 3 per cent.

"The outlook is still very tough," said Dhia Amir, a senior institutional sales trader in the Tokyo office of Nomura Securities Co.

The market lost ground after a brief rally in early trading as dismay set in about the results of the latest quarterly Bank of Japan survey of business sentiment, or "Tankan" report, traders said.

The report, released just before the start of trading Thursday, showed a key business condition diffusion index for big manufacturers sank to a worse-than-expected minus 51, down from minus 38 in the previous June survey.

The broader Tokyo Stock Price Index of all issues listed on the first section fell 27.85 points, or 2.61 per cent, to 1,015.72. The TOPIX lost 19.33 points, or 1.82 per cent, the previous day.

Investors also sold off shares following Wall Street's dip, traders said.

In overnight trading, the Dow Jones Industrial Average declined 237.90 points, or 3 per cent, to 7,842.62.

On the Tokyo foreign exchange market, the dollar traded higher against the yen in reaction to the disappointing results of the Bank of Japan survey, traders said.

It rose to 136.66 yen in mid-afternoon trading, up 0.94 yen from late Wednesday in Tokyo, but that was below its late New York level of 136.75 yen overnight.

Selling of yen for dollars picked up pace after the Nikkei stock average appeared as if it could crash through the psychologically important level of 13,000 points in early afternoon trading, they said.

Post-flood agri loan

JS body calls for ensuring availability

The Parliamentary Standing Committee on the Ministry of Finance Wednesday directed the concerned authorities to ensure availability of agriculture credit to the peasants affected by the flood and overseas that no middle-interest could get illegal benefits in the credit disbursement process, reports BSS.

Held at the Jatiya Sangsad Bhaban with Committee Chairman Prof Mohammad Ali Ashraf in the chair, the meeting was informed that arrangement has been taken to give priority in providing agriculture credit to the marginal peasants and share-croppers without any colateral security and for the rehabilitation of small and cottage industries.

The meeting reviewed the overall economic condition of the country and the existing problems facing the banking sector and their possible solutions.

The meeting also discussed the economic management of other commercial banks and steps taken by the banks in the rehabilitation of agriculture and industries sectors affected by the recent devastating flood.

Dhaka, UNDP sign $3.97m deal on MAPP

A programme document was signed between Bangladesh and the United Nations Development Programme (UNDP) in support of the implementation of the multi-sectoral HIV/AIDS prevention programme (MAPP) totaling 3.97 million US dollars, reports BSS.

The programme document was signed between Dr AKM Mashiur Rahman, Secretary, Economic Relations Division (ERD) and David E Lockwood, UNDP Resident Representative.

The programme under the overall supervision of the Ministry of Health and Family Welfare is to assist the implementation of the national policy on the HIV/AIDS and STD-related issues and the strategic plan and national action plan formulated by government/NGOs/and other partners.

The programme objectives includes:

Establishing a functional, flexible, multi-sectoral, and decentralised NA/SP programme;

Raising the level of awareness and promoting a better understanding by policymakers on the pandemic and its socio-economic impact;

Raising the level of awareness of the general population and protecting the legal and human rights of the people living with HIV/AIDS.

The project will complement the GOB/UNDP community empowerment, support to local government, and gender programmes.

The project duration is three years and three months.

Annual meet opens with 182 nations attending

IMF warns of looming global slump

WASHINGTON, Oct 1: The International Monetary Fund opens its annual meeting Thursday, with discussion dominated by the question of how to prevent an unusually fragile world economy from turning into a global recession, reports AP.

If the US economy weakens more than expected, if Japan fails to end its recession, or if further bad news from Asia sends more investors fleeing from Latin America, the current slowdown could deepen into recession, the international lending agency warned Wednesday.

At the IMF-World Bank meeting, finance ministers and central bank governors from 182 nations will grapple with how to overhaul the international financial system to better address the crisis.

Behind the scenes, key countries including the United States will work to assemble a multibillion-dollar rescue package for Brazil and press Russia's new economic team not to print more rubles to try spend its way out of crisis.

IMF Managing Director Michel Camdessus and World Bank President James Wolfensohn were expected to comment Thursday on these risks at separate news conferences. Treasury Secretary Robert Rubin will outline the Clinton administration's agenda for the global economy in a speech in New York.

Japan will present plans later in the meetings to spend about $30 billion to support nations in Southeast Asia, where the financial troubles erupted 14 months ago before spreading to flatten Russia and threatening Latin America.

In the United States, the Federal Reserve earlier this week cut a key interest rate by a quarter percentage point, an action seen as a pre-emptive strike against a possible US recession and an attempt to stabilize markets worldwide.

But Wall Street wasn't impressed. The Dow Jones industrial average plunged 237.90 points Wednesday, the eight-largest point drop in history, on investor jitters about what the deteriorating world economic situation might do to US corporate profits.

The worldwide economic turmoil already has cost millions of jobs and more than $600 billion in output.

The agency projects the global economy will slow to a 2 per cent growth rate this year, the poorest showing in seven years, with only a slight rebound to 2.5 per cent growth in 1999.

"Chances of any significant improvement in 1999 have also diminished, and the risks of a deeper, wider and more prolonged downturn have escalated," the IMF said in an unusually bleak assessment.

Currency stabilisation

China's forex chief cites flaws in controls

BEIJING, Oct 1: China's pledge to keep its currency stable is under pressure from companies engaging in fraud and other underhanded practices to hold on to hard currency, a senior government official said on Tuesday, reports AP.

The government recently issued an order warning businesses not to circumvent China's strict foreign exchange controls. China has protected the stability of its currency, the yuan, largely by allowing it to be converted only for international trade, but not for speculation.

Foreign exchange fraud has increased this year, Wu Xiaoling, director of the State Administration of Foreign Exchange, said at a briefing.

"Such practices have put pressure on the foreign exchange market and are not beneficial to the balance of payments or the stability of the Yuan," Wu said.

She stressed that shoring up China's capital controls was part of the government's efforts to keep the yuan stable, since a devaluation "is not in the interests of China and not in the interests of the world."

With a large foreign reserve and a trade surplus, China is under no economic pressure to devalue the yuan, Wu said.

Integrated summer vegetable drive in 10 SW dists

JHENIDAH, Oct 1: An Integrated Summer Vegetable Programme (ISVP) has been taken up in ten south-western districts during the current season to boost vegetables production, reports APB.

Official sources said a total of 52,876 hectares of land will be brought under vegetable cultivation. Of the total area, 7,531 hectares have been earmarked in Jhenidah, 20,036 hectares in Jessore and 6,195 hectares in Khulna district.

Vegetables will also be cultivated on 3,702 hectares in Kushtia, 4,677 hectares in Satkhira, 3,112 hectares in Chuadanga, 1,130 hectares in Meherpur, 2836 hectares in Meherpur 1,990 hectares in Magura and 1,667 hectares in Bagerhat district.

The Seed Division of Bangladesh Agricultural Development Corporation (BADC) has supplied a total of 286 kgs of HYV seeds for the programme.

The growers themselves have made arrangements to procure the remaining quantity of seeds from the local markets, sources said.

Commercial banks will extend loans to the growers, while the Agricultural Extension Department (AED) will provide counselling, sources further said.

Manila to withdraw as World Expo 2002 host

MANILA, Oct 1: President Joseph Estrada said on Thursday the Philippines has made a final decision to withdraw as host of World Expo 2002 because of economic difficulties, reports AP.

"This expo will only expose us to debts," Estrada said in a radio interview with station DZMM. "My decision is final. It will not push through."

Estrada said the government would have to spend six billion pesos (135 million dollars) to host the event, money that could be better used on projects that would ease poverty.

He said he has studied cases of several other countries that failed to recoup their expenses in hosting the exposition, including this year's host, Portugal.

"We cannot afford to lose money," he added.

Estrada had earlier said he will drop the hosting of the event but reconsidered the decision a few days later when some businesses proposed that private companies pay for the costs.

Several businessmen and former tourism secretary Mina Gabor were against the withdrawal, saying it could damage the image of the Philippines. Gabor lobbied for the Philippines to win in June over Australia to host the exposition.

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

Former President Fidel Ramos also urged Estrada to reconsider and offered to help raise funds, officials said.

Estrada said he preferred to use the money for agriculture to build roads and irrigation dams and for mass housing projects.

Invest and find yourself a home for life

Nasseem Ackbarally writes from Port Louis

If you take an investment of $500,000 into the Indian Ocean island of Mauritius you will not only be welcomed with open arms. You will be given permanent residence there.

Another $100,000 will secure residence for anyone accompanying the investor and bachelors may bring in three other people provided they are dependent on him.

In announcing the new measures, the government has reserved the right to screen potential investors before letting them into the country.

All this is happening because Mauritius, once a haven for foreign investment, is now desperately in need of investors.

In three years it has registered a 50 per cent fall in its Foreign Direct Investment (FDI), despite good ratings as an investment destination. The situation is alarming because the island's ability to sustain economic growth is at risk.

Yet Mauritius stands out in comparison with countries in the region and beyond. In 1996, the latest figures available, it had a per capita income of $3,800 — above that of South Africa and Mexico. Its international credit ratings have been the highest of all African countries.

The steep recovery dates back to the 1970s when, following sharp falls in sugar prices, oil price rises and several cyclones, the country's economic situation seriously declined.

Diversification followed into export-oriented manufacturing, creation of an export processing zone and a boosted tourism industry. In the 1980s exports of goods and services more than doubled. The economy was so strong IMF loans were repaid two years ahead of schedule. In the mid-1990s the going got tougher.

The drive for investment has followed. When the Council of Ministers announced the new residence offer, Attorney-General Razack Peeroo told the National Assembly that the government will also soon come up with an Anti-Money Laundering Bill.

He said: "This should consolidate the image of Mauritius as a credible financial services centre."

Nowadays, almost all Mauritian economic analysts, politicians, business people and World Bank experts point to the scarcity of FDI in Mauritius: only $21 million in 1997 or 0.5% of the GDP (23rd position in Africa) while some developing countries challenging the export competitiveness of Mauritius have registered a 350 rise in FDI during the past years.

Mauritius no longer has the good reputation it enjoyed in the last decade. Between 1985 and 1989, five countries —Hong Kong, China, France, Britain and Germany — invested $32.6 million in Mauritius. Hong Kong alone brought in $18.7 million. But in 1990-95, FDI fell to $28.8 million, with Hong Kong contributing $9 million.

In a report called Mauritius: Dynamising Export Competitiveness, experts Sanjay Lall and Ganeshan Wignaraja, from the Commonwealth Secretariat, said advantages offered by Mauritius to investors in the 1970s have completely eroded. Today, they say, Madagascar, China, Vietnam, Sri Lanka, Bangladesh and India have become serious competitors. French and Hong Kong investors have turned to more competitive countries.

The two experts blame the rise in labour costs, absenteeism, the gradual phasing out of preferential markets in Europe and the US, lack of incentives and the fact that the region is not strategically important enough for major industry. Growth in FDI these days, say the experts, follows from liberalisation, creation of preferential or special economic zones, favourable operating conditions for foreign entrepreneurs and strengthening of the legal framework to protect intellectual property.

Several countries have adopted such measures and Mauritius also has at its disposal such advantages. It has been rated the most competitive country in Africa, but its economy is now classified as less than brilliant. Yet the development of the free zone sector in Mauritius has been copied by other countries and the island has a competitive labour force.

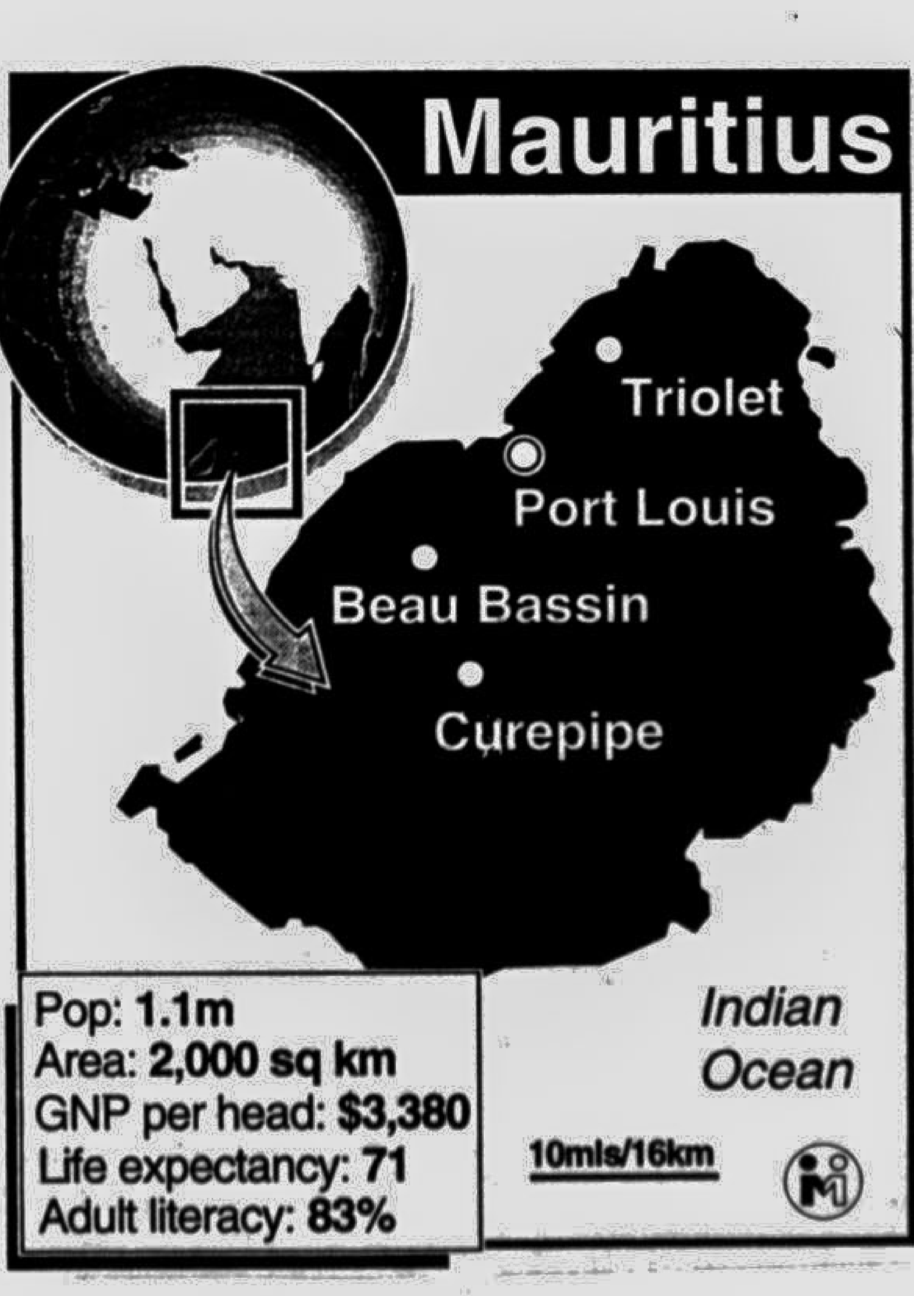
Pierre Dinan, partner at accountants de Chazal du Mee, blames poor management of the economy — a privatisation policy mired in red tape that discourages investments, and the value of the rupee.

Dinan says it is easier for a Mauritian to exchange his rupees for foreign currency than for a foreigner to convert his currency to rupees to invest in the country. In a memorandum to the government, the Mauritius Employers Federation (MEF) suggests a review of investment promotion strategy, multiple entry visas for investors and fiscal incentives for training.

It takes nine to 32 weeks for investments to get approval in Mauritius against three to four weeks in Singapore, four weeks in Sri Lanka and four to five weeks in Thailand. The government has now agreed to a fast-track scheme. If there is delay after four weeks the application will be deemed approved.

Prime Minister Dr Navin Ramgoolam, said a board of investment would be set up. He added: "What we are proposing is revolutionary in a sense — the conditions are going to be clear so that everybody knows what are the requirements." — *Gemini News*

Nasseem Ackbarally is a Mauritian journalist.



Russian court freezes Lehman Bros accounts

MOSCOW, Oct 1: Moscow's Court of Arbitration has frozen accounts belonging to US investment bank Lehman Brothers International at Oneximbank and a number of other large Russian banks, Oneximbank said Wednesday, says AP.

Oneximbank filed a suit against Lehman Brothers on Monday, accusing the American bank of failing to fulfill its obligations to Oneximbank. It provided no further details.

A Lehman Brothers spokesman in London said the bank has not received any notification from the Moscow court or from Oneximbank about the seized accounts.

Oneximbank said Wednesday's action by the Moscow court prohibits Lehman Brothers from conducting any operations with securities on the accounts.

Last week, a London court froze assets held by Oneximbank and Inkombank in Britain at the request of Lehman Brothers' British affiliate. Lehman Brothers said it took the action because of the Russian banks' failure to fulfill ruble forward contracts 87 million and 25.9 million dollars.