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DHAKA, TUESDAY, OCTOBER 6, 1998

'Global financial crisis needs prompt action from Tokyo'

TOKYO, Oct 5: Japan should move quickly to clean up bad bank debts, ease government regulations and boost the economy with fiscal stimulus measures, a European Union official said Monday, reports AP.

Ambassador Ove Juul Joergensen, who heads the European Commission in Japan, said the widening global financial crisis requires prompt and effective action from Tokyo.

"What we need now is swift, decisive action to put forward these policies and implement them," Joergensen, briefing reporters ahead of the EU-Japan ministerial meeting next Monday in Tokyo, said the meeting will focus on issues of trade and international stability.

Other issues to be discussed include deregulation and international crime.

"Japan and the European Union must cooperate on the structure of the international financial architecture to make sure it meets the needs of the 21st century," he said.

The European delegation will be led by EU Trade Commissioner Leon Brittan, who will meet with Japanese politicians and businessmen in addition to his talks with the government.

BB T-bill auction held

The 5th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held in Dhaka Sunday, reports UNB.

Fifty-eight bids for a total of Tk 764.00 crore, two bids for a total of Tk 10.00 crore, 9 bids for a total of Tk 22 crore, 11 bids for Tk 82.00 crore and 3 bids for Tk 5 crore were offered respectively for the 28-day, 91-day, 364-day, 2-year and 5-year bills.

Of these, 18 bids for a total of Tk 431.50 crore of 28-day bill and 10 bids for a total of Tk 80 crore of two-year bill were accepted.

The weighted average prices against the 28-day and two-year bills were Tk 99.35 and Tk 81.98 per 100 Taka respectively. The corresponding yields are 8.49 per cent and 10.99 per cent, said a Bangladesh Bank press release.

FDIs rise 30pc in Philippines

MANILA, Oct 5: Foreign direct investments (FDIs) in the Philippines rose 30 per cent to \$ 506 million in the first seven months of this year from \$389 million in the same period a year earlier, the central bank said Monday, reports AP.

Central bank Deputy Governor Edgardo Zalacita attributed the increase to continued confidence in the country's economic prospects despite a slowdown in overall output caused by the regional financial crisis and a lengthy drought.

"This is a very positive sign that confidence is still high," Zalacita said.

The country's gross national product shrank 0.7 per cent in the second quarter of the year after expanding 2.0 per cent in the first quarter.

The government remains confident the country will achieve its GNP growth target of 1.5 per cent for the year. Private economists, however, predict slower economic growth and even a possible contraction for the year, with some expecting a contraction of 3.1 per cent in the third quarter.

Zalacita said the bulk of the investments came from Japanese, German and Dutch companies.

New StanChart Credit chief

Ali Reza Iftekhar has been appointed Head of Credit of Standard Chartered Bank in Bangladesh with effect from September 29, says a press release.

He joined the bank in 1993, and worked in the Corporate Banking Division of the bank in Bangladesh as Senior Relationship Manager.

He was working in the Gulf credit operation of the bank in Dubai prior to taking up his new position here.

Bangladeshi to lecture on Islamic banking at Harvard

At the invitation of the Harvard University in Cambridge, Massachusetts, USA, Prof. Dr. M A Mannan of Social Investment Bank left Dhaka to deliver a lecture on *New Frontiers of Islamic Banking in the Twenty First Century* with special reference to non-formal and voluntary sector banking at the second annual Harvard University forum on Islamic Finance to be held on October 9. Prof Mannan is the only economist from Bangladesh attending this forum as a guest speaker. The theme of this year's forum is *Islamic Banking in the 21st Century*.

Finance minister at Boston discussion
Sound economic management has laid foundation for high growth

Finance Minister Shah AMS Kibria has said that people-oriented policies and sound economic management in the last two years have laid a strong foundation for high growth with poverty alleviation in Bangladesh, reports UNB.

The Finance Minister was addressing a discussion on 'Bangladesh Economy', organised by 'Bhingolardga' at Boston in the USA on Saturday, according to a message received in Dhaka yesterday.

Prof Selim Rashid of the University of Illinois, Prof Abul Hasnat of Boston University and Dr Nazrul Islam of Finery University were the panel discussants while Prof Binoy Pal and Prof Nazli Kibria were among the participants at the discussion.

Kibria said Bangladesh will quickly overcome the setback caused by the recent devastating flood and resume her march towards a *Sonar Bangla*.

Under the leadership of Prime Minister Sheikh Hasina, the sound economic management has brought a qualitative change in the economy, he added.

The economic sectors have been growing at a rate close to six per cent per annum for the last two years, said the minister, adding, industry and export sectors were growing at an all-time high rate.

He said that the country's human development indicators were showing convincing progress in such critical areas as literacy, health and gender equality. Strife in the Chittagong Hill Tracts has been resolved and the Ganges watershed problem with India has been eased.

The poor and the vulnerable in the society are being brought under social safety nets introduced for the first time by the

Awami League government, the minister mentioned.

"Efficiency of the government has saved the nation from greater loss during the recent floods," Kibria said adding that "the efficient and timely distribution of relief organised by the government and overseen by the elected people's representatives at all levels has been acclaimed both at home and abroad."

"Not a single person died from starvation and nobody will, because the government has taken steps to meet food gap." Also, an agricultural rehabilitation programme has been undertaken to help the farmers, he said.

Speakers in the discussion congratulated the government for its efficient handling of flood and sound management of the economy.

They said Bangladesh has

Tk 3,270cr agri credit
Priority listing of farmers underway

To ensure credit for the really deserving farmers preparation for making a priority list of the marginal and landless is underway. The process is likely to begin from Nangolkot thana in Comilla district, reports UNB.

Under the post-flood rehabilitation drive, the government has taken a massive programme of Tk 3,270 crore credit to farmers to raise production.

"The proper implementation of post-flood rehabilitation can bring a revolutionary change," said Law Minister Abdul Matin Khasru, who in his constituency in Comilla was entrusted with the responsibility of preparing priority list of the farmers.

The minister said that bank officials had been directed to disburse loan on the basis of the list, which was being prepared on a consensus basis.

He told UNB that banks have been directed to open temporary camp offices at union level to disburse the credit.

Involvement of union level public representatives and teachers in the process will ensure transparency of loan disbursement. UP Chairmen will head the loan distribution committees, he added.

There are adequate foodgrains, he said and dismissed the possibility of famine in any part of the country. "But the main problem after flood is the dwindling purchasing capacity of the farmers."

"We will have to ensure employment opportunities to the jobless so that the marginal and landless peasants and the poor can earn to buy food," he said.

The implementation of this programme will not only ensure transparency and accountability but hopefully will also reduce complexity and corruption in loan disbursement procedure, the minister said.

While inaugurating an "agri-loan disbursement awareness programme" at Nangolkot thana in Comilla, the Law Minister warned of stringent action against any irregularity.

"Although Tk 91 crore fund of agri loan for 12 thanas of the district is not enough" the minister said.

Tk 8.48cr German food aid for flood victims

Germany will provide Tk 8.48 crore equivalent to DM 3 million as food assistance under humanitarian relief programme for the flood-stricken people of Bangladesh, reports UNB.

The commitment came on top of substantial German aid, already made available under the programme, said a press release yesterday.

The food assistance consists of 3,520 metric tons of rice, 465 metric tons of pulse and 4.40 lakh packs of protein biscuits.

The release said the food assistance is in addition to the German regular food aid channelled through the World Food Programme.

Further rehabilitation efforts are under immediate consideration of the German government, it added.

The German relief efforts consisted of medical treatment for flood affected slum dwellers and mobile drinking water production by a relief team of the German Disaster Relief Organisation.

ORS-packages and water purifying tablets with some major NGOs as well as a substantial commodity aid for the purchase of medicine and other supply goods are also included among the German aid.



Tokyo stock traders gaze at share prices with surprise as Japanese stocks fall sharply on Monday morning. The 225-issue Nikkei Stock Average shed 247.27 points to end the morning session at 12,976.42 points, as investors remained skeptical about whether Japan will be able to stabilise its ailing economy. — AP/UNB photo

Russia woos foreign investors to salvage economy

MOSCOW, Oct 5: The government continued to push Monday for foreign aid to rescue the tattered Russian economy after a top official said modernising the country's nuclear missile force was a top priority, reports AP.

Prime Minister Yevgeny Primakov's government is still trying to come up with a strategy to deal with the country's economic crisis after Russian currency and financial markets collapsed in August. International financial institutions are reluctant to resume loans until the government unveils its economic strategy.

First Deputy Prime Minister Yuri Maslyukov, a former top Soviet economic official, said that in addition to dealing with the crisis, the government must pursue long-term goals, such as modernising its aging nuclear arsenal.

"We must guarantee that in case of any unforeseen incident we have a strong nuclear shield that would ensure our security and be capable of inflicting irreparable damage to the enemy," he said in a television interview Sunday night.

Maslyukov said he backs ratification of the START II arms reduction agreement with the United States that has been repeatedly delayed by the Russian parliament.

"We must take steps to produce at least 35-40 such missiles a year," he said.

The Topol-M entered service last fall, but the cash-strapped government has only been able to procure a small number of them, according to media reports.

Primakov and Maslyukov have insisted possible plans to reduce free economic activity were just one of many options under consideration. Leaks in the Russian media that the new government would roll back market reforms have worried Russian and foreign business leaders.

Maslyukov specifically denied that he favours ending the

WB report reveals Access to knowledge crucial to bettering living standards

Access to financial, technical and medical knowledge is crucial to improving the health and living standards of the world's poor, says a World Bank report, reports UNB.

The report titled "knowledge for development", released in Washington Sunday, analyses the risks and opportunities that the global information revolution is creating for the developing countries.

Low national incomes are not the only reason why poor countries are less prosperous than the richer ones, the report said.

Many developing countries, according to the report, lack the capability to acquire and adapt the economic, technical and social knowledge that has spurred many of the world's development success stories.

Countries can narrow the knowledge gap and improve the living standards of their citizens by putting in place policies to acquire and adapt knowledge from abroad, it suggested.

The report stated some instances of how effective use of knowledge has improved economic growth and people's lives in countries, like Vietnam, Costa Rica, Mali, the Philippines, Morocco, Bolivia and Rwanda.

The report added that capital outflows and currency collapse experienced by some East Asian countries reflected the pervasive lack of information.

It, however, said that the global explosion of knowledge may lift hundreds of millions of the world's poor out of poverty.

Malaysian economy most stable in Asia: Mahathir

KUALA LUMPUR, Oct 5: Fixing the local currency's exchange rate to the US dollar gives businesses stability while ensuring competitiveness against Malaysia's neighbours, Prime Minister Mahathir Mohamad said Monday, reports AP.

"Our economy is the most stable in Asia, and traders can do business with greater certainty," he told a business forum.

Malaysia remains in recession, however, and on Monday the central bank again lowered the rate at which it lends to financial institutions. It was an attempt by Bank Negara Malaysia to spur lending.

Mahathir bemoaned the loss of 600 billion ringgit (\$157 billion) in market capitalisation in the past 20 months and repeated his criticisms that short-term foreign buying and selling can set up emerging markets for dramatic falls.

"We can do without the dubious benefit of foreign direct investment in the stock market," Mahathir told the Japanese Departmental Store Association.

"We will make a distinction between foreign short term investment in the stock market and investments in productive capacities such as manufacturing."

He said the ringgit peg of 3.8 to the US dollar would not be changed "until the exchange rates of competing currencies are really too big and affect our competitiveness to a great extent."

"Although the government is now in full control of the exchange rate, we have not strengthened the ringgit too much," said Mahathir, who also took the title of finance minister when he fired Anwar Ibrahim on Sept. 2. He promised no "sudden and extreme fluctuations."

Sweeping capital controls introduced at the beginning of September included: the fixed ringgit exchange rate, a ban on trading of the Malaysian currency and stocks outside the country, and restrictions that went into effect Oct. 1 on how much local and foreign currency travelers can take with them.

The measures have insulated Malaysia for the time being from foreign speculation, but have frightened away the long-term investment in manufacturing and technology that Mahathir wants.

In Washington, Malaysia's Deputy Finance Minister Mustapa Mohamed said the controls were neither permanent nor a substitute for sound macroeconomic and financial policies, according to a report by the national news agency, Bernama.

They will provide some breathing space for structural readjustment, he told a World Bank seminar on the Malaysian controls. "Give us a chance... What's important is the result," Mustapa said.

Shares were mixed on the key Composite Index on Monday, with declines outnumbering advances, as condemnation of Anwar's injuries in police custody pour in from governments as well as the World Bank, International Monetary Fund and United Nations.

New BIFC MD



Md Khalilur Rahman has recently taken over as the managing director of Bangladesh Industrial Finance Company Limited, says a press release.

Prior to joining BIFC he was a senior manager of Southeast Bank.

Rahman started his banking career in 1979 in BSB after completing graduation at JBA, Dhaka University.

Dhaka Bank managers' confce held

The Branch Managers' Conference 1998 of Dhaka Bank Limited was held at a local hotel on Sunday, says a press release.

The conference was presided over by Abdul Hai Sarker, Chairman of the Bank, Mirza Abbas Uddin Ahmed, Advisor, A T M Hidayatuzaman Khan, Vice Chairman, Khondoker Monir Uddin, Director, Ashfaq U. Chowdhury, Managing Director and Md. Mokhlesur Rahman DMD of the bank were present.

The Chairman in his address expressed his satisfaction over the performance of the bank and discussed contribution of the bank and commitment to the economic development of the country.

Dhaka Bank has 10 branches in the country and will start operation of its 11th branch at Laldighirpur, Sylhet on October 8.

Myanmar seeking ways to improve rice milling

YANGON, Oct 5: Myanmar is seeking ways to improve the existing rice milling by modernizing both the state-owned and private-run rice mills so that Myanmar rice will be more competitive in foreign market, reports Xinhua.

There are more than 60 state-owned rice mills and over 1,500 private ones in operation in the country.

Official the New Light of Myanmar newspaper Sunday quoted Lieutenant-General Tin Oo, Second-Secretary of the Myanmar State Peace and Development Council, as saying that although private rice mills are in the majority, they are old and outdated.

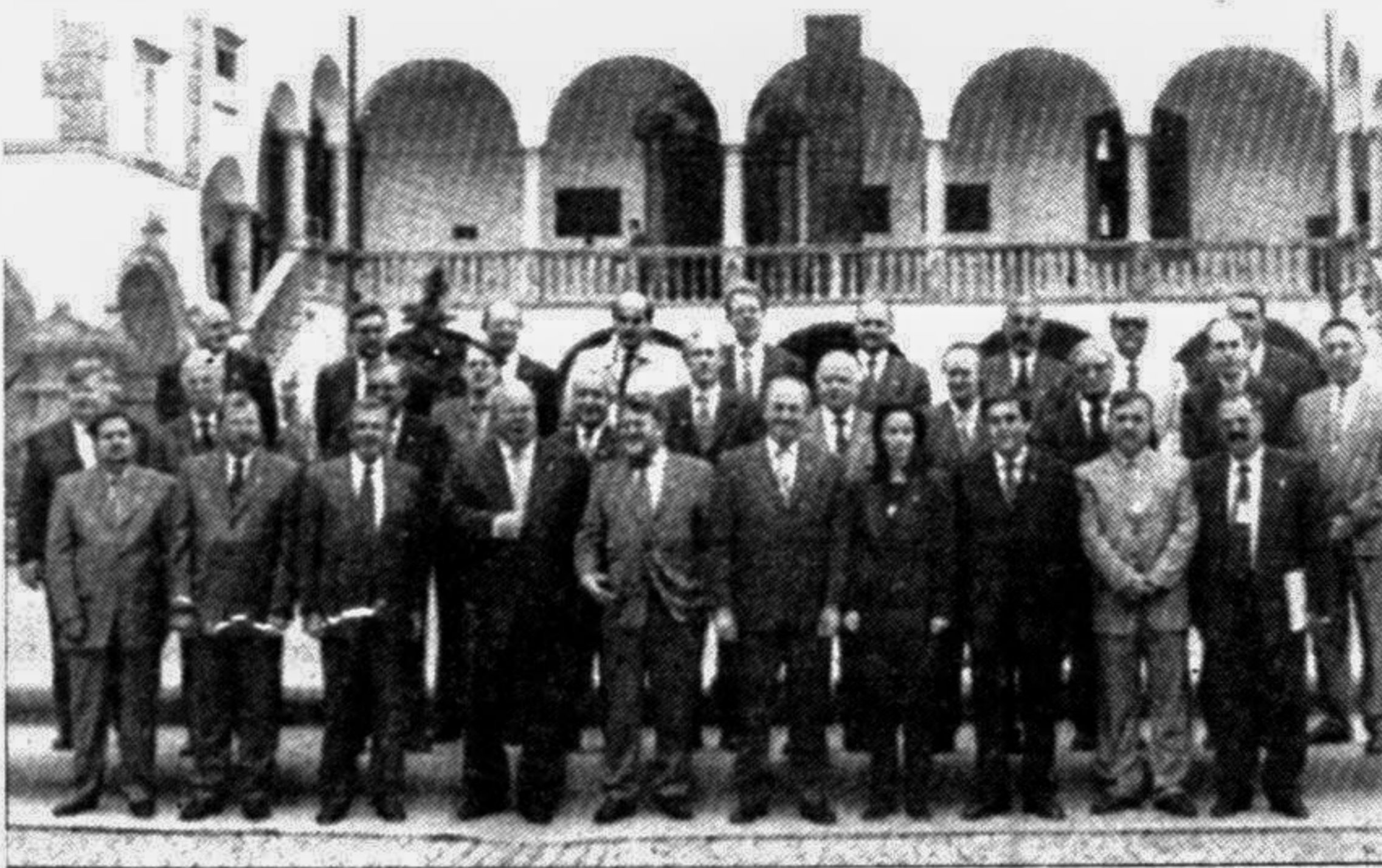
Believing that the state Myanmar agricultural produce trading's rice mills will play a leading role to be emulated by private enterprises.

At the opening of a new 250-ton rice mill in Letoadan township Saturday, Tin Oo admitted that there is difficulty in the production of quality rice because of lacking of modern technique, calling for the use of quality strains and scientific cultivation methods in agriculture.

He also said the government purchases for government employees between 1.6 and 1.8 million tons of paddy out of the more than 16 million tons produced annually, adding that the government purchases about 20 per cent of the marketable paddy and 80 per cent is traded by the private sector.

According to official statistics, Myanmar's paddy production in 1997-98 fiscal year which ended in March was 17.3 million tons, of which 28,300 tons of rice were exported.

In the first six months of this year, the country exported 17,600 tons of rice.



Delegates of the European Mediterranean economic ministers conference pose for a group photo in front of the Austrian state Kaernten's residence Sunday in Klagenfurt. — AP/UNB photo

Major powers disagree on cures for crisis

WASHINGTON, Oct 5: The world's major economic powers strongly agreed they face a deepening financial crisis, but two days of discussion failed to resolve how to contain the problem, reports AP.

US President Bill Clinton, who has called the situation the worst threat to the global economy in 50 years, planned to join the debate Monday at a special conference of 22 rich and developing countries convened at this invitation.

His administration was trying to demonstrate US resolve to calm turbulent markets at home and abroad even though there is no clear agreement among the rich nations on what to do to restore stability.

The initial reaction in Asian markets was not good, with Tokyo stocks dropping by slightly over 2 per cent Monday.

The policy-making body of the International Monetary Fund said Sunday night that the global economic outlook has worsened considerably, but its discussions have no clear sign that members had resolved disagreements over how to halt the crisis.

The IMF's interim committee pledged "concrete and rapid action" to deal with the global economic crisis but used vague language that indicated substantial differences remain.

Referring to recessions in Japan and many other Asian nations, the leveling of the Russian economy and stock market turmoil, the IMF panel said: "The outlook for the world economy has worsened considerably since the committee's April meeting."

Recent problems have been aggravated by a general weakening of market confidence, reflecting the greater prevalence and intensity of contagion in an increasingly globalised economy," its statement added.

As black limousines glided by IMF headquarters two blocks from the White House, some 200 protesters waving banners and shouting slogans called for the lending agency to be abolished and demanded debt relief for the world's poorest nations.

The United States and other nations in recent weeks have put forward major proposals to overhaul the IMF, which has been widely criticized for mishandling the Asian and Russian crises. However, the interim committee's statement undermined how much disagreement remains over what to do. None of the major measures was adopted, although the group pledged to continue working on a coordinated strategy.

"Now is the time to follow up with concrete and rapid action," the statement said, although it indicated many of the proposals would not be acted on until next spring's IMF meeting.

The disagreements on the IMF panel reflected the differences that surfaced in discussions Saturday among the finance ministers and central bank presidents of the world's seven wealthiest countries.

The weekend discussions took place in advance of the annual meetings of the 182-nation IMF and its sister institution, the World Bank.

US officials said they were happy with the initial support they have received for a major proposal Clinton made Friday that would accelerate emergency IMF loans to countries threatened with investor panic.

In its statement, the IMF committee said it would "explore" such an approach, but it stressed that the fund's reserves, depleted by billion-dollar rescue packages for Asia and Russia, need to be replenished.

Several nations, including Britain and Japan, said agreement on the US initiative depended on congressional approval of an 18 billion dollars American contribution before lawmakers go home this month.

Playing down these disagreements, the administration pressed ahead with assembling a multibillion-dollar bailout plan for Brazil, the latest country threatened by financial crisis.

Brazilian Finance Minister Pedro Malan said Sunday he was satisfied with the progress of the loan negotiations. He pledged that his country, with Latin America's largest economy, will not devalue its currency or impose capital controls to prevent frightened investors from leaving.

It was expected that a package of perhaps 30 billion dollars in an emergency credit line for Brazil could be announced soon now that Brazilian President Fernando Henrique Cardoso has won an unprecedented second four-year term in Sunday's election.