

**Delay in anti-crisis plan
Duma speaker
expresses
concern**

MOSCOW, Oct 9: The speaker of Russia's parliament said Friday he was concerned that the new government had not yet offered a plan for dealing with an economic crisis that's nearly two months old, reports AP.

"We are not hurrying the government, but we are a bit worried by the delay in presenting the anti-crisis programme," Gennady Seleznyov, a Communist who serves as speaker of the lower house, told Russian news agencies.

Russia's long-standing economic problems turned into a full-fledged crisis on August 17 when the government announced it would allow the rouble to devalue and effectively defaulted on some foreign debt.

Prime Minister Yevgeny Primakov has been in office since September 11, but his Cabinet is still formulating an economic rescue plan. The government has said it will be announced before October 20.

Seleznyov spoke to reporters following discussions about the crisis with Jacques Santer, the president of the European Union Commission. The two men discussed ways in which the European Union could help, but no details were announced.

Santer also planned to meet with Primakov on Friday.

Russia badly needs foreign aid to pay off a mountain of debts, but international lenders have not been willing to provide money until they know the contents of Russia's economic programme.

The only sign of a crisis-attacking plan from Primakov's government so far has been a draft published by the Russian media last week that called for a number of Soviet-style administrative controls.

Primakov, however, insists he supports continued market reforms. But he says the government must return to the "wild capitalism" that has characterised the country's moves toward a market economy.

**Railway wagon
shortage takes
toll on jute trade**

KURIGRAM, Oct 9: Local station has been experiencing an acute crisis of railway wagons for which thousands of maunds of jute cannot be reached to their destinations, says APB.

This has resulted in a depression in jute market, which, in turn, has made the government to lose revenue of approximately Tk 33 lakh, local sources said.

They complained it was owing to negligence of the authorities that only five wagons were arranged for transportation of jute from the station. An average daily requirement was assumed 10-15 wagons.

In view of the scarcity of wagons, local jute traders and jute companies stood to incur staggering losses this year, because local godowns did not have any more room for storing jute. Traders and businessmen could not buy any more jute for want of storage facilities.

A knowledgeable source said usually some 600 wagons carried jute at around this time of the year, as against only five wagons made available this year.

The government usually got Tk 4,700 per wagon. The annual income of the government under this head used to be Tk 32.90 lakh.

Local jute growers, traders and businessmen urged the railway authorities to increase the supply of railway wagons to save the jute industry of the region without delay.

**China hopes for
8 pc growth
this year**

BELJING, Oct 9: China's gross domestic product this year is expected to grow by about eight per cent, accompanied by negative inflation, the official Xinhua news agency said, reports AFP.

It quoted an autumn report of the Chinese Academy of Social Sciences as saying agriculture will grow by 3.2 per cent, manufacturing by 9.2 per cent and services by 8.3 per cent.

Faster economic development is expected in 1999, with 8.6 per cent growth, the report added.

Fixed assets this year will grow by 16.3 per cent over 1997 to 2.88 trillion yuan and in 1999 it will be 3.33 trillion yuan up 14.5 per cent, it said.

There will be negative growth in retail prices this year, but it will return to 1.7 per cent next year, with the implementation of a more active financial policy and growing domestic demand, the report said.

**Ghana's gold
output up**

ACCRA, Oct 9: Ghana's gold production and earnings for the first half of the year showed an increase of 20 per cent over 1997 results, according to mines department figures, reports AFP.

Receipts from gold production in the period are expected to total 324.78 million dollars, compared with 260.17 million dollars in the first half of 1997, the department said in a report published yesterday.

Gold output for the first semester of 1998 totalled 971,985 fine ounces, compared with 718,640 fine ounces from January to June 1997. By December 1997, output reached 1.57 million fine ounces, the report said.

**World leaders vow urgent action
to ward off recession**

WASHINGTON, Oct 9: World financial leaders yesterday pledged urgent cooperative action to ward off a global recession in five days of talks here, but doubts remain as to whether they can turn the tide, reports AFP.

"We have undoubtedly moved a long way forward in identifying the steps needed to establish a more durable global economic system and for addressing the crisis," IMF Managing Director Michel Camdessus told the closing session of the IMF and World Bank annual meeting here.

But none of it seemed to do much immediately to reassure investors, whose panic flight from emerging markets in the wake of the Asian crisis is now threatening Latin America.

There was certainly a change of mood from the interim meeting six months ago, as the world's industrial economies, and the IMF, publicly acknowledged that the current crisis could tip over into recession unless they took urgent action together to get the world economy back on track.

US President Bill Clinton told financial leaders from more than 180 countries

Wednesday that the world economy faced its most serious challenge in half a century, issuing a strong call for "decisive action" from all countries to turn things around.

The IMF, in its forecast for the global economy issued ahead of the meeting, set the tone by slashing a third off its world growth predictions, to 2.0 per cent this year and 2.5 in 1999 from a May forecast of 3.1 and 3.7 per cent growth.

Finance ministers of the Group of Seven leading industrial nations took the message to heart Saturday, recognising that the "balance of risks" in the world economy had shifted, and stressing the need for all countries to cooperate and do their part to promote recovery.

US Treasury Secretary Robert Rubin said the meeting was "highly energised," with a sense of energetic commitment to doing everything we can to get out of this crisis."

The twin themes of urgency and cooperation continued through the IMF and World Bank gatherings, as the financial chiefs grappled with what to do next to curb the current crisis ward off future turmoil.

Camdessus hailed this new

spirit of cooperation on Wednesday, saying "we must move to a higher level of international cooperation in striving urgently for effective solutions. Very good progress has been made in these meetings."

The G7 leaders agreed to take more action at home to help the global economy, notably by hinting at the possibility of further interest rate cuts.

Japan meanwhile accepted what its G7 partners said was the most critical language ever in a G7 statement on the need for it to move faster to reform its ailing banking sector and kickstart domestic demand.

In the longer term, the Fund/Bank annual meetings sketched out the broad areas of new measures to forestall and resolve future crises, notably by making the private sector share the cost.

Camdessus said in a report to the Fund's policy-making interim committee that in extreme cases countries in difficulty could use the "good offices" of the Fund to seek easier debt repayment terms from private creditors, suggesting a new willingness on the part of the IMF to ensure that the private sector bears its fair share of the re-

sponsibility.

His report also raised the possibility that — again, in "extreme situations" — IMF could help countries facing acute pressures on their exchange rates and reserves to arrange a moratorium on debt repayment.

The IMF is also calling for greater transparency in the operation of public and private financial bodies, and frequent disclosure by governments of data on their foreign reserve positions, external debt and capital flow.

It is proposing international standards in auditing, accounting and bankruptcy operations, adequately capitalised banking sectors and cautious liberalisation of capital accounts to ensure that markets are not flooded with investment they cannot properly manage.

All these measures are for now simply proposals, however, and there were signs of exasperation that more concrete decisions were not taken here.

Indian Finance Minister Yashwant Sinha complained Wednesday that "after five days of intense discussions and debate we are still at a loss as to why contagion has spread."

**Europe in front line to
avert global recession**

WASHINGTON, Oct 9: The EU has found itself on the front line of efforts to avert a global recession because of its relatively strong growth and the arrival of the euro single currency, reports AFP.

The European Union let the United States take the lead in efforts to battle the crisis in Asia when its first erupted 15 months ago, focused as it was on putting in place conditions for a successful launch of the euro in January.

But the EU came back to the front of stage during meetings of international financial leaders at the International Monetary Fund and World Bank annual meetings which ended on Thursday.

France produced a 12-point proposal for ways to improve the global financial rulebook which it put to its EU partners ahead of the Washington talks, so that Europe could speak with a strong single voice here.

The move met with some success, with the United States agreeing to the idea of better-regulated capital flows, an idea they fiercely opposed up to a few months ago.

Some of the ideas are also included in reform proposals to be studied the IMF, including International Monetary Fund Managing Director Michel Camdessus call for the IMF policy-making interim committee

to be transformed into a decision-making body, which has been strongly backed by France.

But key industrial countries France and Germany have so far not yielded to pressure to lower their interest rates in a bid to boost growth at home and improve the global economic environment.

For the moment, Bundesbank President Hans Tietmeyer is stressing that if all 11 euro zone countries along their interest rates at the current French and German level of 3.30 per cent for the euro launch, that would be equivalent to an average cut of 0.50 percentage points.

This would be double the 0.25 percentage point cut announced by the US Federal Reserve last week, which failed to boost markets disappointed that the reduction was not larger.

The euro zone is expected to be a key engine of growth for the world economy in the immediate future, with the IMF forecasting three per cent growth this year and 2.8 in 1999, compared with world economic growth of two per cent this year and 2.5 in 1999.

But the IMF has warned that if the euro is to achieve its potential member countries must prove that they can maintain closely coordinate economic and budget policies.

**India to import
13000 tonnes
of onion to
check crisis**

NEW DELHI, Oct 9: Faced with an acute shortage, the BJP led government has decided to import 13,000 tonnes of onion immediately from the nearest available sources, reports BSS.

This was decided at a high-level meeting convened at the directive of Prime Minister Atal Bihari Vajpayee, a commerce ministry announcement said Thursday night.

The government has also ordered ban on export of onions till fresh crop comes into the market. The government decision came with a view to meeting the situation as the prices of onion have shot up to rupees 60 per kilogram in the open market in Delhi even as the government and the cooperative tried to sell the available quantities at rupees 10 and rupees 16 a kilogram. The onion prices rose sharply due to crop damage in Gujarat and Rajasthan which along with Maharashtra supply bulk of the commodity to the capital.

Onions will be imported from Iran and Oman and are to be off loaded at the nearest available port.

**IBBL Foundation
donates Tk 1 lakh
for Banglapedia**

Islamic Bank Foundation, the subsidiary organisation of Islamic Bank Bangladesh Limited, has donated Tk one lakh to Asiatic Society of Bangladesh for 'Banglapedia' which is to be published by Asiatic Society of Bangladesh under the supervision of their National Encyclopaedia of Bangladesh Project, says a press release.

The Encyclopaedia (Banglapedia) is designed to encompass the whole range of Bangladesh knowledge from high antiquity to date under six parts, such as, History and Heritage; Arts and Humanities; Society and Economy; State and Governance; National Sciences and Biological Sciences.

**Malaysia defends
imposition of
forex controls**

MANILA, Oct 9: Malaysian Trade Minister Rafidah Aziz yesterday vigorously defended her country's imposition of foreign exchange controls, and warned speculators their business "is dead," reports AP.

The outspoken minister virtually turned a joint news conference with her Asean counterparts into a forum for defending Malaysian Prime Minister Mahathir Mohamad who has come under criticism for adopting the currency curbs to shield his country from the Asian financial crisis.

She said the "selective controls" were aimed at maintaining a stable exchange rate between the ringgit and the dollar and would not in any way affect Kuala Lumpur's commitments to free trade.

"The stability of the exchange rate in fact facilitates trade for us. It enables traders to deal with Malaysia and Malaysia to deal with the rest of the world with certainty and predictability," she told reporters at the end of a two-day Asean economic ministers' meeting here.

Since the ringgit is pegged at 3.80 to the dollar, businessmen can undertake contracts without worrying about losing money "simply because you quoted the wrong prices," she said.

Rafidah said the measures were meant to shield Malaysia from the sudden and massive withdrawal of short-term investments in the financial and stock markets, which she described as "jet-setting capital."

**US Chamber chief
urges continued
free trade**

HANOI, Oct 9: The United States and other countries must resist protectionist sentiment if the world is to emerge from its current troubles, the president of the US Chamber of Commerce said Friday, says AP.

Thomas J. Donohue also urged an overhaul of the international financial structure and continued economic reforms in Asia that include lower taxes, open markets and greater legal and financial transparency. Japan also has to put its house in order, he said.

We understand that the region's economies are dealing with tough issues of adjustment, walking a fine line between economic necessity and what is politically possible," he said.

He said a "growing isolationism" has taken root in Congress as both Republicans and Democrats gear up for next month's elections by appealing to core supporters who often oppose free-trade policies.

The US Chamber will lead a vigorous effort back home to build bridges — not walls — between our country and Asia," he told the Asia-Pacific Council of American Chambers of Commerce semiannual meeting.

We haven't given up on the Asian miracle. We believe it can and will be rekindled — and we want to be a constructive partner in that effort.

Donohue said American can't afford to crawl into a shell. A third of America's exports go to Asia, supporting 4 million American jobs.

Those exports have dropped 14 per cent in the first half of the year, effecting the US economy.



British Prime Minister Tony Blair and his wife Cherie eat a traditional Chinese meal in the privacy of their hotel room in Shanghai, China. The Blairs are scheduled to fly to Hong Kong as they near the end of an official visit to China. — AP/UNB photo

**A novel way to
make thrifty
consumers
spend**

TOKYO, Oct 9: Japanese shoppers, get out your scissors. Desperate for measures to spur the stagnant economy, the government is considering yet another way of getting thrifty consumers to spend: coupons, reports AP.

The idea is still in its infancy. But with tax-cuts so far failing to jump-start Japan's comatose consumption rate, officials are casting about for just about any idea to get folks to part with some yen.

At its bare bones, the idea is to provide gift certificates to consumers — with an expiration date to make sure they get used quickly. Officials are not yet sure whether all consumers would get them.

The idea has high-powered backing. It was first proposed by the Komei opposition party, but Prime Minister Keizo Obuchi and other ruling party leaders have shown interest.

Some, however, are skeptical. After all, there is no guarantee consumers would not just spend the coupons on essentials and put more money in their burgeoning savings accounts.

The director-general of Japan's Economic Planning Agency, for example, said Friday that the government should "cautiously consider" the voucher idea.

There are various technical problems with the implementation of gift coupon measures, and it's unclear how it will bolster the economy," Taichi Sakaiya said.

**IBBL training
courses open**

The inaugural function of training courses on "banking laws and practices," "Foundation Course" for probationary officers and "Foundation Course" for assistant officers of Islamic Bank Bangladesh Limited (IBBL) was held at the bank's training and Research Academy (IBTRA) in the city on Thursday, says a press release.

Earlier a week-long workshop on "overdue management" was arranged for the officers of Islamic Bank Bangladesh Ltd which was held from September 24 to September 30, at the auditorium of IBTRA. Moreover, the closing ceremony of "Foundation Course" for Asst Officers Gr-III (Phase-I) of the bank was held at the same venue recently.

Mohammad Younus, Vice-Chairman of the bank, attended these functions as Chief Guest.

ASM Fakrul Ahsan, Director General of the Academy, presided over the functions.

Weekly Currency Roundup

Local Market

During last week (October 04-October 08), local forex market was high and stable. The week started with a high demand for US dollar, but later in the week the dollar demand eased a bit. During the first three days, the exchange rate for dollar crossed the Bangladesh Bank's selling rate of BDT 47.25. The main reason was again payment liability for import LCs which were opened in the first half of the previous month. Higher remittance during the last half of the week reduced some pressure on BDT and dollar exchange rate came down within the range of Bangladesh Bank's prescribed rate. However, the exchange rate of dollar ranged between BDT 47.23 and BDT 47.2550 over the last week.

The effect of the devastating flood is still weighing heavy on the korb market. The dollar demand continued to be low in the informal market due to reduce business activity. During the week, the exchange rate for cash US dollar ranged between BDT 47.70 and BDT 48.00.

On October 4, Bangladesh Bank accepted the following Treasury bills:

Tenor	Amount (million Taka)	Yield
28 days	4,315	8.49%
91 days	0	--
364 days	0	--
2 year	100	10.99%

Payment against Tk 4.415 million T-bills was made on Monday last. T-bills worth BDT 5,115 million matured on the same day. Even though the amount of T-bills matured was greater than that of the payment, call money rate went up and ranged between 8.50 per cent and 9.00 per cent before the first clearing house due to prevailing uncertainty.

The government's decision to accept T-bills in tenors of multiple of seven days has started yielding fruits. Payment and maturity dates being the same, money market was not that panicky this week as it was before. From now on, payment and maturity will occur on the same day thus minimising the gap and reducing money market volatility. However, there still remains some mismatch due to the maturity of the already accepted 1-year bills. But once those T-bills mature, there will be no mismatch between payment and maturity.

International Market

International forex market went berserk on Thursday. US dollar declined dramatically against all the major currencies without any fundamental reason. Prospect of further rate cut by Federal Reserve, Japanese prime minister's pledge to inject another 10 trillion yen in Japanese economy, and prospect of concerted rate cut by major European economies mainly drove international forex market last week. — StanChart Bank



Jahangir Alam, Managing Director of Topclean Bangladesh Ltd, a Singapore-Bangladesh joint venture, inaugurates the 5th new outlet at city's Kakrail yesterday. — Topclean photo

Kingdom in the sky comes down to earth with a bump

By Alan Martin

For more than a century, South Africa's goldmines have provided jobs for thousands of workers in the region. The current slump in the industry, reports *Gemini News Service*, has brought widespread hardship and economic dislocation.

Johannes Khesuoe is a broken man with a precious dream. Until his retrenchment four years ago, Khesuoe provided for his wife and seven children by working in the goldmines across the border in South Africa.

Now desperate and destitute — his 3,000 rand severance package long since spent — the 20-year veteran of the mines hopes against hope for a chance to return to Egoi, the famed "City of Gold."

Almost every morning at eight, Khesuoe and about 100 other laid-off workers wait outside the offices of a mine-recruiting agency in Maseru.

On some days, a man in a green suit comes out, chooses a few workers and quickly shepherds them into the nearby office to sign a contract.

The man in green has not appeared for a long time, and life in the small, mountainous "kingdom in the sky" has become increasingly bleak.

"I have many problems to solve, but no money," says Khesuoe. "There are always quarrels with my children, who blame me for not having

money."

Since 1987, a slump in the South African mining industry has resulted in the lay-off of more than 200,000 miners, with devastating effects on many rural economies in southern Africa. Lesotho — sometimes described as a "fourth world" country — has been the hardest hit with 17,000 retrenched in the last 18 months, due to what industry analysts describe as the "worst-ever crisis" to hit the gold market.

Matters came to a head last January when a prolonged period of high rand value and low gold prices shrank the profitability of the local market and left the National Union of Mineworkers (NUM), the leading trade union, with no choice but to accept the dismissals mandated by the mining industry.

"This has had a very bad impact on our economy and society," says Puseletso Salae, coordinator of the Basotho Mineworkers' Labour Cooperative. "Communities are falling apart, especially in the rural areas."

For nearly a century, pools of cheap migrant labourers from all over southern Africa have gravitated to the mines, the backbone of the South African economy. Most are illiterate herdboys or ill-educated villagers for whom going to the mines is almost a rite of passage.

With up to 30 per cent of miners' paychecks being remitted to their families back home, the industry is one of the region's largest sources of income and employment.

But as the remittances have dried up, so have local economies, says Salae. Few families have enough money to send their children beyond primary school.

Family cohesion is one of the first victims of the layoffs.

Divorce, although not always legal, has skyrocketed. It is not uncommon for a woman — unhappy about her husband's alcoholism or used to being the sole decision-maker in the household — to tell her husband she is going to visit her parents and not return, adds Salae.

"Many boys that are not able to go to school end up leaving the rural areas for Maseru where they become Tsotsis (thugs)," he says. "Girls also come to Maseru to get work, but most end up as prostitutes. This is a direct result of the retrenchments."

As the poor are pushed deeper into poverty by the retrenchments, unions and mineworkers organisations are calling on the industry to halt the layoffs.

Their appeal intensified following the July announcement by Gold Fields, the second largest gold company in South Africa, that its operating profits — largely as a result of currency

gains in the wake of the rand's collapse against the dollar — had soared to R207 million, from R17 million the previous year.

"Rural economies that are completely dependent on the mines have been blasted by the retrenchments," says Kate Philip, chief executive officer of the Johannesburg-based Mineworkers' Development Agency. "The NUM made all kinds of concessions to get the industry out of the recent crisis. Now is the time to re-hire."

"They're now making record profits. The honourable thing is to invest in programmes or jobs for those that paid the price in the recent crisis," she says. "Anything else is cynical and dishonourable."

Philip is also lobbying mining companies to contribute to a R80 million project aimed at promoting self-employment schemes among discarded workers.