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APEC ministers say Energy sector can help overcome economic crisis

GINOWAN, Japan, Oct 10: Ministers from Asian and Pacific Rim nations said Saturday that improving efficiency in the energy sector can help the region overcome its economic crisis, says AP.

Japan's trade minister Kaoru Yosano, who chaired the two-day meeting that gathered energy ministers of the Asia Pacific Economic Cooperation forum, told reporters that the ministers agreed on the importance of the energy sector.

The ministers at the forum, ending Saturday, also reiterated a need for a more predictable, transparent framework to promote private investment in energy development.

"This is not a time to turn away from the movement to more open and transparent markets," said Bill Richardson, the US Secretary of Energy.

In their declaration, the ministers endorsed recommendations contained in the Natural Gas Initiative, originally presented by the United States and cosponsored by Japan to accelerate investment in the regional natural gas sector and trading networks.

Ministers agreed to submit the Natural Gas Initiative at the November APEC economic leaders' forum in Kuala Lumpur, Malaysia.

"Natural gas is a clean and flexible fuel that is underused in the world," Richardson said. "The initiative will help develop the new market for this cleaner and affordable fuel."

Also Saturday, Yosano said Japan is considering giving loans to Malaysia for energy conservation and other environmental projects, Kyodo News reported.

The move follows Malaysia's request for a \$1.8 billion loan in July. Japan will send a delegation to Malaysia for feasibility studies as early as next week, Kyodo said.

According to the updated long-term energy outlook presented by the Asia-Pacific Energy Research Centre Friday, natural gas demand in the APEC region is expected to grow 63 per cent over the 1995-2010 period.

The Asian Development Bank estimates that as much as \$70 billion in investment will be required for natural gas infrastructure in Asia over the next 15 years.

"Hundreds of billions of dollars of investment — mainly private — will be needed over the next 15 years to meet projected energy demand growth in the region," Richardson added.

Primakov gives Communist key economic powers

MOSCOW, Oct 10: Prime Minister Yevgeny Primakov on Wednesday gave his Communist deputy broad powers over the new Cabinet's economic course, news reports said, reports AP.

However, Primakov also plans to personally oversee the Finance Ministry, which suggests he wants to reserve for himself the final say on major economic decisions.

Primakov's First Deputy Prime Minister Yuri Maslyukov, who served as the last head of the Soviet central planning agency, has pushed for full control over the economic-related ministries.

Maslyukov will be in charge of economics and trade ministries and various other bodies, including the committee for state property management that oversees privatisation.

Maslyukov will also step in as acting premier during Primakov's absence and oversee talks with the International Monetary Fund, the World Bank and other international lenders, the Russian media reported.

Liberal economists have been critical of Maslyukov, saying he is likely to opt for at least some Soviet-style controls on the economy.

But Primakov has decided to oversee the finance, foreign, defence and interior ministries, as well as tax service and customs committee and several other agencies, the ITAR-Tass and Interfax news agencies reported Wednesday.

The premier says he will continue with economic reforms, but opposes the "wild capitalism" that has characterised Russia's moves toward a market economy.

Primakov spoke on national television Tuesday evening, the day before nationwide strikes and assured Russians that the government would pay off all wage and pension arrears and make sure there would be no shortage of basic foods.

In another development Finance Minister Mikhail Zadornov criticised a recent statement by Maslyukov, who said Russia would be unable to pay off its debts this fall without help from the International Monetary Fund.

Zadornov insisted that Russia could make it even without IMF aid, and added that Maslyukov's words didn't help advance Russia's interests, the business daily Kommersant said Wednesday.

Zadornov, speaking to reporters in Washington, did not explain how the government would finance its spending without Western aid.

Asia is increasingly cynical about IMF prescriptions

BANGKOK, Oct 10: Asia is increasingly cynical about the International Monetary Fund (IMF) and its traditional prescriptions for solving economic crises, reports Reuters.

This week's annual meetings of the IMF and World Bank appeared yesterday to have done little to persuade many Asian officials and economists that the agencies can rescue the region from its worst recession in half a century.

While western officials at the meetings in Washington, which ended on Thursday, generally agreed that freeing capital flows and strict monetary discipline were still essential, many economists from Beijing to Bombay disagreed.

"The IMF's terms are too harsh," said Zhen Bingxi, the head of the world economy division of China's foreign ministry think-tank, China Institute of International Studies.

"The IMF's strong prescription has made many countries suffer from diarrhoea from too many wrong medicines... many economies do not need austerity but a relaxed financial environment," he told Reuters.

The whirlwind of economic reform that has swept across Asia since the devaluation of the Thai bath in July 1997 has challenged much of the traditional economic wisdom in the regional and led some to question the benefits of globalisation.

Only a minority of Asian economists think the draconian capital and currency controls imposed on the Malaysian ringgit by Prime Minister Mahathir Mohamad were an ideal response.

But there is widespread sympathy for the conditions that led to them and a feeling that, under some circumstances, capital controls may be justified if markets become too volatile.

Many Asian currencies have lost more than a third of their value in the past year at the hands of mostly western, foreign exchange dealers, and investment in former "tiger" economies has collapsed as the Asian financial crisis has deepened.

"The brute fact is that after five days of intense discussion and debate, we are still at a loss as to why contagion has continued to spread," Indian Finance Minister Yashwant Sinha said in Washington.

"Nor do we seem to have achieved clear, agreed and effective measures to contain the crisis."

One proposal that has emerged consistently in varying forms from Asian officials in Washington and at home is for greater international cooperation to monitor capital markets and provide some sort

of early warning system for economic crises.

"There should be more sophisticated and efficient mechanisms for monitoring short-term capital movements, and in some cases, there should be certain mechanisms to make a more stable market environment, especially for developing countries," said Kim Young-Duck, the South Korean Finance Ministry's Deputy Director General for International Finance.

He told Reuters he thought the meetings could even lead to an international consensus about adopting some form of controls on volatile capital flows.

"I think this is a good opportunity for all nations to pay more attention to the future of the international financial community and the orderly management of international financial."

Choedchal Khannabha, a top economist at Thailand's finance ministry, agreed.

"The IMF must find effective ways to control thousands of global hedge funds which have reaped havoc in the financial world. It cannot continue ignoring this problem."

Part of the resentment in Asia to the IMF and its policies is based on what some see as a western centred view of the world. Many feel the IMF is too

closely aligned to the United States and doesn't understand Asia's problems.

"The IMF is paying close attention to Brazil," said Zhen, who described Brazil as the US backyard "catching fire."

"The US always attaches more importance to the financial health of Latin America than that of Asia, although the problem facing Latin America is not as big as Asia."

Mark Macfarland, economist at Santander in Manila, said the Washington meetings had exposed the Europeans refusal to acknowledge depth of the crisis in world financial markets.

"There is a future for the IMF provided they smarten up their act," he said, "they've been an absolute failure in Asia." There is a cynical view, that the role of the IMF in Asia has been nothing more than to ensure that international creditors get their money back. That view is quite widely held in Asia, especially Korea," he said.

Economist Budi Hikmat of Indonesian state owned Danareksa Sekuritas said the IMF had a future, but it should avoid rigid monetarism and also look at other things.

"The IMF meeting has somewhat acknowledged that the rigid standard prescription is no longer effective. That is an encouraging move," he said.

Post-flood rehabilitation Tofail warns against corruption

BHOLA, Oct 10: Commerce and Industries Minister Tofail Ahmed has warned against any irregularity and corruption with the post-flood rehabilitation programme, reports UNB.

"If anyone claims bribe for agri-loan, hand over him to police instantly," he suggested the local farmers while addressing several rallies in the district on Friday.

The minister also asked the concerned officials to arrange agri loans within 48 hours if a peasant comes for loan to recover from the century's worst deluge.

Officials said that only in Bhola district, some 80 crore taka will be disbursed as post-flood agri loans. The Krishi Bank alone will provide Tk 22.54 crore for the coastal district.

Addressing the meetings in Bheduria and Bhelunia in sadar thana, the influential ruling party leader also called upon all to "remain alert against any kind of politics with the VGF cards."

The government is providing more than 40 lakh cards to feed the most needy people for three months under the VGF (vulnerable group feeding programme) with assistance from UN's World Food Programme (WFP).

Tofail Ahmed made the day long visit to remote areas of sadar thana, a parliamentary

constituency he earlier vacated and for which his protégé, late Obaidul Haq Babul of Awami League, was nominated for the by-election.

The tiny district town wore a desolate look ahead of Babul's second death anniversary Saturday.

Betel leaf farmers facing setback in Kushtia

KUSHTIA, Oct 10: Betel leaf cultivators here are facing serious setback in the aftermath of long-lasting flood, reports UNB.

Most of the betel leaf farms have been damaged due to water logging for the last two months. The growers are not in a position to rebuild it as they have lost their financial capability.

Scarcity of necessary inputs, high rate of carrying cost, non-availability of loan and marketing facilities are stated to be causing the growers are facing seriously.

Prices of bamboo, straw, oil cake, coal thread, etc, which are necessary for betel leaf cultivation, have gone up. About 45 maunds of oil cake are required to make suitable one bigha of land for the cultivation of the crop.

Sheds used for plantation of the crop are needed to be exchanged frequently.

'Islamic bank should work to develop participatory economy'

Chairman of Social Investment Bank Limited, Dr M A Mannan, has said Islamic bank should work to develop participatory economy.

He said this while delivering a lecture on 'New frontiers of Islamic Banking in the 21st Century' at the second annual Harvard University Forum on Islamic Finance held on Friday, says a press release.

Dr Mannan is the only economist from Bangladesh to attend the forum as a guest speaker at the invitation of the university.

The theme of this year's forum is 'Islamic Banking in the 21st Century'.

He pointed out that Islamic corporate sector banking is getting submerged in the wave of market and running the risk of marginalising social and ethical ingredients of Islamic finance.

Presenting three-sector model of SIB, he indicated that the real performance of Islamic banks lie not merely in their volume of deposit, investment and distributable profit as reflected in the conventional financial balance sheet but also in the growth of human capital balance sheet.

He advocated a 6-point action plan for Islamic banks in the 21st century. These include undertaking at least 10 million family empowerment credit programme in every decade, creation of trust fund for one billion US dollar by 2010, globalization of Islamic voluntary sector, establishing trading house of Islamic Umrah, establishing the three-sector model of Social Investment Bank; targeting poverty in other countries, establishing of World Social Bank in the private sector.

1.38 lakh hectares of land come under Boro cultivation in Kishoreganj

KISHOREGANJ, Oct 10: A total of 1,38,171 hectares of land have been brought under Boro cultivation in 13 thanas of the district during the current season, reports UNB.

According to Agriculture Extension Department, of the total, 1,29,882 hectares will be brought under high yielding variety (UHVI) and the rest 8,289 hectares under local variety.

Official sources said 2,640 hectares will be cultivated in Hossainpur, 4,800 hectares in sadar, 6,287 hectares in Pakundia, 10,200 hectares in Katiadi, 7,900 hectares in Karimganj, 8,072 hectares in Tarail, 25,100 hectares in Itna, 13,411 hectares in Mitamoin, 13,550 hectares in Nikli, 22,632 hectares in Austragram, 12,459 hectares in Bajitpur, 5,555 hectares in Kuliarchar and 5,565 hectares in Bhairab thanas.

The target of Boro production has been fixed at 3,37,139 metric tons.

The local Deputy Director of AED Fazlul Haque told UNB that necessary measures have been taken to give loans, supply high yielding varieties of seeds, fertilizers, insecticides and other necessary inputs to the farmers of the district for the successful implementation of the scheme.

Potato

Some 3,000 hectares of land in 13 thanas of the district have been brought under potato cultivation during the current Rabi season.

According to Agricultural Extension Department (AED), of the total, 140 hectares will be cultivated in Hossainpur 230 hectares in sadar, 780 hectares in Pakundia, 190 hectares in Katiadi, 170 hectares in Karimganj, 70 hectares in Tarail, 107 hectares in Itna, 95 hectares in Mitamoin, 65 hectares in Nikli, 510 hectares in Austragram, 310 hectares in Bajitpur, 160 hectares in Kuliarchar and 173 hectares in Bhairab thanas.

The target of potato production has been fixed at 36,000 metric tons.

Official sources said necessary measures have been taken to give loans, supply seeds, fertilizers, pesticides and other agricultural inputs to the farmers for the successful implementation of the programme.



A man looks at an electronic board displaying the movements of the Hong Kong stock index at a bank Friday as the Hang Seng Index rose 567.28 points or 7.1 per cent, closing at 8,506.79 on the expectations of a short-term interest rate cut. —AP/UNB photo

Clinton seeks \$18 b for IMF Congress, administration trying to narrow their gap

WASHINGTON, Oct 10: Congressional Republicans and the administration engaged in intensive, last-minute negotiations Friday over conditions to be attached to 18 billion dollar President Bill Clinton is seeking for the International Monetary Fund, reports AP.

"I think there has been a significant amount of good-faith, bipartisan discussion," said Gene Sperling, chairman of the White House National Economic Council. "I think it's too early to tell, but I think there are more hopeful signs than there have been in quite some time."

However, some disputes remained.

Republicans, demanding that the 182-nation lending institution reform its practices, want to attach conditions to the US contribution, which would help replenish IMF accounts strained by the global economic crisis.

Among the conditions: — The IMF must stop loaning money at below-market inter-

est rates. Critics claim this leads to further high-risk investments.

Loans to countries in distress must be no longer than one year, with incentives for more rapid repayment. Supporters of this provision say it would increase the IMF's liquidity and discourage it from overly ambitious, multiyear programmes.

— The IMF must open its books and proceedings to more public scrutiny.

— A commission must be established to study the viability of all multinational financial institutions.

The Clinton administration and the IMF oppose insistence on such conditions as a precondition for the US money.

However, congressional and administration negotiators said a middle ground mechanism was being crafted that would enable the Treasury Secretary and perhaps the Federal Reserve chief to certify that the IMF was moving toward such reforms.

"Many of the reforms that Congress wants are the same as the ones we want," said a senior administration official, who spoke on condition of anonymity.

Treasury Secretary Robert Rubin was negotiating actual language with Republican leaders.

"We obviously feel it is absolutely essential to get the full funding. We feel there have been some hopeful signs," Sperling said. "We support the notion that there should be reforms to the IMF. But they can't be mechanisms that would restrict and limit the ability of funds to flow."

Sperling cautioned that "there are still some tough and contentious issues out there, and I would not want to hazard a prediction at this moment as to when they would be resolved."

The Senate passed the full 18 billion dollar line of credit but the House earmarked only 3.4 billion dollar for the IMF.

Daimler Benz donates Tk 6 lakh for flood victims

A major German company donated Dm 20,000 equivalent to over Taka 560,000 for the flood affected people of Bangladesh, according to a message received here Friday, reports BSS.

Daimler Benz Company, one of the oldest and reputed manufacturers of cars and aeroplanes, handed over the amount to German Red Cross to assist Bangladesh Red Crescent Society in their efforts to mitigate the sufferings of the flood victims.

Lecture on Economic & Monetary Union today

A lecture session on 'Economic and Monetary Union 1999: Its Background and Impact' organised jointly by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) and Citi Bank NA, will be held at ICMA Bhaban, Nilkhet, in the city today at 6 pm.

Munir Chowdhury, Country Treasurer, Citi Bank NA, Dhaka will be the guest speaker, says a press release.

Russia asks EU for food, medicine

MOSCOW, Oct 10: Russia has asked for food and medicine from the European Union to make it through the winter, an official said Saturday, while the country faces plunging imports, a sinking currency and its worst harvest in decades, reports AP.

Prime Minister Yevgeny Primakov told European Union President Jacques Santer in Moscow on Friday that such aid "would be welcome," said Bertrand Soret, chief EU spokesman in Russia.

Reports of a US food aid package to Russia propelled a brief surge in grain markets earlier this week. While talks between the US Department of Agriculture and Russian officials were said to be informal, some say Russia is looking to import as much as 3 million metric tons (3.3 million short tons) of donated grains.

Many store shelves have been empty for days at a time since Russia's long-standing economic problems developed into a full-fledged crisis in mid-

August, though the country hasn't experienced any serious shortages. The government is planning to drop or lower import duties on basic foods such as meat, butter and grain in a bid to restock them.

Details on what food and medicine Russia needs and what the EU could offer will be worked out in committees, Soret said. The EU insists that the distribution of any such aid be carefully controlled.

Other Russian officials, meanwhile, were seeking to play down the shortages.

Deputy Agriculture Minister Vyacheslav Chervovnikov said Russia would not import any grain this year, despite a paltry harvest of 50 million tons (55 million short tons). Russian news agencies reported. That's down from 88.5 million tons last year, and the lowest in more than 40 years largely because of prolonged droughts.

Imports — which Russia used to depend on for nearly half its consumer goods — plunged 45 per cent in September.



Demonstrators of trade unions and opposition parties and movements, including the Russian Communists dance during rally in Kemerovo, centre of Russia's coal mining industry, Western Siberia, Wednesday during a nationwide labour protest. Not more than five thousand people, not 15,000 as expected, assembled for meetings in the region's administrative centre of Kemerovo. —AP/UNB photo

Top Japanese planner warns Dollar fall may hurt world economy

TOKYO, Oct 10: Japan's top economic planner warned yesterday the dramatic surge of the yen and the slide in the dollar could seriously hurt the world economy, reports APF.

Taichi Sakaiya's warning came as Tokyo's Nikkei Stock Index plunged to its lowest level in nearly 13 years, led by heavy selling of blue chip exporters.

The dollar has crashed against the yen in the past two days, hitting a low of 111.73 yen in London on Thursday. That may have a significant impact on the global economy said Sakaiya, head of the Economic Planning Agency.

I am concerned that the impact may emerge on the real economy, if a rate on the low 110

yen level is prolonged, he added.

The Japanese cabinet, which met early Friday, was also concerned about the surge in the yen. No one welcome the sharp rally, Sakaiya said.

The dollar levelled off at 117.18-22 yen in Tokyo by 5 pm (0800 GMT), pushed down more than three yen over the day after Japanese Finance Minister Kiichi Miyazawa ruled out intervention.

It will not be necessary, Miyazawa said. The markets will settle down as matter of course.

I think the dollar will find an appropriate level to settle down, despite the volatile trading, he added.

The nikkei stock index,

however, tumbled to its lowest level for nearly 13 years, closing down 1.1 per cent at 12,879.97 points.

In Japan, export-led firms would be particularly badly hit, Sakaiya noted. Blue chips like Sony Corp. and Honda Motor Co Ltd. have seen their stock tumble in the past two days.

Most firms, planning spending for the rest of the year, have forecast the yen will stay at the 130-level to the dollar in the next six months.

A yen level of 116 will badly hit their profits, said Susumu Kato, chief economist at Barclays Capital.

It is also likely to do more harm than good to the rest of Asia.

IBBL discussion on performance evaluation held

A discussion on 'Evaluating Bank Performance' organised by Islami Bank Bangladesh Limited was held at the Boardroom of the bank on Thursday, says a press release.

Ziaul Hasan Siddiqui, General Manager, Department of Banking Operation & Development of Bangladesh Bank, discussed the subject as chief discussant.

The function was also attended, among others, by Nur Mohammad Akan, Alternate Director, M. Kamaluddin Chowdhury, Executive President, Nasiruddin Ahmed, Executive Vice President of the bank, and ASM Fakrul Ahsan, Director General, IBTRA.

US chamber urges Hanoi to improve business climate

HANOI, Oct 10: The President of the US Chambers of Commerce yesterday warned that new foreign investment will not come to Vietnam until it takes urgent measures to improve its business climate, reports APF.

"If they choose to keep all the rules and regulations and impediments... capital and investment and economic opportunities will go elsewhere," said Thomas Donahue.

"Capital will go where it is fair and treated properly," Donahue said at a business luncheon organised by the Vietnam Chapter of the US Chamber of Commerce in Hanoi.

Donahue, who was to meet

with the Communist Party General Secretary Le Kha Phieu later and Prime Minister Phan Van Khai late Friday afternoon, said he planned to deliver stern advice to his Vietnamese hosts on behalf of US businesses.

"I will be polite but firm... that the only way we will have a trade pact and give Vietnam most favoured nation status is when reforms begin and start to take hold," he said.

Earlier on Friday, French Ambassador at large for international investment Jean-Daniel Tordjman delivered the same message to Vietnamese leaders, urging a more open and transparent investment climate.

'Privacy crucial for on-line transactions'

OTTAWA, Oct 10: Senior officials from 29 industrialised nations ended a conference on electronic commerce Friday agreeing that privacy is crucial for on-line transactions, but lacking a consensus on how to achieve it, reports AP.

The three-day conference of ministers from member nations of the Organisation for Economic Cooperation and Development was aimed at finding ways to promote electronic commerce on a global basis.

One of the biggest obstacles to faster growth of the activity is consumer doubt about the security of financial transactions on the internet.

While many consumer groups favour government-imposed privacy regulations, some countries, most notably the United States, believe the industry should regulate itself.