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The Daily Star BUSINESS

DHAKA, WEDNESDAY, OCTOBER 14, 1998

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ADB vice-president due in city tomorrow

The Vice President of the Asian Development Bank (ADB), Myoung-Ho Shin, arrives here on Thursday to discuss with the government the ADB assistance for post flood rehabilitation, reports UNB.

During his stay, the ADB Vice President will meet with Prime Minister Sheikh Hasina, Finance Minister Shah AMS Kibria and the ERD Secretary.

He will also visit some flood-affected areas of Narayanganj and DND dam, said a press release of ADB here yesterday.

Following the government's appeal for international assistance in the post flood rehabilitation and recovery programmes, the ADB has responded positively.

A 14 members ADB Flood Rehabilitation Appraisal Mission is currently visiting Bangladesh to conduct a detailed assessment of priority rehabilitation works and prepare a new loan for a post flood rehabilitation project.

The mission is also finalising an action plan for the use of surplus funds from ongoing projects for rehabilitation purpose.

The Vice President's visit serves to ensure that the Bank support would meet the priority needs of the government in its endeavour towards rehabilitation and recovery.

China's economic growth rate may fall in '99

BEIJING, Oct 13: China warned yesterday that its economic growth rate could fall in 1999 as the effects of the Asian financial crisis begin to kick in, says AFP.

"China's gross domestic product (GDP) is expected to grow by seven to eight per cent next year," the official China Daily quoted a senior economic official as saying.

"This growth rate is conducive to China's readjustment of industrial structure," Ma Jiantang of the State economic and trade commission told the newspaper.

Ma said investment in fixed assets was expected to grow by between 10 and 15 per cent next year — less than the 17 to 18 per cent increase predicted.

This prediction surprised some analysts, who were expecting a massive infrastructure investment programme of 750 billion dollars to the end of the century to boost growth next year.

Direct foreign investment in China has slowed in recent months as a result of the financial crisis in Asia.

12th AGM of Janata Ins held

The twelfth annual general meeting of Janata Insurance Company Limited was held Monday, at a city hotel, says a press statement.

Aziz Al-Kaiser, Chairman of the Board of Directors of the company, presided over the meeting while Zafar Ahmed Chowdhury, Chief Adviser, directors, advisers and the managing director of the company also attended the meeting.

The meeting reviewed the overall activities and strategies were recommended for expanding its business. The shareholders expressed their confidence in the board.

The chairman appreciated the contribution of all shareholders in adopting the company resolutions. He also thanked them for the confidence reposed in the company.

The Board of Directors contemplates to declare 10 per cent interim dividend for the year 1998. The Chief Adviser in his closing statement assured the shareholders of the company's positive steps for overall improvement.

Asian currencies mixed against dollar

SINGAPORE, Oct 13: Asian currencies were mixed against the US dollar in quiet trade today with most investors awaiting fresh direction from the US market, closed a day earlier, dealers said, reports AFP.

The Japanese yen slipped to 118.80 against the greenback in late morning trade from Monday's close here of 117.60 and New York's weekend close of 116.60 the US market was closed Monday for a holiday.

Trade has been slower. The market is taking a breather after recent rallies due to the strong yen. Players are mostly sidelined waiting for the Europe and US markets to open later in the afternoon, a dealer with a foreign bank said.

Others cited profit-taking on Tokyo stocks for the slide in the yen.

The Singapore dollar rose to 1.6340 against the US dollar from Monday's close of 1.6350 and the Indonesian rupiah to 9,000 from 9,100.

But the Thai baht eased to 38.28 to the dollar from 38.25, the Philippine peso to 43.15 from 43.00 while the Taiwan dollar slipped to 33.10 from 32.85 as well as the South Korean won at 1,343 from 1,320.

Currency devaluations fail to buy Asean a way out of crisis

SINGAPORE, Oct 13: Exports from Southeast Asian countries have slowed since the start of the region's financial crisis, confounding hopes that their currency devaluations would allow them to export their way out of the turmoil, officials said Tuesday, reports AP.

"It's been more than a year since the devaluations," said Rodolfo Severino, secretary general of the Association of Southeast Asian Nations. "There has been no export recovery from the Asean countries. Quite the contrary."

Normally, a lower exchange rate would make a nation's products more competitive overseas. Many economists had predicted that the sharp currency devaluations that hit

in July 1997, would create an export surge as the countries attempted to recover economically.

But Severino and other officials attending an East Asia Economic Summit said a shortage of credit caused by banking problems, weak worldwide demand, and heavy loan burdens among producers had thwarted export hopes.

Total Asean exports grew 6.34 per cent in 1997 to \$351.6 billion, compared to average annual growth of 16.5 per cent during the 1993-96 period, Severino said. Exports were virtually flat in the second half of the year as the effects of the crisis began, he said.

The slow growth continued in the first quarter of 1998, with total Asean exports rising

only 5.17 per cent from a year earlier, he said.

Exports to economically troubled Japan, one of the region's main markets, shrank by 2.6 per cent from 1996 to 1997, while exports to the European Union fell 1.8 per cent.

"Clearly, the economic recovery of the Asean countries cannot depend on an export surge actuated by the mere devaluation of their currencies," Severino said.

He said Asean's ability to expand exports requires increased demand in developed countries, particularly Japan, and financial reforms that will give exporters increased trade financing.

South Korea, although not a member of Asean, has also faced disappointing export

growth, said Han Duk-soo, the country's minister of state for trade.

"Trade is extremely important for countries coming out of the financial crisis," he said. "But actually it hasn't increased so much."

As a result, "now we are attempting to stimulate domestic demand so that economic growth won't be hurt as much," he said.

Meanwhile, the restructuring that Asian economies need to emerge from recession is being delayed by political instability, a rise in protectionism, and lack of money from a fearful world, high-ranking speakers told conference.

"In a severe crisis, countries, like individuals, become preoccupied with survival and become more self-centered and selfish," said George Yeo, Singapore's second minister for trade and industry.

"What we are seeing now is a financial El Nino sweeping the world," Yeo said. "The crux of the problem is no longer economic, but political, and because of that it will take a long time to recover."



MA Rouf, a presidential candidate in the forthcoming FBCCI elections, addresses a press conference in the city yesterday. —Star photo

Primakov vows to expand role of foreign banks in Russia

MOSCOW, Oct 13: Prime Minister Yevgeny Primakov promised Tuesday to expand the role of foreign banks in Russia, and said his government has no plans to nationalise domestic banks, not even those on the verge of bankruptcy, reports AP.

Primakov also said during a meeting with major Russian banks that between 1.5 and 2 billion dollars has been sent out of the country, some of it illegally, since the latest economic crisis struck in mid-August.

No details were released of Primakov's plans for foreign

banks, which are currently not allowed to provide retail services in Russia. All the major international banks have offices in Russia, devoted mostly to corporate and investment services.

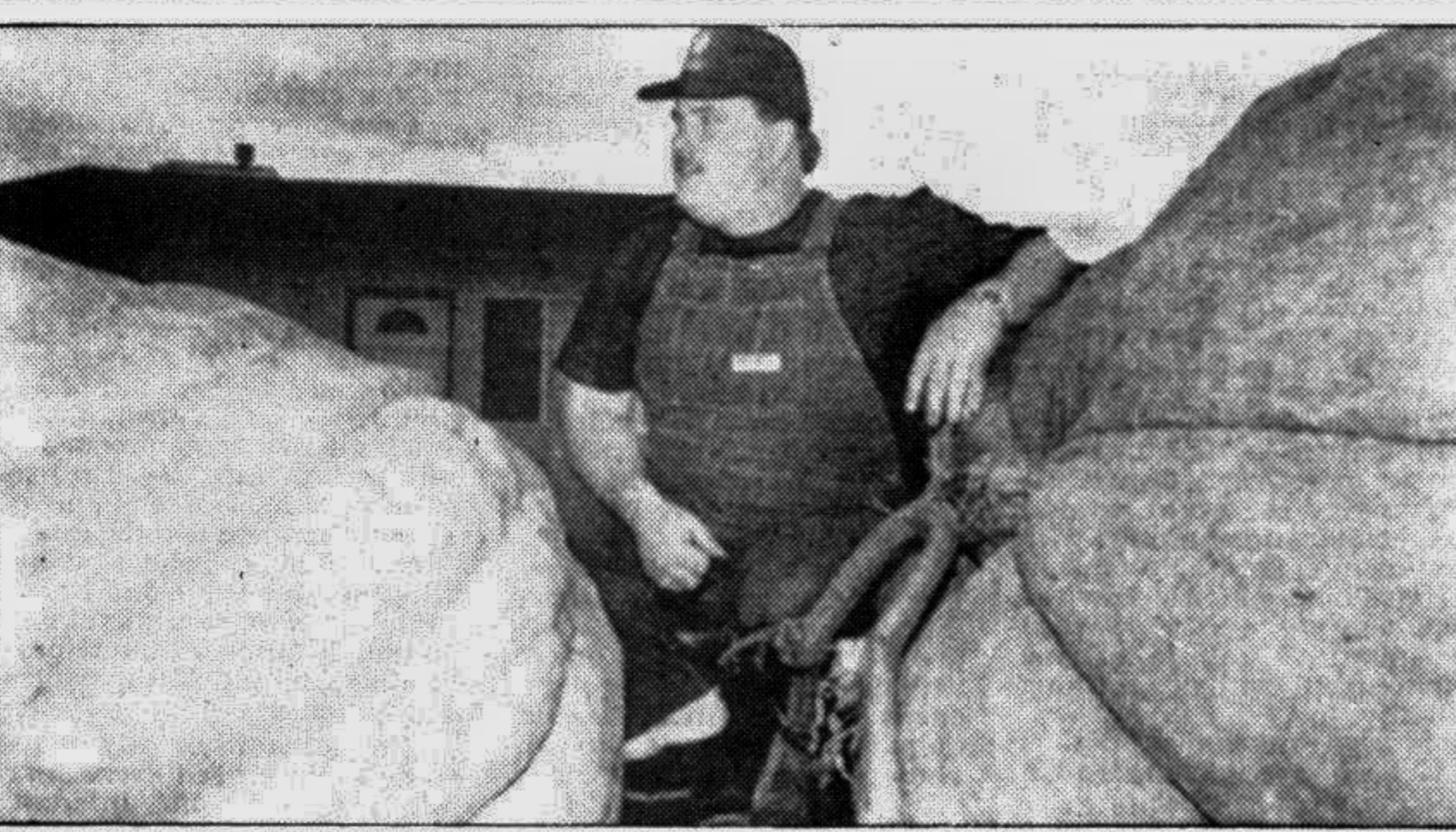
"We cannot manage without expanding opportunities for foreign banks in Russia, without the expansion of foreign capital in assets of Russian banks," Primakov said, in remarks broadcast on national television.

The Russian media have given varied accounts of how the government is likely to respond to the banking crisis.

Some reports have said the government is considering nationalising the country's leading banks, while other reports said the government will seek only to rescue ailing banks, and will leave them in private hands.

Some commercial banks have failed, and most have frozen accounts or allow only limited transactions. The banks regularly run out of rubles and foreign currencies sought by customers.

Clients of six major private banks have been advised to transfer their accounts to the state savings bank.



The sun rises behind Kirk Mombert as he waits with a pair of pumpkins he brought to the Great Pumpkin Weigh-off in Half Moon Bay, Calif, on Monday from his farm in Harrisburg, Ore. The pumpkin on the right weighed 937 lbs and garnered the \$ 1000 prize for second place. —AP/UNB photo

White House, Congress in \$18b IMF package deal

WASHINGTON, Oct 13: Negotiators for Congress and the White House are in basic agreement on a package to give the International Monetary Fund \$18 billion to help it weather the global financial crisis, reports AP.

Still, some fine-tuning remained on conditions being put on the US contribution, said congressional and administration officials.

The compromise calls on the IMF to stop lending money at below-market interest rates, a practice critics claim leads to high-risk investments. The package also demands the IMF open its books and proceedings to more public scrutiny.

While the conditions would not be legally binding on the 182-nation lending organisation, the administration agreed to push hard for the changes among other key IMF members, the officials said.

"There are still a couple of words that have meaning" that need to be negotiated, said Senate Majority Leader Trent Lott, a Republican.



Vice President Al Gore addresses the opening day of the International Telecommunications Union conference which began a four-week session in Minneapolis on Monday. A total of 1,600 delegates from nearly 200 countries are participating in the conference which is expected to consider global communications policies and discuss the problems that are slowing traffic on the Internet. —AP/UNB photo

EBL managers' confce held

A managers' conference of Eastern Bank Limited (EBL) was held at the bank's training academy recently.

Nurul Husain Khan, Chairman of the Board of Directors of the Bank, inaugurated the conference, says a press release of the bank.

Managers from 21 branches of EBL and departmental heads of the Head Office participated in the conference.

In his inaugural speech, the chairman advised the participants to render better services to the clients for the welfare of the bank.

AM Shaukat Ali member of the Board of Directors, and M Khairul Alam, Managing Director, among others, also spoke on the occasion.

Director AM Shaukat Ali said every manager must be equipped with the knowledge of the current economic situation of the country as well as the world. He said that a banker would be judged by his output.

Suzuki to open car plant in Myanmar

TOKYO, Oct 13: Japan's Suzuki Motor Corp. said Tuesday it will set up a joint venture in Yangon, Myanmar, to begin producing cars and motorcycles next spring, reports AP.

Suzuki's president, Osamu Suzuki, signed an agreement with the government of Myanmar to begin construction of a factory by the end of the year, the world's third-largest motorcycle maker said in a statement.

Suzuki will invest 10 million in the new company, which will eventually produce about 20,000 motorcycles and 3,000 small cars per year.

Suzuki will run the plant jointly with the government-run Myanmar Automobile and Diesel Engine Industries, the statement said.

Japan needs couple of yrs for banking cleanups

SINGAPORE, Oct 13: Japan will need another year or two to restructure its banking system and once again become the lending engine of Asian economic recovery, a special adviser to Japanese Prime Minister Keizo Obuchi said Monday, says AP.

"It will take at least a year or two before we can declare the main part of our cleanup operations is completed," said Toyoo Gyoyten, president of the Institute for International Monetary Affairs and Obuchi's adviser.

He said Japan's private banks "will also take that span of time to recover."

Economists and businessmen hammered away at the opening day of an East Asia Economic Summit that Japan, the world's second largest economy, must quickly resolve the problem of sick banks and encourage spending and investing in order to push the rest of Asia out of financial crisis.

"Japan can be a locomotive pulling the region out of its crisis. If not, it becomes a Titanic pulling the region under," Kenneth Courtis, chief economist for Deutsche Bank Group Asia Pacific, said at the first session.

Courtis said Japan will need to spend about one trillion dollar to solve its banking problems and stimulate its economy.

Gyoyten, speaking later at the conference, outlined the more modest proposal he said the government is committed to completing by the end of this year, at a cost of 45 billion dollars or 55 billion dollars.

Meet on using jute goods as packaging materials held

An inter-ministerial meeting for increasing the use of jute goods as packaging materials for a number of items like cement, sugar, fertilizers etc., was held yesterday.

State Minister for Jute AK Faezul Huq presided over the meeting held in the conference room of the Ministry of Jute, says an official handout.

The meeting stressed the need for ensuring fair price of jute, minimising continuous loss of jute mills and use of jute goods for combating environmental pollution.

For technical reasons, liberal attitude is necessary for use of paper bags in packaging and transporting of locally produced cement, the meeting felt.

It discussed in detail the use of jute materials for transportation of TSP and SSP fertilizer.

Faezul Huq said that the use of jute goods as packaging material for the country should be viewed as the national industrial strategy.

Commerce Secretary Syed Alamgir Faroque Chowdhury, Industry Secretary KM Eajul Huq, Jute Secretary Mahfuzul Islam, Additional Secretary of the Ministry of Agriculture M A Halim, President of Bangladesh Jute Mills Association Behruz Ishpani and representatives of BJMC were present.

Economists differ on prescriptions for ailing Asia

SINGAPORE, Oct 13: Leading economists and businessmen disagreed Monday on solutions for Asia's financial turmoil but warned that a mishandling of the situation could lead to the world's worst economic crisis in more than 50 years, reports AP.

"Asia is facing its most severe economic crisis," Singapore Prime Minister Goh Chok Tong said in his keynote address at an East Asia Economic Summit. "And the global outlook for 1999 does not look promising."

Noting that the "Asian contagion" has spread and that investors are retreating from all emerging markets, Goh said that globalisation is not the cause of the financial crisis.

"Retreat from globalisation

is not the solution. If the region had not been plugged into the global economy in the first place, there would have been no Asian miracle to begin with," Goh said.

Goh urged the international community, especially the United States, to play a more vital role in Asia's recovery and release more funds to the International Monetary Fund, which is overseeing bailouts in the region.

Goh is one of only two leaders to participate in the seventh annual East Asian summit organized by the World Economic Forum, a private agency based in Switzerland that brings political and business leaders together.

Philippine president Joseph Estrada is scheduled to address

the gathering Tuesday.

Other participants warned that lack of leadership could worsen the economic troubles. They agreed that the rapid spread of economic turmoil to Russia, South America and the US stock market showed that global solutions will be needed.

"We have to see this as a global issue, as a global challenge, and the solution should be at the global level," said Jusuf Wanandi, chairman of Indonesia's Centre for Strategic International Studies.

But they differed on whether the solutions should focus on the internal policies and plights of affected countries, or on the growing uncertain impact of globalisation on the world economy.

Clyde Prestowitz president

of the US-based Economic Strategy Institute, said the worsening of the crisis over the past year shows that Asian countries should reconsider their most basic economic fundamentals — even traditional values such as high personal savings rates that have been credited with the region's previous economic success.

Unless they increase domestic spending, there will not be enough demand for the region's products because of weakening consumption around the world, he said.

But others said the problem was caused by the rapid globalisation of financial markets.

"In the past, the financial sector served the business world," said Lee Tsao Yuan, director of Singapore's Institute

of Policy Studies.

But that is no longer true with \$1 trillion a day transferred on global financial markets and volatility illustrated by last week's 15 per cent drop in the US dollar against the Japanese yen in two days, she said.

"This is a fundamental change in the way we do business... and we have yet to deal with this," she said.

Kenneth Courtis, chief economist for Deutsche Bank Group Asia Pacific, said the drive toward globalisation is going to increase, and countries will not be able to sidestep it.

He said the Asian crisis has intensified in recent months because of a credit crunch and lower demand caused by slowing economic growth around

the world.

"We are today at a critical juncture," Courtis said. "If we don't reverse course we face the biggest crisis since the 1930s."

He called a recent offer by Japan to provide \$30 billion in loans to help Asian nations out of the crisis "very positive," but said that would only partly offset the credit squeeze caused by cutbacks in loans by troubled Japanese banks in the region.

To escape the crisis, Japan will need to spend about \$1 trillion to solve its banking problems and stimulate its economy, he said.

"Japan can be a locomotive pulling the region out of its crisis. If not, it becomes a Titanic pulling the region under," Courtis said.

Taka slightly down against dollar

Taka slightly weakened against the US dollar in active inter-bank trading yesterday as demand for the greenback increased due to imports of food-grains and various types of raw materials, foreign exchange dealers said, reports BSS.

Taka was quoted at 47.2350/47.25 per dollar against yesterday's closing level of 47.2350/47.24, they said.

Market analysts said demand for the greenback registered rise as the international dealers procured currencies to face their clients after closure of the money market in New York for three consecutive days.

The interbank call money rate's slightly fell at 10.30 to 11 per cent against yesterday's closing level of 10 to 11.30 per cent.

Dealers also said that liquidity in money market remained almost tight due to yesterday's higher treasury bill payments.

Bangladesh elected ICPE president

Bangladesh Ambassador to Germany Kazi Anwarul Masud was unanimously elected president of the Assembly of the International Centre for the Promotion of Enterprises for two years. The election took place at the recently-held Eleventh Session of ICPE Assembly at Ljubljana, capital of Slovenia, says a press release issued yesterday.

Bangladesh was also elected a member of ICPE Council for two years. International Centre for Promotion of Enterprises was first established in Ljubljana in 1974 for promoting co-operation among developing countries in the field of enterprise management.

In the late eighties, ICPE started MBA Course and so far seven Bangladeshis have got their MBA degrees through ICPE.

Earlier, Ambassador Kazi Anwarul Masud called on Dr Boris Fric, Foreign Minister of Slovenia and apprised him of the devastating flood which recently hit Bangladesh. Slovenian Foreign Minister expressed his deep sympathy for the flood-affected people and promised humanitarian aid.

He expressed the hope that the existing politico-economic relations between Slovenia and Bangladesh would be expanded in future. The Slovenian foreign minister also accepted an invitation to visit Bangladesh at a future date.

Arabian Adventures reports rise in incentive customers

Arabian Adventures, the Dubai based Tourism Management Company and a division of Emirates Airline, reported a 20 per cent increase in number of incentive customers in financial year 1997-98 ended on March 31 over the previous year, says a press release.

More business is also confirmed from Europe and Australia, and incentive groups as large as 2,000-strong are being secured on a more regular basis.

The combined effect further strengthens Dubai's position as an incentive destination and Arabian Adventures is confident that financial year 1998-99 will end with 20 per cent increase in business.

Response from new markets has been rewarding. More business is now coming from the UK, France, Switzerland, Belgium and Australia and sales missions together with Dubai hoteliers continue to open doors, it added.

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