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# The Daily Star BUSINESS

DHAKA, THURSDAY, OCTOBER 22, 1998

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## Chinese garment exports fall sharply

SHANGHAI, Oct 21: A sharp fall in China's traditionally strong garment exports in recent months has alarmed industry insiders, the official Business News reported today, says AFP.

Hit hard by the Asian economic crisis, export growth in the sector slowed to zero in July and August. Figures show a 16 per cent decline from the same month in 1997, the report said. Industry experts are "extremely worried," it said, adding that they predict the impact of the crisis will grow even more severe during the remainder of the year.

Garment exports normally start slow and hit their peak during the third and fourth quarters, experts said, warning that this year the reverse appears to be happening. The August performance brought export growth for the first eight months of the year down to 6.25 per cent, dismal compared with the 29 per cent growth seen in full-year 1997. Garments accounted for 15.7 per cent of China's exports last year, according to official figures.

An official with a large Shanghai import-export company told AFP weak demand in Japan because of the crisis had caused a noticeable decline in exports by Japanese-invested garment factories.

## Report on SAARC region's electronic products prepared

The "State of the Art Report" on local electronic products of SAARC region has been prepared, reports UNB.

Bangladesh has been entrusted to prepare the report at the 15th SAARC Technical Committee meeting.

According to the decision, Vice Chancellor of Open University Prof RI Sharif has been appointed as coordinator to prepare the report.

Prof Sharif handed over the report to State Minister for Science and Technology Dr Mohiuddin Khan Alamgir at the NEC conference room here yesterday.

The report briefly reviewed the production, management and marketing of electronic goods in different SAARC countries.

It identified India as the best manufacturer and marketing country of electronics goods among the SAARC countries.

## New MD of Peoples Ins



Syed Zahurul Huq, a renowned personality in the insurance industry, joined Peoples Insurance Company Limited as Managing Director recently, says a press release.

Prior to joining the company he was Managing Director of Bangladesh National Insurance Company Limited.

He started his insurance career as an officer in the year 1958 with erstwhile Muslim Insurance Company Limited, a reputed general insurance company of the then Pakistan.

He is one of the guest lecturers of Bangladesh Insurance Academy.

## HK unemployment holds steady at 5 pc

HONG KONG, Oct 21: Unemployment has held steady at 5 per cent, hovering at a 15-year high that is bringing economic pain to thousands of people in Hong Kong, according to official statistics released Monday, reports AP.

Hong Kong's Census and Statistics Department said 181,000 people were out of work in the July-September period, compared with 174,900 from June-August.

Officials said the latest figures reflected higher unemployment in Hong Kong's construction sector, which has been hit by a plunge in property prices, while there were fewer people losing jobs in the clothing and footwear sector.

Hong Kong's unemployment is low compared to many other places, but the effects have been painful in a society that is not used to so much joblessness. In addition to people being thrown out of work, tens of thousands of retail workers are expected to see pay freezes next year.

The mood was sombre in a crowded Hong Kong unemployment office, where jobless people ranging from their 20s to their 60s scanned job postings offering about half of the pay workers could have expected before Asia's financial crisis struck.

## Urgent need for post-flood reconstruction

# Govt directs missions abroad to fulfil export targets

The government has directed the missions abroad to fulfil their respective export targets to meet the urgent requirement for post-flood reconstruction, reports UNB.

A special directive has been sent to the embassies, high commissions and consular offices to gear up export campaign.

The export target for the current fiscal year had been set at 5.85 billion US dollars. Of this, the target for the embassy in USA is 2.23 billion.

The Bangladesh embassy in USA is looking after 10 coun-

tries — USA, Mexico, Guatemala, Colombia, Nicaragua, Guyana, Peru, Chilli, Bahama and Venezuela.

The country exported goods worth 1.93 billion to these countries during the last fiscal year exceeding the target by 20.44 per cent. The target for 1997-98 was set for 1.60 billion.

The Bangladesh embassy in USA is followed by the embassy in Germany, where the export target for 1998-99 has been set at \$594 million, France \$490 million.

The export target for the High Commission in UK has

been set at \$481 million while for Rome \$311 million.

Country's export to the central Asian countries of Uzbekistan, Kirgizstan and Kazakhstan rose significantly. The export target in these three countries was set at 0.34 million in 1997-98, but actual export rose to 2.29 million.

The export target was, however, failed in UK, Belgium, Bhutan, Brazil, Egypt, China, Hong Kong, Indonesia, Iran, Japan, Libya, Kenya, Kuwait, Myanmar, Nepal, the Philippines, Russia, Singapore, Sri Lanka, South Africa and Oman.

A Commerce Ministry source said despite severe flooding, the government is not only determined to achieve the export target, but is confident of exceeding the target maintaining the previous growth rate.

In 1997-98 the export target was set for \$5.06 billion, but achievement was 5.16 billion.

The country's export earnings during the first quarter (July-September) of the current fiscal year were higher than that of the corresponding period of the year, the source said. He could not however give the figures immediately.



The British car-maker Rover unveils the Rover 75 at the Birmingham Motor Show Tuesday. The car goes on sale in the UK in March 1999, and will be built by the BMW-owned company at Cowley in Oxford. It effectively replaces RoverOs 600 and 800 models.

—AP/UNB photo

## SAARC Diploma Engineers Forum seminar

# Human resources development can lift region out of poverty

South Asia should lay more emphasis on human resources development promoting basic and technical education with increased financial investment to get rid of the region's main curse — unemployment and poverty, reports BSS.

This was suggested at a seminar of SAARC diploma engineers here which was attended by Communications Minister Anwar Hossain as the chief guest. Economists, policy researchers and officials also spoke on the occasion.

SAARC Diploma Engineers Forum organised the seminar on "human resources development and regional cooperation must be given top priority to meet the challenge of global market competition" at the IS-

lamic Development Bank (IDB) Bhaban at Agargaon here.

A Rafique, former director general of the Directorate of Technical Education, presented the key-note paper in the seminar.

The Communications Minister said Bangladesh is a very stable country in the world though it appears chaotic politically. "We have changed our lot by ourselves," he pointed out and added that the 85 per cent of the total population of the country, mostly poor and living in rural areas have shown their potentiality by facing this year's devastating floods.

Education Secretary Kazi Rakibuddin Ahmad presided over the function while eminent economist and BIDS research

fellow Dr Atiur Rahman, Chairman of the visiting SAARC diploma engineers delegation Akhlakh Ahmed and AKM Hamid spoke.

They said Asia should go for human development depending on its own resources, background and heritage instead of foreign dictations.

"South Asia has a different identity and abundance of resources," said Dr Rahman adding that no proper policies were needed to utilise those.

He said social networking should be strengthened considering it as a 'capital' for the development of human resources of the region. "Good governance along with transparency and accountability is imperative in this regard," he added.

# Volatile politics, crumbling economy bodes ill for Pakistan

by Tarun Basu

ISLAMABAD, Oct 21: Two assassinations in Pakistan on the day the Indian delegation was here for talks has exposed the volatility of the country's polity and presages difficult times for a nation in the throes of a deep social and economic crisis.

Hakim Said, former governor of Sindh province and head of the well known Hamdard Foundation, was shot dead early last Saturday morning in Karachi as he attended his clinic. No one has any idea about his attackers but given the overlay of ethnic hostility and sectarian hatred in the port city, where thousands have died in political violence in this decade, the handwork could be anybody's guess.

Maulana Abdullah, religious scholar and a leader of the Shia minority, was killed by an unidentified masked gunman inside a mosque in Islamabad. His killing is seen as a continuation of the blood vendetta between the rival Sunni and Shia sects which has taken its toll with relentless regularity not only in Karachi but in other Pakistani cities, including the federal capital.

The two weekend killings, which led to flaring of emotions and violence in the two cities, led to renewed apprehensions

in political circles and the media about the deteriorating law and order. With the proposed Shariah bill to introduce Islamic law creating a deep chasm across the country, fears are being voiced that the engulfing social and economic crisis could create a tinderbox situation with disastrous consequences.

"How it (the bill) will result in further polarisation and deepening of the sectarian divide is not difficult to foretell in a society which is increasingly failing to agree on major issues confronting the nation," warned an analyst in The News. Former President Farooq Leghari has warned that the very survival of Pakistan was at stake owing to mismanagement of rulers, collapsing economy and social unrest even while major political parties have sunk their differences to mount a joint agitation against what they term the "conspiracy against the federation in the name of religion".

On the face of it, Prime Minister Nawaz Sharif couldn't have had it better. He has the biggest mandate in the country's 50-year history. He has got the better of a President, a Chief Justice and, earlier this month, an aspiring Army Chief of Staff. But precisely this relent-

less effort to concentrate all power in his hands is what is worrying his countrymen and leading to open appeals in newspapers to Senators not to vote in the 15th Constitutional Amendment on the bill that would "enable the prime minister in effect to do just as he wishes with no questions asked from any quarter".

The Shariah bill, which had been passed with big majority in the National Assembly, is now awaiting Senate confirmation where Sharif's Pakistan Muslim League (PML) does not have the two-third majority required for a constitutional amendment.

Sheikh Mukhtar Ahmed, Secretary-General of the opposition Pakistan People's Party (PPP) of former Prime Minister Benazir Bhutto, feels that Sharif had antagonised the smaller parties to such an extent that he would find it extremely difficult to push the bill through in the Senate any more.

Onetime allies like the Awami National Party (ANP), the Muttahida Qaumi Movement (MQM) and the Balochistan National Party-Mengal have deserted the ruling party and deprived it of the majority it once enjoyed. But Sharif has vowed to have the bill passed,

saying he was trying to bring in "revolutionary changes" in the life of the common man in Pakistan.

To add to the political crisis is the critical economic situation. With the postponement of the bailout visit by International Monetary Fund (IMF) Managing Director Michel Camdessus, there is serious concern here about the economy and its long-term impact on the nation.

The IMF team was expected here today to begin the third round of talks for resumption of critical financial assistance to Pakistan in the wake of its following the same line imposed after its nuclear tests. But with the Sharif government going in for 30 per cent reduction in power tariffs, the IMF was apparently left fuming at the government's reneging on a negotiated agreement to bridge its resource gap.

Pakistan had been hoping that once agreement was reached with the IMF, it would unlock assistance from other international donors and also secure a debt-rescheduling agreement with creditors. The country has not met most of its international debt obligations since the middle of August and has built up huge arrears.

## US trade deficit widens to record \$ 16.77b

WASHINGTON, Oct 21: The US trade deficit widened to a record 16.77 billion dollars in August from 14.5 billion in July, as exports sagged — notably to China — and imports surged, the Commerce Department reported yesterday, reports AFP.

The August gap was the worst since the monthly goods and services deficit began to be compiled in January 1992. Wall Street analysts had foreseen a shortfall of 15 billion dollars in August.

Imports rose 2.2 per cent in August to 91.6 billion dollars while exports fell 0.4 per cent to 74.8 billion, the lowest level of exports since January 1997.

For the first eight months of the year the deficit expanded to 109.9 billion dollars, compared with 72.5 billion a year earlier.

The trade deficit with Japan widened to 5.2 billion dollars from 4.5 billion a year earlier. In July, the deficit with Japan

was also 5.2 billion dollars.

With China the shortfall widened to 5.9 billion dollars from 5.1 billion in August 1997 and 5.4 billion dollars in July.

The August deficit with China is the largest on record with any country except Japan.

US exports to China of 900 million dollars were the lowest since September 1996, while imports of 6.8 billion dollars were a record.

The rise in imports in August reflected increases in automobiles parts and engines, industrial supplies and materials, and other goods, the Commerce Department said.

Exports were pushed lower by capital goods, and food and beverages, civilian aircraft exports fell 19.2 per cent in the month after an 18.2 per cent gain in July.

The merchandise trade deficit widened 7.6 per cent in August 21.2 billion dollars from the previous month.

## Thai PM unworried by baht rise

BANGKOK, Oct 21: Prime Minister Chuan Lekpai said Tuesday he is not concerned about the baht's recent strengthening against the dollar, and he expects its climb to lead to further cuts in bank lending rates, reports AP.

Chuan dismissed concerns that the baht's relative strength will hurt Thailand's exports.

"Baht strength is in line with other regional currencies, including the Indonesian rupiah," he said at a news conference after the weekly Cabinet meeting.

In Asian spot trade Tuesday, the baht closed at 37.83 baht to the dollar, up from Monday's close of 37.98. Dealers cited strong baht demand and indications of success in an aid-seeking trip to Japan by Finance Minister Tarrin Nimmanhaeminda.

Dealers said Japanese banks were selling dollars for baht in the morning, raising hopes for a generous aid package. Tarrin was due to return from Japan late Tuesday. In a news conference in Tokyo, he said Japan was "very supportive" of the aid request, but he didn't elaborate on the form or amount of aid. In October, Japan said it would remark 30 billion dollars in aid for Asian countries.

Indonesia's rupiah traded at 7,700 to the dollar Tuesday, and traders see it rising to 7,000 in coming weeks, a far cry from levels above 12,000 for most of the year.

Chuan expressed optimism that the baht's strength will spur domestic lending. The economy has shrunk by

## Malaysian budget may show deficit this yr

KUALA LUMPUR, Oct 21: Malaysia's latest economic blueprint is expected to include a large deficit as the government pumps public funds into the economy to combat the worst recession in decades, reports AP.

The annual budget, to be unveiled Friday by Prime Minister Mahathir Mohamad in Parliament, will follow his general economic philosophy of spending more to boost corporate health, spur recovery and create employment.

Since 1993, Malaysia's budget has always shown a surplus, and revenues have been substantially higher than expenditure during the boom years when the economy grew by between eight and 10 per cent annually.

Mahathir took over as Malaysia's finance minister in September after the fired Anwar Ibrahim from the position. Mahathir had been unhappy with Anwar's policies, which he said followed inappropriate International Monetary Fund austerity prescriptions.

Unlike in other years, the budget is not likely to be watched for new measures, since government plans have mostly been outlined recently by an economic fire-fighting unit headed by Mahathir's chief economic aide. The economy has shrunk by

nearly five per cent this year as Malaysia suffered from the Asian currency and stock market crisis. Mahathir has said he expected one per cent growth in gross domestic product in 1999.

Analysts say the budget is expected to continue the National Economic Recovery plan announced in August.

"You can expect formulaic stuff, more fiscal expenditure," said Simon Mahadevan Flint, and economist at the Singapore-based, Independent Economic Analysis research company.

There will be some increase in spending and potential cuts in corporate and personal income tax rates, but this may be offset by increases in sin taxes," predicted Prasenjit Basu, senior economist at Singapore's Credit Suisse First Boston.

Sin taxes could include levies on gambling, alcohol and tobacco, he said.

But it remains unclear how the cash-strapped treasury will fund many of the ambitious projects to revive a banking sector staggering under the weight of bad loans and big corporations owned by politically influential Malaysians.

Earlier this month, Daim Zainuddin, Mahathir's chief economic aide, said Malaysia needs around 60 billion ringgit (\$15.8 billion) to revive banks,

## Increased dollar demand downs taka

Taka became weaker against US currency in the interbank trading yesterday as demand for the greenback increased on higher foodgrain import payments, foreign bank dealers said, reports BSS.

Taka was quoted at 48.63/48.66 per dollar against the closing level of 48.61/48.65 per dollar yesterday.

Dollar has kept a gradual uptrend against taka after the re-fixation of the exchange rate which came into effect on last Sunday. Dollar got boosted in trade yesterday by a rush of opening of letters of credit (LCs) against food imports and for inadequate supply ahead of an unavoidable situation today and before weekly holidays on Friday and Saturday, one dealer said.

Dealers said that the downward trend of interbank call money rate continued to persist at the close of yesterday's trading at 6 to 7.50 per cent compared to yesterday's closing level of 6 to 8 per cent.

Following are interbank rates of taka against major foreign currencies (computation based on dollar).

Unit	Selling rate	Buying rate
Pound	84.11	81.7248
Mark	30.0833	29.3120
Yen	4271	4105
Pak Rupee	90	89
Indian Rupee	1.15	1.14
Ringgit	1282	1271
S'pore Dollar	30.2401	29.5848

## Eldon to succeed Strickland as HSBC chief

John Strickland, Chairman of the Hongkong and Shanghai Banking Corporation (HongkongBank) and Hongkong Bank Malaysia Berhad will retire at the end of December 1998 after a 30-year service with the HSBC Group, says a press release.

Strickland will be succeeded as HongkongBank's Chairman by David Eldon, the bank's Chief Executive Officer. Eldon has also been appointed a director of HSBC Holdings plc with effect from January 1, 1999.

Aman Mehta will succeed David Eldon as the bank's Chief Executive Officer and John Strickland as Chairman of Hongkong Bank Malaysia Berhad.

Mehta joined the HSBC Group in 1968. He was appointed a Group General Manager in 1991 and Hongkong Bank's Executive Director International in 1998.

HSBC Group Chairman John Bond said: "John Strickland has made an outstanding contribution to our organisation, above all as one of the principal architects of the Group's information technology."

## Emirates in \$12m networkwide deal with Compaq

Emirates is investing \$12 million on a networkwide implementation of the most advanced IT infrastructure provided by Compaq, which will boost the airline's growth into the 21st century, says a press release.

Sheikh Ahmed bin Saeed Al Maktoum, Chairman of Emirates, signed the contract in Dubai with Alpha Data, local supplier of Compaq computers, and Compaq MEMA.

Emirates has confirmed the purchase and installation of up to 9,000 Compaq desktops, with portables and servers in its Dubai headquarters and offices in 44 other destinations.

The new technology provides solutions for faster work processes, more applications and more powerful work systems at all levels in the company, covering passenger, cargo and airport operations.

Sheikh Ahmed said: "Emirates has one of the most advanced IT networks in the world and this latest upgrading exercise will reduce the risk of year 2000 compliance issues in the entire organisation."

Emirates' IT department, Mercator, is enforcing a company-wide operation. Pathfinder, to eliminate non-Y2K compliant systems and a major catalyst.

Compaq offers Emirates worldwide warranty and the authorisation for in-house maintenance with the computer company's support and training.

The new system standardizes technology to simplify usage and reduce maintenance and training costs.

## Russia seen facing fall in grain harvests in '98

MOSCOW, Oct 21: Russians do not face famine due to the economic crisis, but their diet may be in for some price-sensitive changes, the deputy premier in charge of agriculture, Genady Kulik, said here, reports AFP.

Specifically, Kulik said, "expensive products may be replaced by cheaper items" and meat and dairy products, for example, could prove too dear for some people, the ITAR-Tass news agency quoted him as saying.