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DHAKA, SATURDAY, NOVEMBER 14, 1998

Kibria for political restraint to protect economy

With an easily trainable workforce and whatever technical expertise and natural resources available, Bangladesh could have advanced much towards progress if restraint was practised in politics, Finance Minister S A M S Kibria said here yesterday, reports UNB.

"Politics in the country lacks restraint that often pulls back the pace of progress and affects the investment climate," he said, reiterating his call for a moratorium on "suicidal" hartal (general strike).

"Hartals can't unseat a government, nor they could in the past... the government in the past stayed in power till the last day," Kibria told the inaugural function of an energy and technology exhibition at BUET.

For protecting the country's economy from a disaster, he said, the immediate need is reaching a consensus not to use the "hartal weapon" any more.

Mutual understanding among the world powers dissuaded them from using nuclear and chemical weapons even during the period of cold war,

the Finance Minister mentioned.

He said: "Restraint, both for the party in power and those in Opposition, should be the order of the day."

Centre for Energy Studies (CES) of Bangladesh University of Engineering and Technology (BUET) organised the exhibition on "Business, investment and job opportunities with energy technology."

About 20 local and international firms have opened stalls at the exhibition.

BUET vice-chancellor Prof Nooruddin Ahmed, Chairman of BUET Mechanical Engineering Department Prof M A Taher Ali, CES director Prof M A Rashid Sarkar and ESCAP's Energy Resources Division Chief P C Shah also spoke at the inaugural function at the BUET's council building auditorium.

Power Development Board (PDB) Chairman Noor Uddin Al Kamal was the keynote speaker.

Kibria said there was a time hartal was an extreme device of

agitation, but it has now become blunt due to over use.

It is the people, not the government, who become the target of hartal. It can't victimise the government at all, he pointed out.

The Finance Minister pinned his hope on massive investment for upgrading the economic growth, now around 5.6 to 5.9 per cent.

He felt that crisis in different South-East Asian and two major South Asian countries made Bangladesh an ideal destination for foreign investment. Easily trainable workforce and natural gas reserve have been added to this, he said.

"Now we'll have to further develop and update our technological expertise, acquire the latest technology to survive the competition," Kibria said, urging domestic experts to suggest the appropriate technology benefiting the need of the country.

PDB Chairman Noor Uddin Kamal said the government has successfully promoted power generation in private sector and already started getting the ben-

efits.

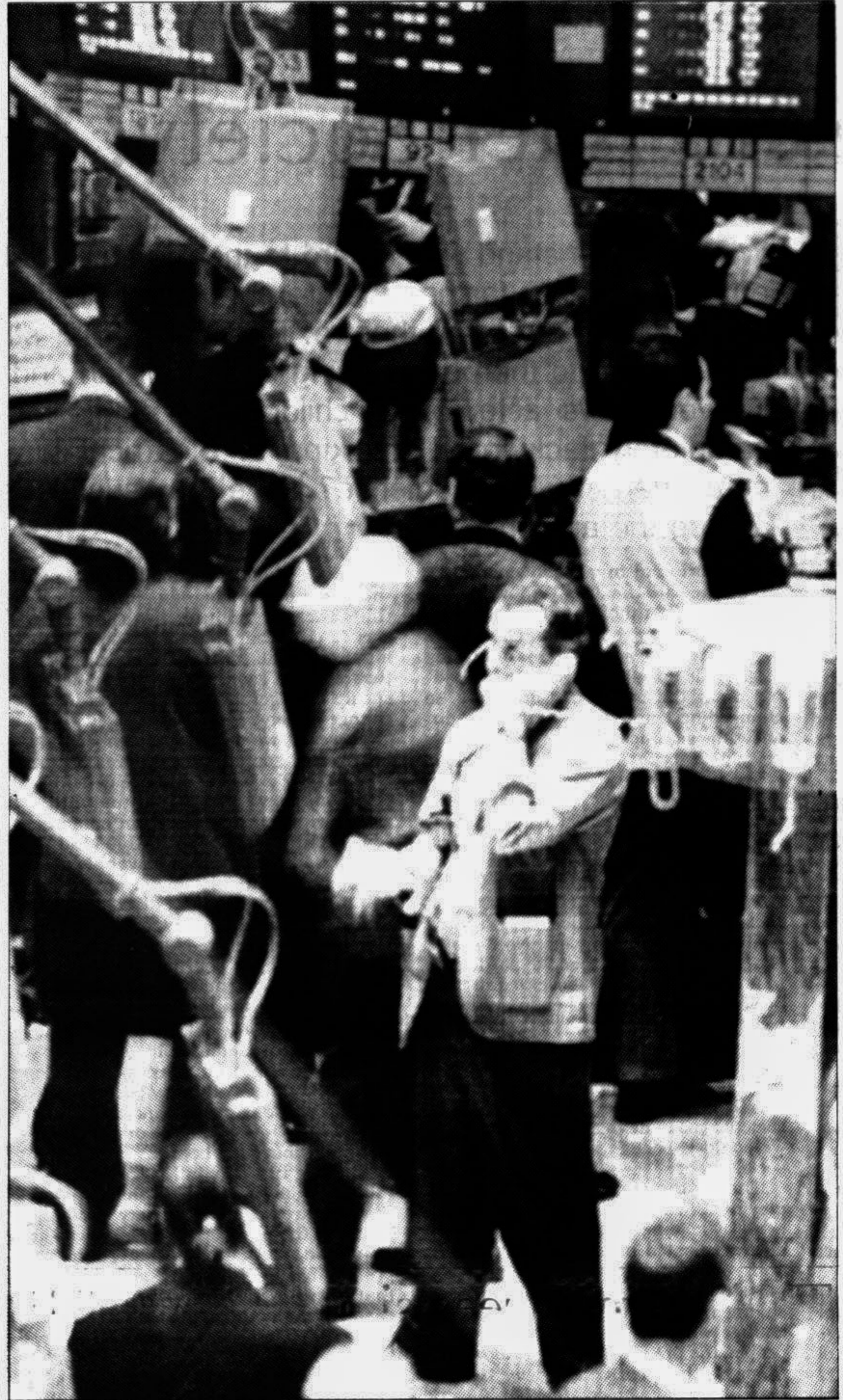
The first private sector power producer in Khulna has started adding 100 MW to the national grid, he added.

By the year 2002, the power generation will total 3,400 MW — 2,200 MW from the public sector and 1,200 MW in private sector, the PDB chairman said, emphasising on a joint public and private sector policy to enhance the power generation capacity.

Against the installed power generation capacity of 3,201 MW, actual generation reached between 2,100 and 2,200 MW in late 1998 from an average 1,850 MW in 1996, he informed.

He said the highest generation achieved at peak hour was 2,331 MW on November 1 this year.

At present, many plants have become obsolete, some even lost their longevity, yet they are kept in operation, the PDB chief said and stressed the need for modernising the generation, transmission and distribution system.



Traders work on the floor of the New York Stock Exchange Thursday. Blue-chip stocks turned lower Thursday afternoon, giving back sizable gains, as the market was weighed down by profit-taking for a fourth straight day.

— AP/UNB photo

2005 Int'l Year of Micro-Credit

The Economic and Financial Committee of the UN General Assembly has adopted a resolution proclaiming the year 2005 as the year of "International Year of Micro-Credit," reports UNB.

The resolution was adopted at its 53rd session on November 10 as per proposal of Bangladesh Prime Minister Sheikh Hasina, according to a message received here yesterday.

This proposal was made by the Bangladesh Prime Minister Sheikh Hasina in a message to the first follow-up meeting of the 1997 Micro-Credit Summit held in New York on June 25, 1998.

Following the proposal by Bangladesh Prime Minister, the resolution was presented to the substantive session of the Economic and Social Council in July this year by the "Friends of Micro Credit at the UN."

"Friends of Micro Credit at the UN" is an informal group of Ambassadors and Permanent Representatives to the UN who are strongly supportive of micro credit programmes.

Vietnamese bad debt estimated at 13.7pc

HANOI, Nov 13: Vietnam estimated the level of bad debt in its state-owned and private sector banks at 13.7 per cent of their total loans, says AFP.

Deputy premier and central bank Governor Nguyen Tan Dung said yesterday bad debt in excess of five per cent was considered serious, calling the current levels "too big."

Vietnam has a loose definition of bad loans, based on non-repayment of principal for more than 360 days, but does not include figures for non-payment of interest.

Foreign analysts say the level of non-performing loans based on international definitions would be closer to 25 per cent.

Speaking at his first ever press conference for foreign journalists, Dung said that the State Bank of Vietnam had closed two joint stock banks, Mekong Bank and Nam Do Bank.

He also said the central bank had imposed "special control on 10 others" and predicted that they would be restructured by year-end.

The closure of the two banks is the first concrete measures taken by Vietnam to overhaul its ailing financial system.

However, there is much work to be done, analysts say. The country still has more than 100 million dollars in overdue letters of credit, and foreign suppliers have been brought several lawsuits against non-state banks for non-payment.

The country has six state-owned commercial banks, 52 joint stock banks, four joint venture banks, and 25 branches of foreign banks.

BKB unrealised loans stand at Tk 10.83 cr

MYMENSINGH, Nov 13: Unrealised loan of Bangladesh Krishi Bank (BKB) in the district, which has little or no chance of recovery, has accumulated to the tune of Tk 10.83 crore till September of the current fiscal, says UNB.

Official sources said BKB has so far filed nearly 6,830 certificate cases against the defaulting borrowers.

Branch-wise break-up of the unrealised money and the certificate cases: A total of Tk 1.8 crore remained outstanding in sadar thana against 602 pending cases, Tk 37.72 lakh in Muktagachha against 216 cases, Tk 31.13 lakh in Trishal against 196 cases, Tk 26.69 in Phulbaria against 161 cases, Tk 45.47 lakh in Gafargaon against 374 cases.

Besides, a total of Tk 2.15 crore remained unrealised in Bhafuka thana against 1,438 cases, Tk 2.32 crore in Phulpur against 1,835 cases, Tk 94.08 lakh in Halaughat against 450 cases, Tk 50.19 lakh in Nandail against 298 cases, Tk 1.14 crore in Iswarganj against 677 cases, Tk 47.38 lakh in Gouripur against 245 cases and Tk 79.18 lakh in Dhubaura against 338 cases.

Russia to accept \$500m EU food aid

MOSCOW, Nov 13: Russia will accept food aid worth almost 500 million dollars offered by the European Union and wants the produce to be delivered within two months, Deputy Premier Gennady Kulik said yesterday, reports AFP.

The European Union has proposed shipping one million tons of wheat, 500,000 tons of rye, 30,000 tons of rice, 100,000 tons of pork and 150,000 tons of beef to Russia free of charge, Kulik said.

"These are the volumes which we have agreed preliminarily with the EU," Kulik said, stressing that Russia wanted the food delivered by January 15.

Russia has already accepted a wide-ranging US food aid offer involving some 3.1 million tons of produce, half of which is to be paid for out of a 600 million dollar credit.

The government will be able to boost meagre reserves earmarked for its pension fund and other social projects by selling on the food aid.

British Columbia sues 3 tobacco companies

VANCOUVER, British Columbia, Nov 13: British Columbia on Thursday became the first Canadian province to follow the example of US states by suing tobacco companies to recover costs of health care related to smoking, says AP.

Provincial authorities did not specify the amount they would seek, but Attorney General Ujjal Dosanjh said it could run into the billions of dollars.

The suit was filed against RJR-Macdonald, Imperial Tobacco and Rothmans, Benson and Hedges, which account for nearly all of the cigarettes produced in Canada.

Canada's comprehensive public health care system is funded through the provincial governments. British Columbia says it spends 400 million dollars (260 million US dollars) a year for treatment of patients with smoking-related illnesses.

The province paved the way for the lawsuit by implementing a package of new anti-smoking laws. The laws require tobacco companies to reveal the contents of cigarettes and their smoke, force the companies to pay about 20 million dollars (13 million US dollar) a year to help finance an anti-smoking campaign.

'Wide scope for expanding trade' Dhaka, Tunis to set up JEC early next year

Bangladesh and Tunisia will set up a Joint Economic Commission (JEC) shortly to expand bilateral trade and co-operation in all possible fields, reports APB.

The Dhaka-Tunis JEC will be established early next year during Tunisian Foreign Minister Sayed Bin Moustafa's planned visit to Bangladesh, the Tunisian Ambassador told APB.

A high-powered delegation of businessmen and officials is likely to accompany the Tunisian foreign minister.

Tunisian Ambassador Bechr Msakni, resident in Islamabad, on Thursday presented his credentials to President Shahabuddin Ahmed.

Msakni, in an interview with the Associated Press of Bangladesh Thursday described the existing relations between the two countries as "excellent."

"We are brothers... Political ties between the two countries are excellent", the envoy ob-

served.

He said Bangladesh and Tunisia had identical views on various regional and international issues as the members of the Organisation of Islamic Conference (OIC) and the Non-Aligned Movement (NAM).

"There's a wide scope for expanding trade and promoting economic cooperation between the two countries," Msakni said. "This can be done through mutual contacts and exchange of business delegations," he added.

The Tunisian envoy said that joint ventures could be fostered in various sectors particularly in textiles for which the north African country is famous.

Msakni said that Tunisia could purchase various items from Bangladesh including rice, jute products and handicrafts.

On the other hand, Bangladesh could import fertilizer from Tunisia.

Agriculture and tourism are the two areas where the two countries can develop their bilateral cooperation, he added.

Regarding the trade prospects of his country, Msakni said that Tunisia had signed an agreement with European Union for a trade volume of 2.5 billion US dollars in 1996.

"Tunisia continues to be at the privileged cross-roads of trade in the Mediterranean and the rest of the world," he noted.

Tunisia organised a trade fair in the capital Tunis last October, which was participated by 850 local and foreign companies. Bangladesh also opened a stall there, he informed.

He gave a brief account of the remarkable socio-economic success attained under President Zine El Abidine Ben Ali in Tunisia, a republic where men and women enjoy equal voting rights.



A S M Azad Khan, Director (Finance and Accounts) of Bangladesh Express Company Limited (BANEX), licensee of FedEx, hands over the relief materials from FedEx-Dubai for the flood victims of Bangladesh to Major Ahmadul Islam of Prime Minister's Secretariat recently. Senior officers including BANEX General Manager are also seen in the picture. — FedEx photo

Brazil nearing \$42b IMF bailout package deal

WASHINGTON, Nov 13: The International Monetary Fund neared completion of a long-expected \$42 billion rescue package for Brazil as financiers sought to stop the economic upheaval in Russia and Asia from spreading to Latin America, reports AP.

"This is not a done deal but we are close," an IMF official, speaking on condition of anonymity, said early Friday.

The official could not confirm the exact amount of the bailout because negotiations were continuing. But he said \$42 billion was close to the total amount of the three-year package needed by Latin America's largest economy.

An announcement could come as early as Friday, possibly in both Washington and Brasilia, Brazil's capital.

The IMF was expected to contribute between \$15 billion and \$18 billion to support Brazilian President Fernando Enrique Cardoso's austerity plan of tax increases and spending cuts aimed at saving \$23.5 billion so he can avert a devaluation of

the country's currency, the real.

A devaluation could set off an economic meltdown in Latin America and worsen turmoil in other world markets including the United States.

While the IMF's estimated share was known since early last month, the amount contributed by the United States and other wealthy nations was the subject of lengthy talks in Washington and Switzerland.

The United States was expected to contribute about \$15 billion from a Treasury Department fund originally established to protect the dollar. The United States used the fund to help Mexico in 1995 and South Korea and Indonesia last year.

Contributions from the World Bank, the Inter-American Development Bank and the other wealthy nations — Japan, Canada and 11 European countries — would bring the final total to an estimated \$42 billion.

Still apparently unresolved was a Brazilian request for a credit, which would not require Brazil to use the full amount,

instead of a loan, said officials involved in the talks. The conditions of a credit would give the IMF less control over Brazil's spending.

For months, Brazil has been one of the most closely watched patients on the emerging markets sick list.

After Asia's financial crisis last year and Russia's economic upheaval this summer triggered panic in global markets, international investors and bankers feared Brazil would be forced to devalue.

The country's foreign exchange reserves have dropped from \$65 billion to \$47 billion as investors moved out their money. In an attempt to stem the flow, Cardoso's government raised interest rates to 50 pc.

The Brazil package would be among largest put together by the 182-nation IMF.

Last year, in response to Asia's financial crisis, the Washington-based lending agency arranged a \$58 billion package for South Korea, a \$42 billion-plus deal for Indonesia and a \$17 billion loan arrangement for Thailand.

US, Japan suggest new tactics to heal the world

KUALA LUMPUR, Nov 13: The United States and Japan have suggested new tactics to fight the world financial crisis as they prepare for talks next week by US President Bill Clinton and the leaders of 19 other Pacific Rim countries, reports AP.

Overshadowing the efforts, though, is the fact that some of the countries have sharp differences on such basic questions as whether free-market trade is good.

Japan unveiled a proposed 18 trillion yen (\$148 billion) economic stimulus package — its biggest yet — hoping to answer international criticism that it has done too little to help its troubled Asian neighbours.

And US officials worked behind the scenes to line up support for proposals to provide help to debt-ridden banks and companies.

The United States also wants a bigger social safety net for

millions of people pushed back into poverty by the 17-month-old Asian financial crisis.

The activity is aimed at producing concrete results for Clinton and other leaders to trumpet at the sixth annual Asia Pacific Economic Cooperation summit Tuesday and Wednesday.

But it's unlikely the countries will be able to paper over their huge differences over the best way to deal with what Clinton calls the worst world economic crisis in a half-century.

Malaysian government officials made it clear that Prime Minister Mahathir Mohamad will use his prerogative as meeting chairman to push views directly opposed to the free-market approach championed by the United States and the International Monetary Fund.

In a speech Friday to an APEC trade fair, Mahathir called the steps he has taken to insulate his economy from the

global turmoil the right approach to put Malaysia "quickly on the path of recovery."

He attacked international credit rating agencies, who have downgraded Malaysia's credit rating as "negative and biased" and forecast that his economy, now in a deep recession, will resume growth by next year.

So deep are the divisions that the Clinton administration has debated whether the president should stay away to express disapproval of Mahathir's economic views as well as his firing and jailing of his finance minister, Anwar Ibrahim.

This is the second APEC summit overshadowed by the Asian crisis, which erupted in Thailand in 1997 and has since pushed several Asian countries and Russia into steep nosedives. It also now threatens Latin American nations.

Meanwhile, the trade and fi-

nance officials meeting in Malaysia spent Thursday haggling over details of a trade liberalisation measure to eliminate tariffs in nine areas from chemicals to medical products, which together make up \$1.5 trillion in global trade.

Japan insists that wood and fish products, two politically sensitive areas for rural Japan, are not included in the package.

Other countries object, arguing the whole deal will fall apart if nations begin trying to opt out in their most sensitive areas.

"That would be a disastrous course," Australian Trade Minister Tim Fischer said Thursday.

In Washington, Clinton economic adviser Gene Sperling said, "It has been a disappointment to us that at this stage Japan has not made more progress and in fact has been resistant in the areas of fish

and forestry." He said it was important for Japan to meet its commitments "to discourage other countries from making excessive reservations."

In September, Mahathir, who has blamed foreign currency traders for his country's economic problems, made it illegal to buy and sell ringgits, the Malaysian currency, outside of the country.

He also imposed stiff controls on the withdrawal of foreign capital, an attempt to stop panicked investors from leaving.

US officials argue there is no alternative to the IMF formula of austerity measures to fix flawed economies and restore investor confidence.

At the same time, they have begun to stress the need to be sensitive to the people and bankrupt companies harmed by economic downturns. Already, 40 per cent of the world is estimated to be in recession.

The United States fears that unless some way is found to help the victims of free market turmoil, their suffering will trigger growing social unrest and embolden other countries to follow Malaysia's lead and close their economies to US corporations seeking investment opportunities.

The United States wants to tap \$30 billion that Japan is offering as aid to its Asian neighbours to pay for its debt restructuring proposals. That has prompted Japanese officials to complain that the United States wants to put up the ideas and have Japan put up the money.

An American official insisted the United States is already bearing its share of the effort through the soaring US trade deficit, which occurs because of rising imports from Asian nations and reduced Asian demand for American products.

ACI, Indian firm going to produce hybrid rice

Hybrid Rice International, a subsidiary of Proagro Seed Company Limited, India, and ACI Seed, a business division of ACI Limited, is jointly going to produce hybrid rice in the country from this year, says a press release.

Proagro Seed Company has already handed over the parent hybrid rice to ACI Limited.

Managing Director of ACI Limited M Anis Ud Dowla handed over the seed to the respective Business Manager of ACI Seed, Kamal Mostafa.

Agro-Business Executive Director, F H Ansarey and other business managers also present on the occasion.

ACI has already launched this hybrid rice seed Alok-6201 in the country.

Saudi prince buys out BNP stake in Nigerian bank

LAGOS, Nov 13: A Saudi prince and four others have paid 29 million dollars for a 30 per cent stake in a major Nigerian bank after the French banking group Banque Nationale de Paris sold off its holding, officials said yesterday, reports AP.

The investors, all foreign-based, bought the 307 million shares put on the Lagos market Tuesday in the United Group for Africa (UGA), bank spokesman Ogbe Eboigbe said.

The shares were originally held by BNP, which divested earlier this year, Eboigbe said.

Saudi Prince Alwaleed Bin Talal Bin Abdul Aziz Al Saud was among the five investors, through his company, Kingdom Holdings, he said.

The other investors were Saudi-based Frontier Capital, an African investment Group, Inverness Holdings, a British investment Banking Group, Global Emerging Markets, and the US-based Citizens Capital Corp. he added.

UGA, a formerly state-owned bank that was privatised three years ago is one of the four largest banks operating in Nigeria.

The sale was the largest single transaction to date on the Nigerian Stock Exchange, market officials said.