

## Russian foreign trade shrinking

MOSCOW, Dec 5: Russia's foreign trade is shrinking as a result of the economic crisis and it could take up to four years to return to last year's level, the minister for trade said Saturday, reports AP.

Trade Minister Georgy Gubunia told an international economic forum that Russia's foreign trade turnover was currently at the 1995 level, and will amount to 83-84 per cent of the trade level of 1997, the Interfax news agency reported.

He blamed the decline on the economic crisis, which hit Russia in August and has clogged the banking system, and the crisis in Asian economies last year.

Gubunia said even when the situation stabilizes, foreign trade will grow at just 3-4 per cent of year, and return to the 1997 levels only in 2002 or 2003.

He said that in order to strengthen Russia's role in world trade, the government must change customs legislation and simplify import and export procedures to attract investors.

## Thyssen, Krupp to merge in March

DUISBURG, Germany, Dec 5: Thyssen shareholders Friday voted overwhelmingly in support of a merger with their traditional rival, industrial group Krupp, clearing a last hurdle toward creating Europe's biggest steel concern, says AP.

The vote — 96.77 in favour — did not come as a surprise.

Krupp shareholders approved the merger Monday with a 99.97 per cent vote.

About 2,000 jobs will be lost in the merger, due to take place in March.

As Europe's fifth-biggest industrial concern, the new Thyssen Krupp AG would rank behind carmakers DaimlerChrysler and Volkswagen, and electronics and communications giants Siemens and Veba.

The companies predict their joint operations will post 70 billion marks (\$40 billion) in sales for the 1998 fiscal year.

Krupp and Thyssen announced plans to merge last November, saying it would save as much as 450 million marks (\$250 million) in costs and give the combined company a stronger position in world markets.

Krupp, based in Essen, had earlier dropped a hostile bid for Thyssen after workers protested over potential job losses.

Together, the companies employ some 180,000 people.

## Rouble take tumbles US economists

WASHINGTON, Dec 5: With the Russian rouble tumbling and President Boris Yeltsin's health uncertain, the United States is sending a group of economists and foreign policy specialists to Moscow for consultations with Prime Minister Yevgeny Primakov and his economic advisers, reports AP.

"It's no secret we are concerned about the situation in Russia," James Foley, the deputy spokesman at the State Department, said Friday.

Such reforms as a modern banking system, payments to creditors and also a fight against inflation, will be at the top of the US agenda, Foley said.

A State Department announcement said the trip next week was part of a regular pattern of talks with Russian government officials. The United States will support Russia only if it grapples with its problems, Foley said.

Deputy Treasury Secretary Lawrence Summers and Deputy Secretary of State Strobe Talbott plan to head the US delegation for the talks in Moscow Dec 10-12. With them will be Leon Fuerth, who assists Vice President Al Gore on foreign policy issues.

In Moscow, Yeltsin is hospitalised and Prime Minister Primakov is struggling to implement a recovery plan. Foley said he did not expect a meeting with Yeltsin.

President Bill Clinton made it clear on his own trip to Moscow three months ago that Russia should not expect any additional economic assistance unless it adopted at least a rudimentary system of banking and loan payments.

Since then, Talbott, who plays a key role in making US policy, warned that Western oil companies would not invest in long-term projects unless Russia adopted a clear tax system, secured property rights and showed a willingness to take disputes to international arbitration.

Talbott said the industry would need investments of close to \$15 billion a year just to return to Soviet-era production levels.

He said Primakov was operating without a realistic budget or a credible system for collecting taxes. "Economic decline carries with it the danger of political drift, turmoil and even crackup," he said.

Along with hard times has come an intensification of support for hard-line nationalists and communists.

Still, the Clinton administration plans to go ahead with further meetings of a joint US-Russian commission on cooperation in economics and technology. One purpose of the talks next week is to lay the groundwork for the next meeting, the announcement said.

## World trade plummets

The growth in world trade has slowed sharply, as the Asian crisis has hit home harder than expected.

In volume terms, the rate of increase in world trade has halved in 1998.

The value of goods traded is actually expected to decline for the first time in several decades, after growing by 3% last year.

The gloomy figures heighten concerns about a global recession, as developing countries struggle to overcome mounting financial difficulties.

Economists at the World Trade Organisation (WTO) expect little recovery in trade next year — even if the US and Western Europe escape the worst of the recession.

World exports, normally the engine of economic growth, had been growing at nearly 10% a year until 1997, and amount to \$5,300bn.

Measured by the volume of trade, which strips out the effects of the high US dollar,

trade growth has slowed to 4-5% — half its level of last year.

**Asia in crisis**

Imports into the five Asian countries most affected by the crisis — Indonesia, South Korea, Thailand, the Philippines and Malaysia — fell by one-third, while imports into Japan dropped by 19%.

The volume of exports did increase for these former Asian tigers, but because of the big drop in the value of currencies, they actually earned less while exporting more.

The value of their exports in dollar terms fell by 3%, making it harder for them to pay their massive foreign debts. Japan's recession was worsened by an 8.5% fall in its exports.

**Slump in commodity prices**

Developing countries were particularly hit by the sharp falls in commodity prices, which have been hurt by the fall in demand in Asia.

Oil prices fell by 30% in

1998, while non-fuel commodity prices dropped by 15%. This makes it harder for poor countries to produce enough to pay for essential imports.

Latin America was particularly affected by this, which led to a big slowdown in its import growth from 15% to 5% as the year progressed.

Africa, which depends on primary products for two-thirds of its exports, has also been severely affected.

**US imports still booming**

The one thing that is still sustaining world trade is the volume of imports into the US, which grew by 10%.

But exports are only growing by 3%, and the result is a growing trade deficit that is funded by borrowing and may be unsustainable.

The consumption boom in the US, which has sucked in imports, is the main engine of world economic growth at the moment.

But is being fuelled by an unprecedented level of consumer borrowing, and if that were to falter, then world growth estimates would be even lower next year.

**Trade talks imminent**

The slump in world trade has led to fears that protectionist pressures will grow as countries try to protect their vulnerable sectors.

The WTO says that the US and some Latin American countries have toughened up their use of so-called "anti-dumping" rules, while the EU and the US have tried to block "unfair" imports of steel and textiles.

The looming trade war between the US and EU over banana imports also gives an unpromising backdrop on which to launch the latest round of trade liberalisation talks.

Nevertheless the WTO expects the next round of global trade talks to be launched in Washington at the end of next year.

—BBC Internet



Visitors at a stall at the youth fair at Dhanmondi Women's Sports Complex yesterday. The fair will conclude on December 8. — Star photo

## 'Passenger traffic may decline at S'pore airport'

SINGAPORE, Dec 5: Singapore's Changi Airport is expecting a decline in passenger traffic this year for the first time since its opening in 1981, reports said Saturday, quoting a government official, reports AP.

More than 25 million passengers and 1.3 million tons of cargo have been passing through Changi annually in recent years.

But in 1998 the traffic could shrink as the economic crisis takes its toll on the tourist industry in Singapore and the region, Peter Chen, Senior Minister for Education, was quoted as saying.

Responding to the crisis, Singapore recently cut aircraft landing fees at Changi by 10 per cent for a one year period. It also slashed rentals of shops, warehouses and offices at the airport.



Jim Rogers from Demopolis, Ala, shown with his specially-designed Mercedes Benz at the Mercedes Benz plant in Vance, Alabama, Wednesday, will travel around the world on a three-year adventure that will depart from Iceland on Jan 1, 1999. — AP/UNB photo

## S'pore to intensify trade boosting drive next year

SINGAPORE, Dec 5: Singapore's Trade Development Board (TDB) said it was intensifying efforts next year to generate external demand among both resilient and crisis-hit trading partners, reports AP.

"We need to generate external demand in both the growth and emerging markets in order to weather this crisis," said Goh Oon Tong, Director of International Operations of TDB.

What is encouraging to note is that there's increased participation from companies in our fairs and missions over the first 10 months this year, especially in the emerging markets," said Goh.

Available figures from TDB showed that Singapore's trade with four neighbours — Brunei, Malaysia, the Philippines and

Thailand — fell 12 per cent from a year ago in the first nine months this year.

Although trade with these four countries "has been badly hit by the crisis, TDB believes that this region should not be ignored," the board said in a statement.

"In fact, TDB is still optimistic about the region's potential and will continue to identify investment and sourcing opportunities in the respective countries," it added.

In 1998, TDB organised a total of 15 trade and investment missions to neighbouring Southeast Asian countries.

Singapore's exports to established markets in the United States, European Union, Australia, China and India continued to register healthy growth

during the first 10 months of the year.

The United States is Singapore's top trading partner accounting for 17.6 per cent of our total trade while Europe is the third largest trading partner accounting for about 14 per cent.

TDB will organise 33 fairs and missions to the United States and the European Union to help companies explore new activities such as procurement, franchising and direct marketing, the board said.

Singapore's exports to the Middle East, Africa, and Central and Eastern Europe have shown positive growth, although exports to Latin America fell due to weak demand, the TDB said.

## BJP under pressure to drop plan to open up insurance sector

From Pallab Bhattacharya

NEW DELHI, Dec 5: The government of Prime Minister Atal Bihari Vajpayee is under mounting pressure from a powerful section within Bharatiya Janata Party and its spiritual mentor Rashtriya Swayamsevak Sangh (RSS) to drop the move to open up India's insurance sector to foreign private investors.

Barely a week after the Vajpayee cabinet decided to allow a total of forty per cent foreign equity — 26 per cent foreign and 14 per cent non-resident Indians and foreign institutional investment through joint venture with Indian companies — in insurance sector, uncertainty hangs over the fate of the legislation for this following a sharp division of opinion in the BJP and strong opposition to the move from RSS and the saffron party's trade union front Bharatiya Mazdoor Sangh (BMS).

The RSS, through its wing Swadeshi Jagaran Manch (SJM), held a "dharma" in the capital protesting the move to allow foreign equity in insurance sector while some senior BJP leaders and members of parliament openly opposed the cabinet decision.

The RSS unhappiness on some components of the Vajpayee government's economic policy, especially that relating to economic reforms, has been on display right from the start.

RSS had its way when it vetoed the Prime Minister's

choice of the person as Finance Minister and is now seeking to demonstrate its influence on the issue of reforms in a key area.

The RSS perceives the Vajpayee cabinet's decision on allowing foreign investment in insurance sector as a "complete departure" from the BJP's stand of "swadeshi" (economic nationalism). The RSS and the BJP have since long maintained that India's nationalised insurance and banking sectors need to be opened to private investments but to Indian companies only.

Although the government expressed its resolve to introduce a bill in parliament next week to facilitate foreign equity in insurance sector, there are growing signs of opposition to the move from a section of the BJP and hardening of stand by the SJM.

Even Samata Party, an ally of BJP and constituent of Vajpayee government, expressed its opposition to the bill.

The BJP General Secretary Sumitra Mahajan said the move to allow foreign investment in the domestic insurance sector would not be beneficial for the country and "we are totally against it."

The party's member in the Rajya Sabha and a leading votary of BJP's economic nationalism K R Malkani came out with a hard-hitting criticism of the government move

saving "I regret the government is buckling down a bit under enormous pressure by the United States."

Malkani said the BJP had opposed a similar move at the time when the United Front government headed by I K Gujral was in power and how can the party now change its stand?

The Minister of State for Youth and Sports Uma Bharati had threatened to join the dharma organised by the Swadeshi Jagaran Manch opposing the government move.

Sumitra Mahajan wanted the government to review its decision on foreign equity in insurance sector and on amending patent laws for granting exclusive marketing rights (EMR).

Faced with growing resistance to the bill from within the party and the RSS, the government appears toying with the idea of making some changes in the proposed bill capping foreign equity in insurance sector at 26 per cent, including foreign institutional, investors and overseas corporate bodies, while reserving another 14 per cent for non-resident Indians.

The earlier cabinet decision had permitted 26 per cent foreign equity besides another 14 per cent for non-resident Indians, overseas corporate bodies and foreign institutional investors.

The Swadeshi Jagaran Manch, however, made it clear

that it favoured a blanket opposition to the move and it would not accept any dilution to the original cabinet proposal.

In fact, the Manch convenor Murlidhar Rao said if the government did not reconsider its decision, his organisation would go the village level as the decision "ran counter" to the BJP election manifesto and the national agenda of governance adopted collectively by the party and its allies before forming the government in March this year.

The BJP spokesman Kishan Lal Sharma, however, sought to play down the differences in the party over the move and said the party would support the bill for its passage in parliament.

What must have been more embarrassing for the Vajpayee government is that the disunity in the BJP on allowing foreign equity in insurance sector came when corporate leaders and foreign investors were attending an "Indian Economic Summit" in New Delhi organised by the World Economic Forum and the Confederation of Indian Industry.

The Finance Minister Yashwant Sinha, however, sought to assure corporate leaders that there was no reason for panic and the government would do its best to push the pace of reforms and get the bill passed in parliament for opening the insurance sector to foreign investment.

## USAID pledges \$100m aid to Bosnian Serbs

BANJA LUKA, Bosnia-Herzegovina, Dec 5: The United States Agency for International Development (USAID) pledged aid worth 100 million dollars to the Bosnian Serb entity, the Republika "Srpska" (RS), on Thursday, reports AP.

The aid promised at the joint opening in Banja Luka of the USAID offices and a US embassy annexe, marked a thaw in Washington's attitude towards the RS.

USAID Mission Director Kreg Bak said the aid was attributable to the efforts of the outgoing moderate Prime Minister of the RS Milorad Dodik.

US Ambassador to Bosnia Richard Kaulzarich added that the opening of a US diplomatic mission in the RS marked efforts towards democracy in the Bosnian Serb entity.

He expressed Washington's confidence in the implementation of the Dayton peace agreements by the Bosnian Serbs.

The west had been reluctant to assist the RS until Dodik took over as prime minister in January.

Just recently, however, the political picture has changed again, with the election of a Serb nationalist hardliner, Nikola Poplasen, as President of the RS.

## Malaysia seeks \$3b WB loans

KUALA LUMPUR, Dec 5: Malaysia has applied to the World Bank for loans totalling three billion dollars this year, second Finance Minister Mustapa Mohamed said today, reports AP.

The applications were made in stages — in May for 300 million dollars, in June for another 700 million dollars and in July for two billion dollars," he was reported as saying by the official Bernama news agency in parliament.

The government received the first tranche of 300 million dollars from the World Bank in June to provide micro-credit and for implementation of poverty eradication programmes, he said.

Mustapa said the World Bank imposed a 5.8 per cent interest on the loan, which was much lower compared to previous loans and that charged by other international financial institutions.

The new loans sought were mostly for the construction of low cost houses, agricultural sector, infrastructures, land transport, education and economic sector, he said.

The processing of the loans might take between a year and 18 months, he said, adding that the World Bank had sent six fact-finding missions here last month to evaluate the situation.

In addition to the new loan application, Mustapa told parliament that the government had previously borrowed 2.3 billion dollars from the World Bank to finance 64 development projects.

"We haven't borrowed from the World Bank for quite some time now, the last being in 1994 for 70 million dollars," he said.

Regarding Malaysia's efforts to obtain loans from Japan and Singapore, Mustapa said the matter was still at the discussion stage.

## Soros' call for Mahathir's ouster irks officials

KUALA LUMPUR, Dec 5: Top government officials on Saturday berated billionaire financier George Soros after he called for the ouster of Prime Minister Mahathir Mohamad and the release of his jailed former deputy, Anwar Ibrahim, reports AP.

Soros harbours a long-term plan "to destroy the democratically-elected government of this country," Works Minister Samy Vellu told the national news agency Bernama.

"In view of his selfish motives to enrich himself, he has chosen to destroy the economy of the developing nations," he was quoted as saying.

"Malaysia is one of the victims of the economic wounds inflicted by him."

Mahathir has not reacted publicly to Soros' comments.

In a speech Thursday, Soros told a US audience that Malaysians should turn against their prime minister because his policies were aimed at benefiting himself and his cronies.

"I think what needs to happen is he needs to be removed from power," he said at the Johns Hopkins University's School of Advanced International Studies.

Anwar was sacked on Sept. 2, after Mahathir said his former protegee was too immoral to rule. Anwar was arrested Sept 20, and is on trial on charges of corruption and illegal sex acts.

Mahathir, 72, has repeatedly accused Soros and other speculators of using highly speculative investments to move markets and destroy Malaysia's once-booming economy.

On Saturday, the chief minister of Perak state, Ramli Ngah Talib, told Malaysians to ignore Soros, whom he accused of making statements that were equally as obtuse as those made by US Vice-President Al Gore during his recent visit here.

"Any person making such announcements is impaired," Ramli said, referring to Soros.

"It is to totally useless for us to listen to them, and it is best just to ignore it."

Last month, Gore angered his Malaysian hosts at a summit of Pacific Rim leaders with a speech praising the "brave people of Malaysia" who support Anwar, the country's former deputy prime minister and finance minister.

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Argentine President Carlos Menem (right) shakes hands with Japanese Prime Minister Keizo Obuchi over the table during their meeting at Tokyo's Akasaka Palace state guest house Thursday. — AP/UNB photo

## Weekly Currency Roundup

## Local Market

During the first half of the previous week (Nov 29-Dec 03) demand for US Dollar was high in the local forex market. The dollar traded at rates even higher than the central bank's selling rate of Tk 48.65. The main reason behind the high dollar demand was import payments and hedging of exchange risk by forward cover. In the second half, dollar demand steadied and local importer demand changed the scenario in the last two days of the previous week. Increase in inward remittances boosted the supply of the greenback on Thursday. On an average, dollar rates ranged between BDT 48,650 and BDT 48,650 last week. Banks sold a unit of dollar to importers at Tk 48,750 (market average) and bought a unit of the same from exporters at Tk 48,150 (market average). The daily forex turnover average was \$47m (Source: BAFEDA).

Bangladesh Bank accepted treasury bills worth Tk 512.50 crore in the auction held on Sunday (Tk 445 crore for 28 day, Tk 22.50 crore for 91 days, Tk 5 crore for 364 days and Tk 40 crore for 2 years). Treasury bills worth of Tk 433 crore matured on Monday. The call money rate ranged between 7.5 and 9.25 per cent. In the kurb market, cash dollar traded between BDT 48.80 and 49.00.

## International Market

In the international arena direction of the US stocks and the tone of US data influenced previous week's international forex market. Extensive fall in Wall Street pulled dollar down against yen, mark and Swiss franc on Thursday. The Bundesbank brushed off Germany's key repurchase rate to 3 per cent (a 30 basis-point cut). The rate cut failed to help Wall Street and speculation that US interest rates would be the next to come down grew.

During the week, the dollar traded between 118.20 and 122.60 against yen, 1.6706 and 1.7078 against DEM while GBP traded between 1.6502 and 1.6555 against USD.

—StanChart Bank

## Shipping Intelligence

## CHITTAGONG PORT

Berth position and performance of vessels as on 3.12.98

No	Name of vessels	Cargo	Port	Local agent	Date of arrival	Leaving	
J/1	Trono	Gr	Call	Everett	28/11	4/12	
J/2	Penguin	Gr	Yang	SMSL	19/11	3/12	
J/3	Banglar Maya	Wheat(G)	-	BSC	R/A	7/12	
J/4	Sun Bright	Gr	Sing	Seaglor	14/11	3/12	
J/5	Surabaya Express	Gr	Sura	BNSC	18/11	4/12	
J/6	Golden D	Wheat(P)	Durb	Rainbow	16/11	1/12	
J/7	Robin	Sugar(G)	P.Darb	Seacom	21/11	7/12	
J/8	Global Jane	Wheat(G)	Mong	Ancient	R/A	10/12	
J/9	Darin Naree	Wheat(P)	Capt	Total	17/11	10/12	
J/10	Kota Singa	Cont	Sing	PILBD	28/11	5/12	
J/11	Makassar Express	Cont	Col	Baridhi	29/11	5/12	
J/12	Mariaspes	Wheat(G)	Sing	SSST	20/11	5/12	
CCT/1	Banglar Robi	Cont	Sing	BSC	2/12	6/12	
CCT/2	QC Teal	Cont	Sing	QC SL	28/11	3/12	
CCT/3	Acacia	Cont	Sing	RSL	25/11	3/12	
RM/14	Sebal Deval	C. Clink	Jaka	PSAL	R/A	7/12	
RM/15	Kwan Mo Bong	Cement	Tang	USTC	8/11	-	
CCJ	Coral	C. Clink	Sing	Delmure	22/11	6/12	
GSJ	Silver Star	Wheat(G)	K. Dia	Ancient	R/A	3/12	
TSP	Jiang Yang	PSSP	Sing	Tmil	1/12	7/12	
RM/4	Al Swamuz	C. Clink	Cica	ASLL	30/11	12/12	
DDJ	Banglar Shourab	C. Oil	-	BSC	R/A	5/12	
DDJ/1	DDJ	Banglar Mamatha	Repair	-	BSC	R/A	10/12
DDJ/1	Tanary Star	IDLE	Para	PSAL	7/6/95	30/12	
DDJ/2	Princes	-	Hame	B. Bay	11/11	4/12	