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## US oil giant to resume operation in Pakistan

KARACHI, Feb 24: US oil giant Union Texas said yesterday it would resume operations in Pakistan next year after suspending drilling in 1997 when four of its executives were shot dead here, reports AFP.

Union Texas Pakistan (UTP) President Arnold G. Hoffman said the company was studying geological reports and after further study, "we will begin drilling activities in the year 2000."

The company has been allocated areas off the southern port city of Karachi along with rural areas in southern Sindh and Balochistan provinces for drilling.

"We are excited about it. The results of these studies will tell us which area to drill," Hoffman told AFP.

UTP suspended drilling operations and shifted its offices from Karachi to Islamabad after the executives from its SU headquarters were gunned down in violence-racked Karachi in November 1997.

UTP, employing 500 people including 300 field workers and engineers, has invested about 500 million dollars in exploration and development of oil and gas fields.

Hoffman said the chances of finding large gas reserves in some areas of Balochistan as well as central Punjab province were "bright."

The company has been operating in Pakistan for 22 years and has so far drilled 210 wells in six oil and gas fields.

Before the suspension of drilling it was producing 25,000 barrels of oil per day and 160 million cubic feet of gas.

## Don't use dollars for trade, warns Mahathir

KUALA LUMPUR, Feb 24: The ill effects of currency speculation will fester as long as the world uses the US dollar for trade, Malaysian Prime Minister Mahathir Mohamad warned on Tuesday, reports AP.

"If we do not use the US dollar, its value will fall and it cannot be used to pressure others," Mahathir was quoted as saying by the national news agency Bernama.

But as long as dollar-denominated trade flourishes, Mahathir said, more individuals like US billionaire and hedge-fund operator George Soros are likely to emerge and wreak havoc with the global economy.

"Their attack on the Malaysian currency has made us poorer," he told local reporters and a half-dozen editors from Egypt, Libya, Sudan, Jordan and Pakistan.

Mahathir has repeatedly snubbed Western prescriptions for mending the economy, calling them veiled attempts to recolonise Malaysia and other Asian countries hobbled by the recent economic crisis.

Instead, he imposed rigorous capital controls in September in an effort to prevent the kind of investor flight that caused problems in other Asian nations. He had also called for an international body to police hedge funds and currency speculators.

On Tuesday, Mahathir said his stance did not endear his country to the Western media, which were out to scupper his efforts to revive the economy.

"Malaysia indeed is not popular with the West and its media deliberately badmouthed Malaysia," he said.

Mahathir urged the Middle Eastern editors to send their own correspondents in so they would not have to depend on "inaccurate" reports in the Western media.

## China in bid to turn wastelands into arable plots

BEIJING, Feb 24: China is seeking to develop more arable plots from wastelands in face of overpopulated farming areas, according to Today's China daily, reports Xinhua.

The most remarkable significance in land rehabilitation is that it can increase China's arable land by 13.33 million hectares, by making better use of existing land and rehabilitating wastelands," Gao Xiangming, Director of the National Land Rehabilitation Centre, said in an interview.

He added that the campaign will also better local residents' living standards and enhance ecology in rural areas.

China has only 0.106 hectares of arable land per capita, less than half of world's average.

Gao said the new State Land Administration Law, which took effect on January 1, adopts more effective measures to improve the balance between land developed for non-agricultural purposes and the rehabilitation of waste land.

He disclosed that a new series of regulations will be worked out and put into effect this year to strengthen the management of land resources in accordance with the national comprehensive planning on land use.

A group of land-rehabilitation projects and pilot zones will be established across the country this year, according to Gao.

## 'Improve infrastructures to reap transit benefit'

# Nepal willing to expand business with Bangladesh

KATHMANDU, Feb 24: The Nepalese government and the business community here expressed keen interest in expanding business with Bangladesh by maximising the use of Bangladesh transit, reports UNB.

They urged the Bangladesh government to improve port and approach road infrastructures to reap the benefit of transit through Indian territory.

The Nepalese business community felt that the Bangladesh government would also have to improve the facilities at Mongla port to enable Nepal to import more through this route.

Nepal's official annual import may rise up to one million tonnes through Calcutta port. If it decides to import one-fourth of its total imports through Mongla port, the facilities there need to be developed to that tune, business circle here said.

"We (Bangladesh and Nepal) have to make a joint plan to increase our trade through the Bangladesh transit," Nepal's Finance Minister Bharat Mohan Adhikari told the United News of Bangladesh (UNB) on February 19.

He said Nepal's economy is import-based and it looks for a cheaper way of import, which may be possible using the Mongla port and the Bangladesh transit.

Asked if he sees India obstructing to making optimum use of the Bangladesh transit, Adhikari said: "I don't like to

blame India. Rather, we — Nepal and Bangladesh — should see how we can make best use of opportunities available right now."

The transit, a long-felt dream that came true in 1997, gives a ray of hope and both the countries can benefit more from it.

The Nepalese Finance Minister proposed that Bangladesh and Nepal should have a transportation agreement facilitating movement of trucks and buses through the transit to boost trade and tourism.

"The two government should have a joint committee to work out ways to best harvest the opportunities," he said during a dinner hosted by the Federation of Nepalese Chambers of Commerce and Industry (FNCCI).

Nepal's Tourism Secretary Gijendra Dhakal said a Dhaka-Kathmandu direct bus service, if it is possible, can contribute a lot to the development of tourism between the two countries.

"Bangladesh is very new in tourism, but has bright prospects," Dhaka said. He also floated an idea of developing a joint Bangladesh-Nepal tourism zone, inclusive of the Himalayas and the Sundarbans.

Nepal's business tycoon Binod K Chaudhury saw huge prospects of exploring trade between Bangladesh and Nepal.

He said: "Bangladesh has

given us an alternative access to sea and opened the Bangladesh market to us. The success depends on how best we can utilise it."

The transit, he said, has opened a gateway for Nepal to ASEAN through Thailand.

Chaudhury, a former president of FNCCI, urged the Bangladesh government to develop warehouse, transport and land port facilities to fully activate the transit. "All these should be streamlined. Bangladesh government can play an important role in making the best use of the transit," he said.

He added: "India is now facilitating us to use the transit. Let's see India to give us more."

FBCCI president Abdul Awal Mintoo, who had been here to attend an international socio-economic summit, said: "India is behaving quite rationally regarding the transit."

He said Bangladesh government would have to make a double lane between Tetulia and Bangladesh for easing the movement of trucks. He also called for improving immigration, customs and other facilities at the Bangladesh land route point.

Referring to his meeting with the Nepalese Finance Minister, the FBCCI chief said the Kathmandu government also urged Bangladesh to develop the land port and warehouse facilities.

"They (Nepal) have got their

infrastructure quite well in their side. We'll have to develop our roads and port facilities," he said.

During the talks, the informed, the Nepalese Finance Minister also offered for a "Transport Agreement" between Nepal and Bangladesh paving the way for direct movement of trucks and buses.

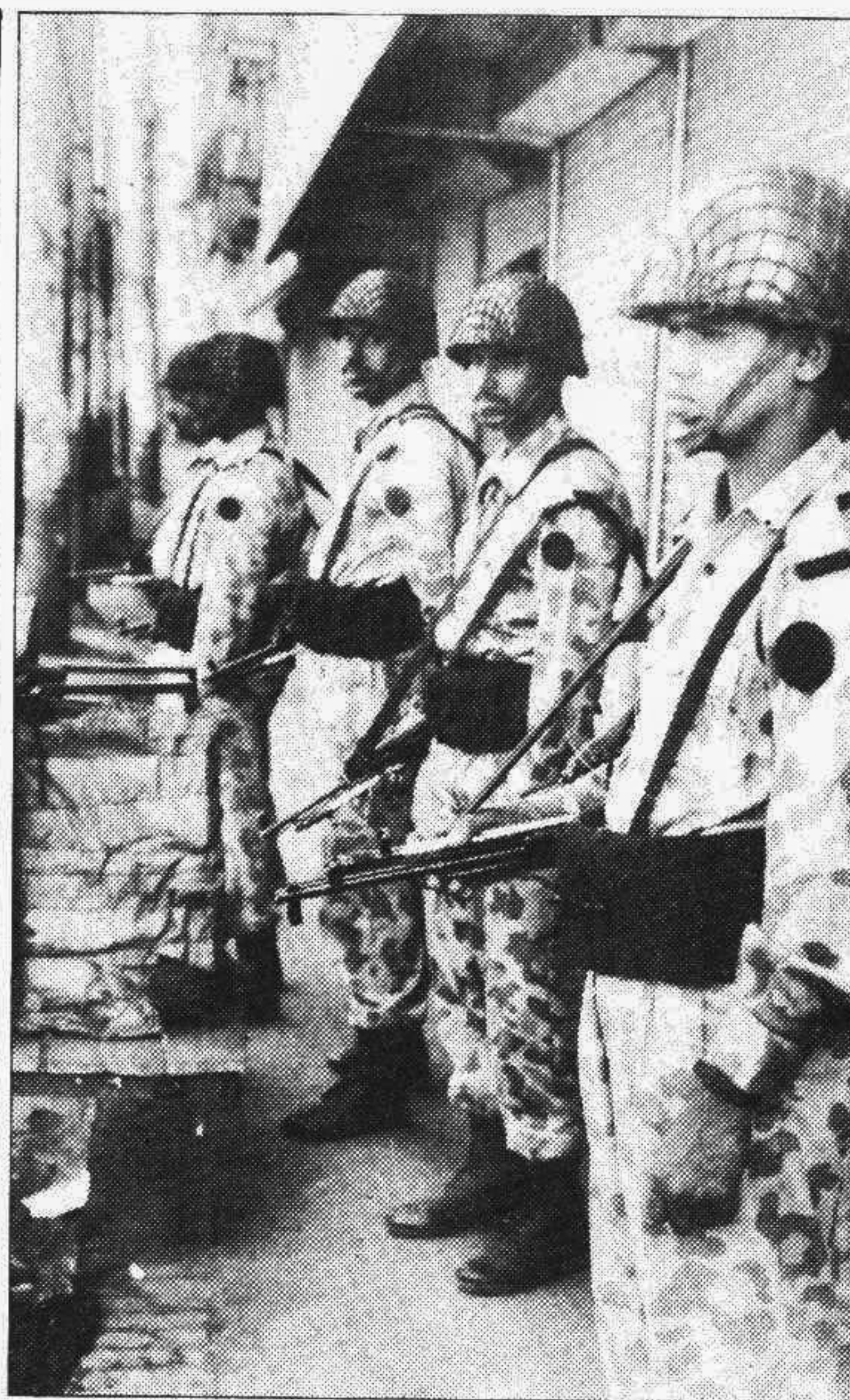
"We need to develop our infrastructures for our own benefit. We've many consumer goods to export to Nepal and we're able to compete quite comfortably with others," Mintoo said.

If the transit can be activated more, the Mongla Port would also benefit, he said. "We'll earn a lot in foreign exchange and there will be employment generation."

Besides, the landlocked Himalayan kingdom will see much more visitors from Bangladesh if the infrastructures for transit are improved, the FBCCI president said giving official data that show a growing number of tourists from Bangladesh to Nepal.

Managing Director of Sharif Melamines Ltd. Rajib Sharif, who also met with the Nepalese Finance Minister, said in Kathmandu that Nepal agreed to consider giving a "special tax and duty concession" for Bangladesh's table wares.

"This will help us earn a competitive edge and expand our business in Nepal," Sharif told UNB.



GUARDING AGAINST ODDS: Most of the city's large and small markets remained closed on the second day of the opposition-called three-day hartal yesterday. This picture, taken from English Road, shows paramilitary personnel standing guard over a market. — Star photo

## North Korea to build 5-star hotel in Ctg

CHITTAGONG, Feb 24: North Korea will build a modern five-star hotel on the hill top of the Tigerpass area in the port city with an estimated cost of Tk 5.5 billion, reports BSS.

North Korean ambassador to Bangladesh Mri Sang said this when he called on Chittagong city mayor Alhaj A B M Mohiuddin Chowdhury at the latter's office here yesterday, a City Corporation press release said.

They discussed various aspects of the proposed hotel when the project concept was placed at the meeting.

The Korean ambassador said all preparations have been undertaken and the construction work of the hotel will start immediately after the approval by the government.

North Korea will fund 90 per cent of the cost involved while the City Corporation will bear the rest, the press release said.

The hotel, to be built over some 50,000 square metres, will have all modern facilities, including an under tunnel eagle-typed shopping mall, the press release added.

## UK economy in perilous state

LONDON, Feb 24: The perilous state of the British economy was revealed with striking clarity yesterday by official figures showing the worst trade deficit for six years and the slowest growth rate since the recession of the early 1990s, reports AFP.

Britain's global trade balance posted its widest deficit for six years in 1998, when the trade gap hit 7.183 billion pounds (10 billion euros, 11.78 billion dollars), official figures showed.

And the government's data bureau revised downwards its estimate of economic growth in the fourth quarter of 1998 to 1.3 per cent from an earlier forecast of 1.6 per cent.

Economists said that the worse than expected data provided clear evidence of the economic slowdown here. They said that interest rates might, have to be lowered below the current 5.0 per cent to bolster the faltering economy.

At Morgan Stanley Dean Witter, Mark Miller said that the trade figures were likely to cause the most concern.

That is likely to concern the Bank of England going forward, and a weaker net trade position is likely to keep further rate reductions on the agenda," he said.

## Indonesian firm fires 1,000 agitating workers

JAKARTA, Feb 24: More than 1,000 workers at an Indonesian household appliances company were laid off after staging a nine-day protest in the eastern city of Surabaya to demand pay rises, legal aid officers and press reports said today, according to AFP.

Some 500 sacked workers Tuesday went to a local legal aid office to complain about their dismissal, but police allowed only ten of them in and sent the rest home, the Kompas daily said.

Director of the Surabaya Legal Aid Institute Indro Sugianto told AFP there was a dispute between the workers and the electronics division manager, who, he said, had not allowed the workers to say their Muslim prayers.

That dispute had been settled by SPSP (labour union) and they could start work on Tuesday," Sugianto said.

But on Tuesday the workers saw a factory announcement demanding the applications if they wanted to go back to work, he added.

Kompas quoted Suharto, the head of public relations at appliance manufacturer PT Maspin, as saying the workers had been absent from their jobs for 22 days.

They violated a labour regulation by leaving work for more than five consecutive days, Suharto said, citing a ministerial labour decree.

## Taiwanese forex reserves rise to \$91.92b

TAIPEI, Feb 24: Taiwan's foreign exchange reserves rose to \$91.92 billion US dollars at the end of January, the highest level since September 1995, the central bank said today, reports AFP.

The reserves have been increasing since July 1998 and are the world's third largest after Japan's \$240 billion dollars and China's 140 billion dollars, central bank official said.

The reserves rose 1.58 billion dollars in January from the previous month due to interest earnings, profits from overseas currency fluctuations, and the purchase of US dollars, they said.

The central bank bought the greenback when the local currency began to strengthen.

Taiwan's reserves had shrunk to \$82.92 billion dollars in October 1997 after the central bank stepped in to prop up the Taiwan dollar against the strong greenback.

## Euro falls to all-time low

LONDON, Feb 24: The euro fell to a new all-time low against the US dollar yesterday following a call by German Finance Minister Oskar Lafontaine for a cut in a European Central Bank interest rates, reports AFP.

The euro traded at 1.0946 dollars, down from 1.0977 dollars earlier in the day and 1.1030 dollars late Monday.

It has now lost more than eight per cent of its value since being introduced to world markets on January 4, when it was trading at 1.19 dollars.

In a speech prepared for delivery at the presentation of his 1999 federal budget, Lafontaine told the Bundestag, the lower house of the German parliament that if fiscal and wage policy "create a stable environment, then there is room for monetary policy to provide impulses for growth as well."

He added that with inflation nearly non-existent in most euro zone nations and producer prices in decline, that action must be taken to head off deflationary dangers.

## Funds start flowing back into S Africa

CAPE TOWN, Feb 24: The flight of capital from South Africa sparked by last year's Asian crisis has been arrested and foreign funds are starting to trickle back into the country, Reserve Bank Governor Chris Stals said Tuesday, reports AFP.

Stals, addressing the parliament's portfolio committee on finance, said 1.5 billion rand (250,000 million dollars) had flown into the country since the beginning of the year.

The fiscal restraint shown in the annual budget presented last week by Finance Minister Trevor Manuel, he said, "should encourage further inflows."

Describing the budget as "very encouraging," Stals noted government's intention to reduce the deficit from the current 3.7 per cent of gross domestic product to 3.5 per cent of GDP in the 1999/2000 fiscal year.

# Crisis offers US cos expansion opportunities in Asia

NEW YORK, Feb 24: While the Asian financial crisis has been blamed for falling profits in the United States, it has also opened the way for American companies to sell sedans in Indonesia and open more Eddie Bauer stores in Japan, says AP.

A number of US businesses have seen the crisis as a chance to take advantage of lower costs of investing in Asia and a greater openness among some companies there toward foreign ownership.

"With the Asian crisis much on the minds of Asian political leaders, Western companies have more leverage in negotiation," said Greg Mastel, vice president and director of studies at the Economic Strategy

Institute in Washington. The crisis began in Thailand in 1997 and has spread to other Asian countries, pushing them into deep recessions and forcing banks and businesses to restructure.

With South Korea pressuring its big conglomerates to unload assets and improve their financial standing, Hewlett-Packard Co. last year bought Samsung Electronics Co's 45 per cent share in their local joint venture. Now, the computer maker is betting the worst is over.

"The indication is things are about to get better," chief Hewlett-Packard's chief economist, Richard O'Brien, said in one of the most recent

deals. Goodyear Tire and Rubber Co. announced February 3 it was entering a global alliance with Japan's Sumitomo Rubber Industries Ltd. that would restore Goodyear's place as the world's largest tire maker.

General Motors Corp. credits the crisis for helping it increase its stakes of Japan's Suzuki Motor Corp and Isuzu Motors Ltd. from 3.5 per cent to 10 per cent and 37.5 per cent to 49 per cent, respectively.

"American and European companies have descended upon Asia and picked up companies here and there at pretty good prices," said Sung Won Sohn, chief economist at Wells Fargo and Co.

## Federal budget to be unveiled Saturday

# India needs strong deficit medicine

NEW DELHI, Feb 24: The Indian government must reduce wasteful spending and collect more taxes to cut its fiscal deficit, the government's Economic Survey for 1998-99 said Wednesday, reports AP.

Dow Jones Newswires quoted the survey as saying the fiscal deficit will exceed government targets this year, which may deter investment. The survey did not give a figure.

Early in January, Finance Minister Yashwant Sinha said the deficit for the current fiscal year could be slightly off its target of 5.6 per cent of the gross domestic product, but he did not set a figure. The independent National Council for Applied Economic Research has predicted the fiscal deficit could be 6.1 per cent.

Cutting the deficit is both "essential and difficult" as spending on government

salaries, subsidies and interest on past debt increases, the survey said.

The Economic Survey is presented each year before the budget — due Saturday — and wraps up the economic situation for the fiscal year.

The latest survey faults the poor Indian economy for the current year's higher-than-budgeted deficit.

"With continuing shortfalls in collections of indirect taxes due to sluggish growth in industrial production and imports, it is unlikely that the year-end fiscal deficit would be contained within the budgeted amount," the survey said.

"There is an urgent need to... (change) the composition of expenditure towards investment and restraining the growth in revenue expenditure," the survey said. "To put the economy on a sustainable fiscal path will

require determined efforts to mobilise tax revenues, as well as strict containment and prioritization of public expenditure."

On other issues, the survey said: The government should use "vigorous market intervention" to prevent dramatic price increases. The proposal comes after last year's jump in inflation, which hit 8.84 per cent in September as a 52-week average. Driving this year's inflationary pressure was food prices, particularly onion prices. Onion prices rose five-fold, before receding again late in the year. The price hike dominated state election campaigns in November.

The government should move faster to ensure insurance and pension funds are available for investment in infrastructure, where demand continues

to outpace supply. The survey said the government already has increased state spending on infrastructure, but would still need substantial support from the private sector to achieve the required growth.

'Export sluggishness cause for concern' Reuters adds: India said today that the third successive year of export sluggishness, in 1998/99 (April-March), was a cause for concern."

It said in its economic outlook for 1998/99 that sustained rapid growth in exports remained the most crucial ingredient for ensuring long-term external viability.

Although progress has been made to simplify rules and regulations, further efforts were required to smooth export transactions, it said.

## Exchange Rates

Following are yesterday's **Standard Chartered Bank** exchange rates of major currencies against Taka:

Selling		Currency		Buying	
TT/OD	BC		TT Clean	OD Sight Doc	OD Transfer
48.7600	48.8000	USD	48.8350	48.1748	48.0907
0.4065	0.4068	JPY	0.3962	0.3949	0.3942
33.8564	33.8842	CHF	33.1926	33.0826	32.9569
28.4730	28.4964	SGD	27.9636	27.8709	27.8222
32.8350	32.8620	CAD	32.0950	31.9886	31.8692
6.0481	6.0530	SEK	5.9452	5.9255	5.9130
31.6355	31.6614	AUD	30.3689	30.2682	30.0711
12.8665	12.8770	MYR	12.6857	12.6436	12.6116
6.3016	6.3068	HKD	6.2298	6.2091	6.1959
13.0476	13.0583	SAR	12.8479	12.8053	12.7727
13.3133	13.3242	AED	13.1235	13.0800	13.0465
0.0402	0.0403	KRW	0.0398	0.0397	0.0396
79.2009	79.2658	GBP	77.4955	77.2397	77.9595
54.3772	54.4218	EUR	52.4048	52.2311	52.1399

**Usance Export Bills**

TT DOC	30 days	60 days	90 days	120 days	180 days
48.2354	47.9377	47.5405	47.0836	46.5870	45.4746

**Exchange rates of some Asian currencies against US dollar**

Indian Rupee	Pak Rupee	THAI Baht	Mal. Ringgit	Indo Rupiah	Sing Dollar
42.400/	50.92/	37.70/	3.7998/	8875/	1.7150/
42.440	51.02	38.00	3.8002	8875	1.7155

**US Dollar**

Cash	Buying	Selling	1 Month	3 Months	6 Months	12 Months
notes	48.15	48.75	USD 5.62875	5.28063	5.15813	5.15609

**Libor**

TC	48.1	48.7	GBP	65	6.34813	6	5.67531
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**Market Commentary**

In the local interbank market, demand for dollar remained high despite slow activities. Most of the authorised dealers were forced to buy USD funds from the central bank to square their short position. Dollar-buying from the central bank exerted pressure on the money market due to out-flow of local currency. The call money rate ranged between 10 and 11 per cent. In the interbank market, US dollar traded between BDT 48.65 and BDT 48.70.

Taka gained ground as the supply of the greenback was boosted after a state-owned bank sold the US currency.

Huge demand and non-availability of US dollar pushed the call money rate up to 11 per cent. All banks had to buy US dollar from Bangladesh Bank, which resulted in outflow of taka from the interbank market. Another outflow of BDT 1 billion was witnessed due to acceptance of excess T-bills by Bangladesh Bank.

In the international markets, dollar was slightly up against yen on short covering mainly by foreign operators. On the other hand euro hit a record low against the green back. German finance minister again called for European rate cut, saying interest rates could be used to stimulate economic growth within a stable environment. European Central Bank is opposing the proposal of rate cut and setting currency target zones raised by some European countries to ensure exchange rate stability.

At 1505 hours local time, USD/traded at 121.35/40 JPY, GBP at 1.6069/79 USD and euro at 1.0973/78 USD.