

Pak WAPDA reeling under huge losses

By Syed Talat Hussain

Islamabad, Mar 20: Water and Power Development Authority (WAPDA), the government controlled institution responsible for meeting the electricity demand of the country, seems to have become a liability to power defaulters, creating fears that it might collapse taking the country's fragile economy with it.

According to new estimates, different government institutions and federal bodies owe around 67 billion rupees to Wapda, which has ruined the financial viability of the organisation and has kept it in state of permanent loss. What is worse increasing demands by the federal minister for Water and Power Gohar Ayub Khan on these institutions have not gotten a positive response.

The frustrated and angry federal minister Friday threatened to disconnect electricity to all the defaulters.

"If they do not pay up the arrears the only option left for us is suspend power supply to them. I am also under moral pressure to disclose the names of the defaulters in the National Assembly," said the Minister.

Almost everyone owes to Wapda the federal government, the four provinces, nearly eight ministries including the ministry of defence, and even the government of Azad Kashmir.

Unable to set the mess of Wapda right through the normal methods, the government three months ago took the decision to hand over its organisation to the Army which is now running a campaign to catch electricity thieves and defaulters. So far, several federal ministers, members of the federal and provincial legislatures and prominent politicians have been found to be involved in misappropriation of electricity. This has not improved in the financial situation of Wapda, however, which is still in the red.

IBBL's Comilla zone branch managers' confce held

Islamic Bank Bangladesh Ltd (IBBL) held a day-long Branch Managers' Conference of its Comilla zone on Friday at the auditorium of Bangladesh Academy for Rural Development (BARD), Comilla, says a press release issued yesterday.

M Kamaluddin Chowdhury, Executive President of the bank, was present in the conference as the chief guest and M Tajul Islam, Executive Vice President, was present as the special guest.

Presided over by Golam Mowla Chowdhury, Vice President and in-charge of the Comilla zone, the conference was attended, among others, by Habibur Rahman Bhuiyan, Vice President of the Central Accounts Department of the bank.

140m urban China jobless to come under insurance network

BEIJING, Mar 15: China's expanding unemployment insurance network is expected to cover all the country's 140 million urban employees by June, suggests Ren Zemin, Director of the Ministry of Labour and Social Security's Legal Department, says Xinhua.

A newly-released regulation on unemployment insurance is expected to encourage a free flow of talent and labour and help with the reform of state-owned enterprises, today's China's Daily quoted Ren as saying. The regulation requires urban enterprises and institutions and their employees to co-establish an unemployment insurance fund, which also will receive state funding.

Enterprises are required to pay 2 per cent of their employees salaries while the employees should contribute 1 per cent of their wages to the fund.

Created in 1986, the unemployment insurance system now covers 79.6 million people, 85.4 per cent of whom are working for state firms, said Mao Jian, Director of the Ministry's Employment Department.

The country's unemployment rate is unlikely to drop in the coming few years because the state sector will shed redundant labourers, Ren said.

China's registered urban unemployment rate is 3.1 per cent. The figure does not include the 6.09 million laid-off workers who are being taken care of by re-employment centres set up within their original enterprises.

These centres were introduced earlier as a three-year transitional shelter for laid-off workers, as China has not had a sound social insurance system until now, said Mo Rong, Associate Professor of the Institute for Labour Studies.

The centres pay the laid-off workers a monthly subsidy ranging from 140 yuan to 380 yuan. The disbursement is paid by the government, the unemployment insurance fund and enterprises.

Charges of improper use of fund IMF was right in giving loans to Russia: Rubin

WASHINGTON, Mar 20: Treasury Secretary Robert Rubin said Friday the International Monetary Fund made the right decision last summer in providing emergency loans to Russia even if part of the money ended up in foreign bank accounts held by rich Russians, says AP.

Speaking to a conference on how the news media cover financial matters, Rubin sought to clarify remarks he made to Congress on Thursday in which he seemed to indicate that much of the \$4.8 billion in loans "may have been siphoned off improperly."

"My point was not to suggest that anything improper happened," Rubin said. He said he was simply trying to describe the pressures that exist when frightened investors are trying to sell their holdings and flee the country.

In the type of crisis that Russia was experiencing last summer, the IMF emergency loans are designed to bolster confidence and halt the capital flight by reassuring investors that the government has enough in financial resources to support its currency.

But in the case of Russia, the emergency bailout did not work.

The \$ 4.8 billion was used by

the Russian central bank to intervene in the chaotic financial markets by buying up rubles that nervous investors were selling. IMF critics have charged that the \$ 4.8 billion were wasted and the IMF resources simply flowed into the hands of wealthy Russians who were selling rubles for dollars and other currencies which they transferred to Switzerland and other safe havens.

Rubin said he had no way of knowing how much of the IMF resources were used in that way. But he said the IMF rescue failed not because of the actions of wealthy investors but the lack of approval by the Russian parliament of the economic reforms needed to restore confidence.

While saying the IMF made the right decision in extending the loans last summer on the expectation that the Russian parliament pass the economic reform package, Rubin stopped short of saying whether Russia should now get the next instalment of the \$ 22.1 billion in emergency support assembled by the IMF last year.

Russian Prime Minister Yevgeny Primakov plans to visit Washington next week, and his government hopes to complete negotiations with the IMF at that time for new loans.

"I believe the rest of the world has a tremendous stake in the financial success of Russia," Rubin said. But he stressed that it would be up to the IMF to decide whether Russia had made enough progress in stabilizing its economy to receive more support from the lending agency.

Asked at a news conference Friday whether he would support a new instalment of IMF funding, President Bill Clinton replied: "I am hoping we can reach an agreement which will permit the IMF programme to go forward because I think that is important."

But it will only work if the money doesn't turn around and leave the country as soon as it's put in," Clinton added.

On a separate subject on whether he was considering leaving the administration soon, Rubin gave his standard reply that he remained focussed "on the issues in front of me."

Rumours about Rubin's possible departure reappeared in financial markets on Friday. Wall Street investors gave Rubin a great deal of credit for the economic prosperity the country is now enjoying.

Asked about the rumours at his news conference, Clinton said: "He has served well. I hope he will stay."



M Kamaluddin Chowdhury, Executive President of Islamic Bank Bangladesh Limited, addresses as chief guest a day-long Branch Managers' Conference of Comilla zone of the bank at the BARD auditorium, Comilla, on Friday.

Rebuilding of 'tiger' economies may face considerable risk

HANOI, Mar 20: Southeast Asian finance ministers ended a two-day meeting in Vietnam today with cautious forecasts of recovery from the crisis that has plunged the region into deep recession over the last two years, reports Reuters.

But the ministers from the Association of South East Asian Nations (ASEAN) warned that considerable risks lay ahead that could derail the rebuilding of the former "tiger" economies.

"We are confident that 1999 will witness improved economic prospects for the region," they said in a joint statement.

The statement welcomed recent developments such as currency stability, current account surpluses and lower interest rates but cautioned that many challenges lay ahead.

"The pace of recovery will be determined to a large extent by further progress in economic and financial restructuring," it said.

Senior officials from the International Monetary Fund and the World Bank attending the meeting have largely shared ASEAN's cautious optimism about recovery but worry that some governments may be tempted into complacency.

"By all international standards these countries have done well fighting the crisis," said Jean-Michel Severino, World Bank Vice-President for East Asia and the Pacific.

The ministers called for a review of the roles of large international financial institutions, such as hedge funds, and

regulatory bodies along with less reliance on credit rating agencies.

"Given the important role credit rating agencies play in the international financial markets, there should be greater transparency in the rat-

Imported vehicle sales rise in Japan

TOKYO, Mar 20: Sales of imported vehicles in Japan rose for a second straight month in February, climbing 3.1 per cent from a year earlier to 22,811, an industry group said, reports AP.

Industry officials said, however, that the gains in the last two months didn't reflect a turnaround in Japan's ailing economy, attributing them instead to the extremely low level of sales last year.

Imported passenger car sales rose 6.0 per cent to 22,390, while imported truck sales plunged 58.2 per cent to 421, the Japan Automobile Importers Association report said.

The figures included vehicles produced abroad by Japanese automakers.

Imports rose 3.0 per cent in January, the first gain since March 1997.

By country, sales of cars from the United States rose 38.4 per cent to 5,349, while imports from Germany gained 3.7 per cent to 12,423.

weeks ago. And even some US officials previously said that a few months ago.

Smith said that investors were using Clinton's comments as an excuse to sell and take profits while they can.

"It's going to be very difficult for gold in the coming months. I can't see any miracle cure," he said.

The Rothschild Bank in London said that the IMF's sales would probably be between five and 10 million ounces out of an estimated total reserves of 100 million ounces.

Silver: Slip. Silver prices fell in the absence of comment from the powerful US investor Warren Buffett at the annual meeting of his Berkshire Hathaway Trust.

Cash prices on the London bullion market fell by 24 cents to 5.04 dollars an ounce.

In 1997, Buffet purchased 20

ing process," the statement said.

Some ASEAN countries, most notably Malaysia, have criticized the rating agencies over their country reports, which they say have influenced the decision of many investors to withdraw portfolio funds.

The communiqué also highlighted a new regional economic surveillance mechanism designed to be an early warning of future financial turmoil. The mechanism, the ASEAN surveillance process, is designed to ward off more financial misery.

Economists have welcomed the body but ASEAN has yet to finalise details of the system. Officials have not yet decided what type of financial data would be compiled by the mechanism, ASEAN countries will also not be compelled to supply data.

Ministers said they wanted more information on markets and capital flows but were not recommending intervention in free markets, which they said would be "counter-productive."

"We do agree and uphold the view that we should pursue a market-friendly policy towards investors and market participants," Thai Deputy Finance Minister Pitit Leachantam told a news conference at the end of the meeting.

Singapore Finance Minister Richard Hu agreed: "There is not a suggestion that we are recommending regulating hedge funds. You can't regulate them anyway. I don't think regulation can work."

Analysts sounded upbeat about the prospects for

the metal, given signs of a future upturn in the Asian economy and strength of the yen against the dollar.

Lead: Rise. Lead prices rose slightly on speculative purchase despite a negative technical backdrop.

Three-month prices rose by six dollars to 507.50 dollars per tonne.

Analysts said that investment funds had bought up metal in the hope of driving prices higher.

Zinc: Stable. Zinc prices changed little this week.

Three-month prices rose by 4.20 dollars to 1,034.50 dollars per tonne after LME stocks fell by 3,300 tonnes to 305, 475 tonnes.

Aluminium: Hot. Aluminium prices rose sharply this week on the London Metal Exchange (LME), passing the 1,200-dollar a tonne psycholog-



Emad-Ul-Ameen, Head of Personnel of British American Tobacco, Bangladesh, hands over the tickets of Golden Tones Concert to R A Mazumdar, President of Sandhani Eye Donation Society.

\$6b Thai business loans put on auction

BANGKOK, Mar 20: Thailand put up for auction 6.2 billion dollars worth of business loans in a second bid to find buyers of assets salvaged from the devastated finance industry, says AFP.

Forty-six loan packages containing a total of 7,000 loans were put up for sale worth 226,494 billion baht (6.2 billion dollars), official said.

The loans were culled from 56 finance firms that folded after Thailand became the first Asian nation pulverised by the 89's economic meltdown in mid-1997.

Early indications appeared to dash hopes that the sale would erase memories of a first auction last year described as failure by the Financial Sector Restructuring Authority (FRA).

13 bids had been tabled — only one more than at December's auction.

No details were available on the origin of the bids or their size, proceeds of which will be used to pay off creditors of the firms.

A FRA committee is now studying the offers before deciding which has won lots at the auction," said the spokesman.

Results of the auction are not expected to be made public until late Friday or over the weekend.

The first auction, worth 10 billion dollars, failed in December when only nine of the 45 lots on offer were shifted in what was billed as the "biggest ever one-day asset sale."

Tokyo, HK most expensive cities

GENEVA, Mar 20: Tokyo and Hong Kong are the world's most expensive cities for expatriates while London has climbed to eighth position because of the strength of sterling, according to an independent report released by Reuters.

The Geneva-based Corporate Resources Group (CRG) said three more Asian centres — Beijing, Osaka and Shanghai — were third, fourth and fifth in its twice-yearly rankings based on the cost of a wide range of goods and services to foreigners.

At the bottom of the table covering 151 cities with a strong resident population of foreigners was Harare, capital of Zimbabwe, well below the next cheapest, Blantyre in Malawi.

CRG issues the report in the spring and autumn, it said the latest study was based on returns towards the end of 1998.

The most expensive European city was Moscow, which has dropped from its fourth position in last year's survey to sixth.

But the most dramatic change was recorded by Seoul, the South Korean capital, which jumped up the table from 46th last spring to 10th just six months later.

The report indicated this was due to the country's nascent recovery from the Asian economic crisis.

CRG, a unit of global consulting firm William M. Mercer Companies, says its surveys are used widely by private industry and governments in determining allowances they pay to personnel posted abroad.

Taking New York as the base with 100 points, the latest report gave Tokyo 165.5 points, well ahead of last year's leader Hong Kong with 153.3, Beijing was just behind with 152.1, followed by Osaka with 144.4 and Shanghai on 140.3.

Dry spell may hit Assam tea industry

By Syed Zarir Hussain

GUWAHATI, Mar 20: A prolonged dry spell in Assam has triggered panic in the northeast Indian state's tea industry with officials and planters fearing the lack of rainfall would adversely affect production and tea quality.

Tea gardens apart, ordinary people across the state too seem to be at their wits' end with many pinning their hopes on traditional practices and trying to appease the rain gods by marrying off pairs of frogs. There has been scanty or little rain in the past five months and that is threatening the Rs 20 billion tea industry in Assam, which accounts for nearly 55 per cent of India's total production. Planters are worried as this is the time the tea bushes begin to grow.

As far as the growth of the tea bushes is concerned we are already late by one month and if this dry spell continues most of the small and medium gardens will suffer very badly, resulting in a drop in the overall tea production," a planter in eastern Assam's Jorhat district said.

India produced an estimated 865 million kg of tea last year and the target for this year was about 920 million kg. The Indian tea industry has set a target of one billion kg by the year 2000.

As far as the rainfall is concerned, this year has been quite unprecedented. If the plantation do not get adequate rainfall then I think production will be delayed, there might be a drop in the quality and every likelihood of prices being hiked," NC Baruah, secretary general of the Tea Association of India's (TAI) Assam chapter, told India Abroad News Service.

Already prices of tea have gone up by Rs. 10 per kg in the general tea auctions in Assam. It is not always possible to use the irrigation facilities to sprinkle water in the entire garden. Moreover, underground water has also dried up and one cannot pump," a garden manager in the northern district of Sonitpur said.

Even as the tea industry is battling the drought, ordinary Assamese have been trying to

appease the rain gods by performing traditional rituals. Frog marriages have been organised in a number of places, including a few tea gardens. One such wedding was held in Guwahati. It was performed in accordance with Hindu rituals. At the end of the three-hour ceremony, the priest declared Rongmon and Hunpahi, the frog pair belonging to the buffalolanius tictus specie, man and wife.

Legend has it that marrying frogs during dry spell brings rain. "We haven't had rain since November and there was no option other than appeasing the rain gods in our traditional way of performing a frog marriage," Nizara Pathak, a middle-aged Guwahati housewife who volunteered to become the bride's mother, said.

The wedding was conducted at a city temple and a local club arranged for the three frogs, including a bridesmaid. Vermilion, flowers, firewood and incense sticks were bought for the ceremony.

"We held the wedding according to strict Hindu rituals in the same way as a normal marriage," Raghunath Sharma, the priest who conducted the ceremony, said. The wedding party was enlivened by a band and dancers who marched through a city thoroughfare with the groom in a cage. The bride and bridesmaid were in a glass cage and those accompanying them sang traditional wedding songs, distributing sweets and fruit to curious onlookers.

The weather office says the dry spell will pass soon. "There is nothing to be worried as such a dry spell has occurred in the past as well. But it is true that irregular rainfall will have an impact on agriculture," TK Ray, deputy director general of the Meteorological Centre, said.

Assam gets an average annual rainfall of about 700 cm with adjoining spots like Mawsynram receiving an estimated 1,240 cm, making it the world's wettest spot. Another factor responsible for the dearth of rainfall is the wanton destruction of forest cover and too much burning of fossil fuels, experts claim.



Mahbub Jamil, Chairman and Managing Director of Singer Bangladesh Ltd, formally opens the Khulna showroom-cum-sales centre.

Japan's current account surplus soars 72pc

TOKYO, Mar 20: Japan's current account surplus in January soared 72.2 per cent from a year earlier to 807.5 billion yen (6.8 billion dollars), the finance ministry said, reports AFP.

The trade surplus gained 67.0 per cent to 927.3 billion yen in the month with exports down 10.9 per cent to 3,331.3 billion yen and imports dropped 24.5 per cent to 2,404.0 billion yen, the ministry said.

The current account surplus measures the flow of goods and services as well as investment income and other monetary transfers.

Asia to get bulk of global food aid

PARIS, Mar 20: A large part of food aid granted worldwide this year will go to Asia, which will need up to five million tonnes largely due to problems in Indonesia and North Korea, the UN Food and Agriculture Organisation said, reports AFP.

One of the major lessons of 1998, was that a macroeconomic shock could have as severe an effect on food security in a country as a weather disaster, the FAO said in a statement issued at the annual agriculture show in Paris.

Indonesia was suffering the effects of El Nino and the financial crisis which had sharply increased unemployment, making people even more vulnerable to food shortages, the statement said.

In North Korea and Afghanistan, food security remains fragile because lack of basic materials hampered national food production, it added.

In North Korea, in particular, food production was far below requirements and the country did not have the money to buy food abroad, leaving it highly dependent on foreign food aid.

The statement also said that hurricane Mitch had led to significant loss of corn and bean harvests in Honduras, El Salvador, Nicaragua, Guatemala and Mexico.

The FAO said the food situation was also deteriorating in Somalia, facing its sixth consecutive poor harvest, while elsewhere in Africa conflicts were exacerbating an already precarious state of affairs.

It listed 15 countries facing poor harvests, and 38 in need of urgent food aid this year because of insufficient food production.

They are: Afghanistan, Albania, Angola, Armenia, Azerbaijan, Bosnia-Herzegovina, Burundi, the Democratic Republic of Congo, Cuba, Dominican Republic, El Salvador, Eritrea, Ethiopia, Georgia, Guatemala, Guinea-Bissau, Guyana, Haiti, Honduras, Indonesia, Iraq, Nicaragua, North Korea, Laos, Liberia, Mongolia, Russia, Rwanda, St Kitts and Nevis, Sierra Leone, Somalia, Sudan, Tajikistan, Tanzania, Yugoslavia and Uganda.

Expanded Singer showroom in Khulna opens

The newly-expanded and renovated Khulna Singer showroom-cum-sales centre has been opened.

The chairman and Managing Director of Singer Bangladesh Limited, Mahbub Zamil, inaugurated the centre in Khulna on Thursday, says a press release.

The marketing manager of Singer Bangladesh Limited, MA Siddiqui, senior executives of marketing and marketing services department and local elites were present on the occasion.

After the inauguration ceremony, formal selling of Singer products started with the selling of Singer sewing machine, refrigerator, colour television and micro-wave oven.

Immediately after the inauguration, the managing director met the area managers, district managers including branch/shop managers, exclusive sales agents of South Area in the area office of the company.

The meeting reviewed the overall business activities of the area.

Jamil visited the southern part of the country on a business tour.

He visited Sathira Singer showroom-cum-sales centre and discussed different business issues with the shop managers, exclusive sales agent and entire sales staff of the shop.

During the visit, he was accompanied by Marketing Manager and area Manager of South Area.

Manila posts \$ 251m budget deficit in 2 months

MANILA, Mar 20: The Philippines posted a budget deficit of 9,806 billion pesos (\$251 million) in the first two months of the year, mainly because of a shortfall in revenue, according to preliminary data released Friday by the Bureau of Treasury, reports AP.

The budget deficit for the January to February period was better than the projected 12,667 billion pesos (\$325 million).

The government's budget position for the same period a year earlier wasn't immediately available.

Government revenue for the two-month period totalled 71,014 billion pesos (\$1.8 billion), lower than the expected 78,794 billion pesos (\$2.0 billion).

Metal: Weekly Roundup

Gold slips as Clinton backs IMF reserve-selling idea

LONDON, Mar 20: Gold prices fell sharply this week after US President Bill Clinton backed an idea to sell off part of the International Monetary Fund's reserves to cover the debt of poor countries, reports AFP.

The gold spot price on the London bullion market fell to 283.50 dollars an ounce from 292.75 dollars.

Clinton's comments during a US-Africa summit on Tuesday were the latest support for putting a small part of the IMF reserves on the market, an amount that would still be enough to reduce the precious metal's value.

An analyst at brokerage firm Mitsui Bussan commodities, Andy Smith, said: "It's not a new idea. The French President Jacques Chirac talked about it on Monday, (British Finance Minister) Gordon Brown mentioned it some

weeks ago. And even some US officials previously said that a few months ago."

Smith said that investors were using Clinton's comments as an excuse to sell and take profits while they can.

"It's going to be very difficult for gold in the coming months. I can't see any miracle cure," he said.

The Rothschild Bank in London said that the IMF's sales would probably be between five and 10 million ounces out of an estimated total reserves of 100 million ounces.

Silver: Slip. Silver prices fell in the absence of comment from the powerful US investor Warren Buffett at the annual meeting of his Berkshire Hathaway Trust.

Cash prices on the London bullion market fell by 24 cents to 5.04 dollars an ounce.

In 1997, Buffet purchased 20

per cent of world silver stocks and dealers have little idea of his movements since then.

Platinum and palladium: Flat. The prices of these two metals remained flat amid extremely low trade.

On the London palladium and platinum market, palladium cash prices remained unchanged at 349 dollars an ounce.

Copper: Flat. Copper prices were broadly flat this week in spite of a fall in market reserves.

Three-month copper prices on the London Metal Exchange (LME) fell by four dollars to 1,390.50 dollars per tonne.

LME reserves fell by 6,700 tonnes to 696,700 tonnes.

Analysts sounded upbeat about the prospects for

the metal, given signs of a future upturn in the Asian economy and strength of the yen against the dollar.

Lead: Rise. Lead prices rose slightly on speculative purchase despite a negative technical backdrop.

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