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# The Daily Star BUSINESS

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DHAKA, SATURDAY, APRIL 17, 1999

## Russia to stay on reform path, says Primakov

MOSCOW, Apr 16: Prime Minister Yevgeny Primakov stressed Friday that the government will continue implementing economic reforms but that it wants to bring back greater state control over the economy, reports AP.

The government isn't going to backtrack on the course of reform, but it's necessary to rethink some approaches and correct some steps that have been taken," Primakov said at a Cabinet meeting.

Primakov said the government will follow orders from President Boris Yeltsin to create incentives for alling industries and make state regulation of the economy more effective. He did not specify how the government would do so.

Primakov has repeatedly said that the government intends to take a greater hand in managing the economy. The prime minister has argued that earlier reform efforts resulted in an uncontrolled, free-for-all that contributed to the country's economic problems.

Primakov said that the government's plans have won approval from World Bank President James Wolfensohn, who promised Russia \$2.3 billion in new loans.

Wolfensohn, who held talks with government officials in Moscow on Thursday, said the loan would be released over two years, and would begin after the government reaches agreement with the International Monetary Fund.

The IMF and the World Bank orchestrated a \$22.6 billion bailout package to Russia last year, but disbursements were frozen in August after the country's financial markets collapsed.

## Prime Bank starts customer service month

Prime Bank Limited started a programme titled Customer Service Month yesterday to mark the fourth anniversary of the commencement of its business, says a press release.

During the month ending May 16, the branch managers will hold meetings with customers to explain various services and facilities of the bank and solicit their views for further improvement.

The bank which pays a cheque in 30 second also ensure speedy disposal of customer credit proposals and inquiries.

Head office executives will also participate in the meetings.

The bank wishes to focus on its relationship with customers for the growth of business and during the month-long programme, the branch managers and other officers at the branch and head office will pay special attention to improve the quality of its customer service, the release added.

## Drought threatens Int'l Horticulture Expo in China

BEIJING, Apr 16: Fire trucks are bringing in water to save hundreds of thousands of trees and flowers potted and planted for the International Horticulture Exposition from a 3 1/2-month drought in southern China, reports AP.

China has worked for years to prepare for the giant gardening show that opens in the southwestern provincial capital of Kunming on May 1.

Now with two weeks to go, lack of water pressure has prevented irrigation sprinklers from working properly at the exposition grounds, the state-run Xinhua News Agency reported late Thursday.

Kunming has suffered from drought since January, and dry conditions are even harder for plants as daytime temperatures climb to a seasonal 30 degree (86 degree) average in April, Xinhua said.

Water is needed for 112 endangered or rare plants protected by law in China, as well as garden plants from Egypt, Sri Lanka, Switzerland, the United States and 53 other countries worldwide.

The show runs through Oct. 31.

## Asian currencies mixed amid yen volatility

SINGAPORE, Apr 16: Asian currencies were mixed against the dollar today amid volatile yen trading, dealers said, reports AFP.

The Singapore dollar, which reversed its bearish trend Wednesday, maintained its rise, hitting 1.6955 against the greenback from Thursday's close of 1.6958.

The Taiwan dollar rose to 32.85 against the US dollar from 32.90 and the Thai baht to 37.40 from 37.45.

"Basically, the yen set the trading pace for the other Asian units," a dealer with a European bank said.

The yen traded at 118.30 to the dollar at noon in Singapore after rising to a high of 117.60 and a low of 118.80 from the New York close of 118.78 and Singapore close of 118.90 on Thursday.

# Govt to help boost quality, export of ceramics: Tofail

Commerce and Industries Minister Tofail Ahmed yesterday said the government would extend all logistic support to entrepreneurs in the ceramic sector to maintain international standards of expanding exports, reports BSS.

"I am very happy that our quality ceramic products are available in the international markets now," Tofail said while inaugurating the two-day sixth annual conference of Bangladesh Ceramic Society in Bangladesh Council of Scientific and Industrial Research (BCSIR) auditorium.

Referring to the Indian ceramic sector having around 16,000 ceramic industries, Tofail said some ceramic products from Bangladesh are far better than that of many countries, including India.

"We can boost the volume of our export through quality products, he noted.

Illustrating the favourable investment opportunities in Bangladesh stemming from the financial meltdown in Southeast Asia, Tofail said the government is playing the role of a facilitator to create skilled entrepreneurs.

"The government is ready to ensure tax-holidays and offer bank loans and other facilities like electricity and gas if any one interested to set up industries in any underdeveloped area of the country for employment generation as well as value addition," the minister said.

The present government is trying to eliminate tariff and non-tariff barriers and duty anomalies to make indigenous industries more competitive.

Tofail said the export target for the current fiscal has been fixed at 5.63 billion US dollars.

Bangladesh Ceramic Society President R. Maksud Khan and General Secretary Dr. Afabuddin Ahmed also spoke on the occasion.

Referring to the problems in the ceramic sector including interruption in power and gas supply, traffic congestion and lack of financial support, Maksud Khan urged the government to provide electricity and gas at preferential rates.

UNB adds: For boosting local products, he said, the present government has decided to provide special facilities to the small and cottage industries entrepreneurs.

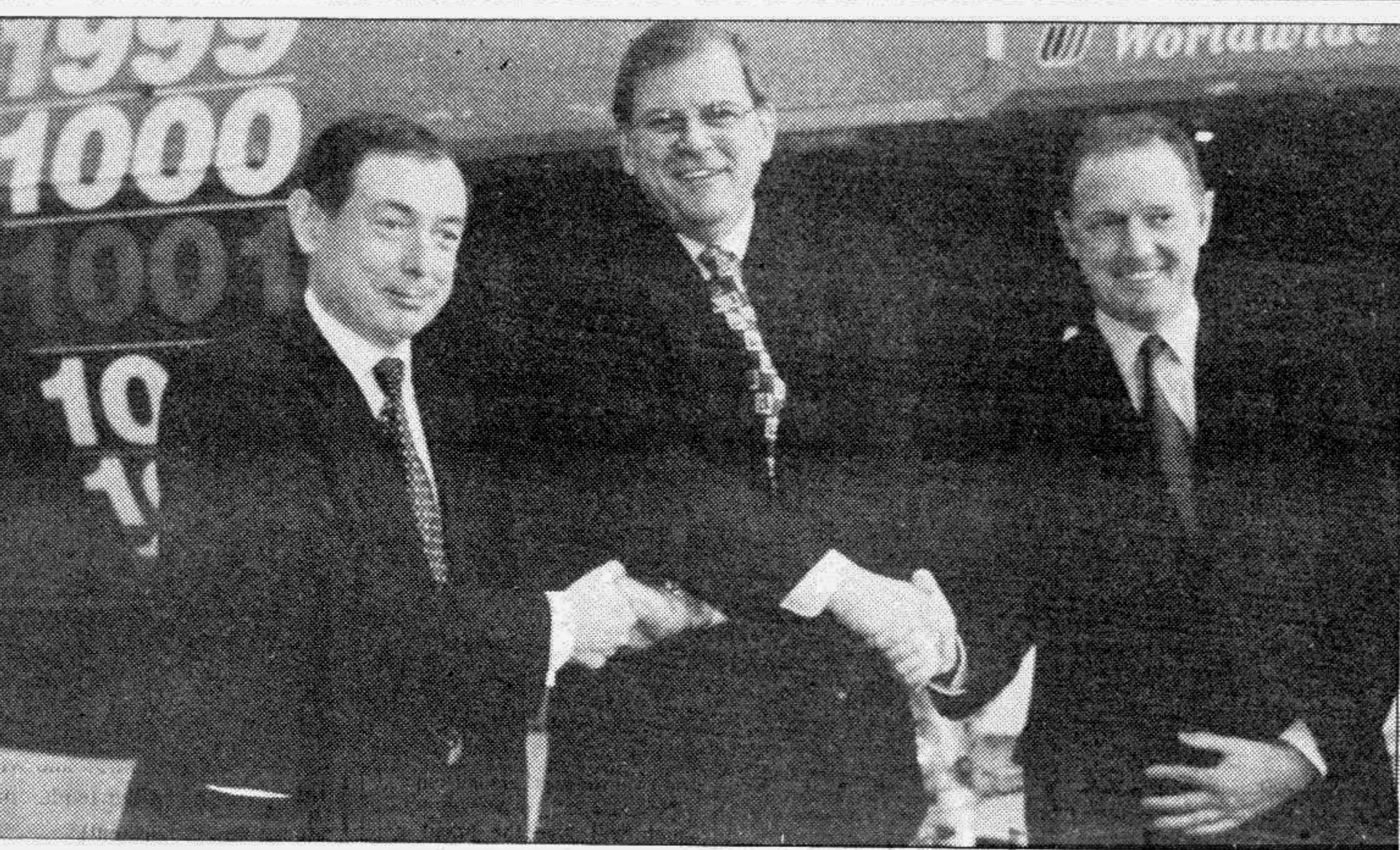
"All facilities, including bank loans, will be provided to the entrepreneurs for setting up small and cottage industries in the remote areas," the minister said.

He said, "Steps have been taken so that Bangladesh doesn't remain a market of foreign goods. At the same time, initiatives have also been taken for access of our products to India and other countries."

The minister called upon all concerned to enjoy the facilities and play an important role in boosting local products and ensuring a competitive position on world market.

In this respect, he categorically said that the government wants to create a skilled and dynamic private sector in the country in cooperation with the businessmen and investors.

"The new industrial policy as well as the export-import policy are aimed to achieve the goal," he told the inaugural session of the two-day conference.



TOULOUSE (FRANCE): (From L) Administration manager of Airbus Industries Noel Forgeard, president of United Airlines Jim Goodwin and president of International Aero Engine Mike Terret congratulate themselves Thursday in Toulouse during a ceremony in which the 1001th Airbus from the 320 family was delivered to United Airlines. —AFP photo

## Pakistan walking tightrope between aid and missile

ISLAMABAD, Apr 16: Pakistan faces a new dilemma after its latest missile tests, where its desire to militarily match arch-rival India has to be balanced against vital economic talks with donors, economists said today, reports Reuters.

They said Pakistan's efforts to keep up with India, shown by its for-latest ballistic missile tests this week, endangered its moves to revive its faltering economy.

Finance Minister Ishaq Dar said on Thursday the government had postponed a meeting of the Pakistan Development Forum donors meetings, scheduled for April 21-22 in Paris, to avoid a discussion of the missile issue.

The gathering would have discussed Islamabad's funding requirements for the fiscal year starting in July.

"We wonder whether the government's decision was based on a change in the attitude of the members after Pakistan's missile test," said Abid Naqvi, research head at Taurus Securities.

He said the West was using a carrot-and-stick policy to keep Pakistan on the path of nuclear containment.

"The carrots are doled out in the form of renewed official funding and debt rescheduling, providing Pakistan with desperately needed forex and fiscal support," Naqvi said.

The stick was US-led sanctions slapped on Pakistan after its nuclear tests last May which halted all foreign exchange aid and foreign investment for the country.

The partial lifting of the sanctions in December paved the way for the resumption of a \$ 1.56 billion International Monetary Fund credit programme in January and rescheduling agreements with the Paris Club on part of its \$ 32 billion foreign debt.

Naqvi said the donor meeting was not a pledging session and could be held later because the actual disbursements would begin after fiscal 1999/2000 started.

Nadeem Naqvi, research head at International Asset Management (IAM), said Pakistan was taking part in an arms race its economy could hardly afford.

"The bigger challenge for the Pakistani leadership would be to find a route where it can ensure the country's sovereignty and still avoid dragging itself into the race," he said.

"If there is any slowdown in the pace of economic negotiations (with the donors), that's part of the build-up of pressure on Pakistan towards a timeline for CTBT," he said, referring to the Comprehensive Test Ban Treaty, a nuclear arms control pact.

He said the donors' key concern was to reduce nuclear proliferation.

"The United States' green light to the IMF was tied to the CTBT issue and the main concern of the G-7 countries is reducing nuclear proliferation in South Asia," he said.

## Japan may allow more foreign workers

TOKYO, Apr 16: The head of Japan's Economic Planning Agency on Friday signalled support for a plan to allow more foreign workers in to head off a labour shortage, reports AP.

Taichi Sakaiya, director general of the Economic Planning Agency, said permitting more immigrant labourers would be one way to offset an expected decline in Japan's working-age population over the next few decades.

"It is necessary to accept (workers), with clear limits," he said at a regular press conference.

A government advisory council recently proposed easing tough restrictions on foreign workers as part of a package of recommendations for shoring up the economy over the next decade.

Japan's unemployment rate soared to a record high 4.6 per cent in February, but a falling birthrate has led to concerns that there may not be enough young workers to support a rapidly aging population in the 21st century.

# Britain-Japan telephone battle sparks fear of trade war

TOKYO, Apr 16: Fears of a Britain-Japan trade battle rose here today as Cable and Wireless plc, fought the giant NTT Corp. to keep a toe-hold in Japan's lucrative telecom market, reports AFP.

But rather than scrap with the Japanese telephone giant, many here called on the British company to cooperate with NTT, whose dominance over the market has also been loudly protested by the United States.

Japanese long-distance telecom carrier International Digital Communications (IDC) said the previous day its board had accepted a takeover bid from Nippon Telegraph and Telephone Corp.

The decision, made at an emergency IDC board meeting, was likely to mark a stunning defeat for Britain's able and Wireless which put in a competing bid for the Japanese firm and already owns 17.7 per cent.

But the expected NTT takeover of IDC failed to lift the giant's share price, traders said, noting that the threat of a political tussle took the shine off the deal.

"IDC's decision to accept NTT's offer should have been good news as far as NTT's share price is concerned, but it didn't trigger buying of the share," said Tetsuya Ishijima, chief strategist at Okasan Securities.

NTT shares fell 10,000 yen, or 0.8 per cent, to 1.29 million yen.

"Now that C and W insists on keeping its 17.7 per cent stake and Britain's trade minister is expressing concerns, the talks may develop into a complicated issue," he added.

"Everyone previously expected IDC's decision to spur buying of NTT shares, but C and W's involvement is rather seen as a negative factor."

In London, a spokesman for Cable and Wireless said that the company would "protect" its existing 17.7-per cent stake in IDC.

The IDC decision threw cold water on Cable and Wireless which has been trying to expand its operations in Asia," said Hirofumi Inada, a telecommunications analyst at Okasan Economic Research Institute.

"And if NTT takes over IDC, Cable and Wireless will certainly lose its major foothold in the region, and in that sense there is no denying that IDC's decision will stir trade friction between Japan and Britain."

Seiko Noda, Posts and Telecommunications Minister, told a news conference she preferred not to comment on "a matter of an individual company's management."

But she admitted having received a letter dated March 2 from Britain's trade and industry secretary, Stephen Byers.

"The letter stated that he was concerned about the global effect on Japan" if Cable and Wireless was forced out of the lucrative but NTT-dominated telephone market.

"We responded to the British side by saying that it was a matter of respective companies decision and the Japanese government takes a neutral stance," the minister said.

British Prime Minister Tony Blair had even intervened on behalf of the firm to complain

about NTT attempts to push out Cable and Wireless. The Independent newspaper in London said Thursday, although the report could not be confirmed.

"Now that Britain's trade minister pointed out that NTT's takeover would raise an issue of Japan's competition policy and regulations, there is a great possibility it may develop into government-level negotiations between Britain and Japan," said Japan's business daily Nihon Keizai Shinbun.

"Cable and Wireless took yesterday's decision as a manoeuvre by NTT and the Japanese government to squeeze out foreign competitors," the newspaper reported.

"It is likely that Thursday's decision will stiffen trade relationship between Japan and Britain," it added.

The newspaper described Cable and Wireless as "increasingly confrontational over IDC's decision" but said the British firm was simultaneously exploring the chance of a tie-up with NTT in international telecommunications.



SEOUL (Republic of Korea): Foreign Minister Hamad Al-Thani of Qatar (C-L) and his South Korean counterpart Hong Soon-Young (C-R) sign a bilateral agreement on investment promotion and protection here Friday at the presidential Blue-House. The signing was witnessed by Emir Hamed ibn Khalifa Al-Thani (L-back) and South Korean President Kim Dae-Jung (R-back). — AFP photo

## Aussie expert says Asian crisis likely to last 10 years

SYDNEY, Apr 16: Asia should not expect to recover from its current financial crisis for at least another six years, perhaps 10, according to one of the first economists to predict the crisis, says AP.

"The world is in for a lengthy period of low economic growth unparalleled since the 1930s," Peter Brain, the head of Australia's National Institute of Economic and Industry Research, said Friday. "There will be rolling recessions throughout many countries."

He said the dominance of the United States would be the problem behind the world recession.

"The return of US economic dominance on a long term basis will reduce overall world growth," he said.

"As a result the next one or two decades will be more akin to the first half of this century than the second half with all the associated tensions in economic adjustment."

The Asian crisis would continue because many of the root problems had not been fixed.

"There is a strong possibility of a second wave of economic shocks throughout the Asian region," Brain said.

The result for Australia would be a shrinking export market and high unemployment.

By 2002, Asian export markets would be 30 per cent lower than the levels Australian producers were expecting, and continuing repercussions of Asia's economic crisis would cause the unemployment rate to blow out to more than 10 per cent.

The performance of Australia's manufacturing industries had been poor in recent years, and the majority of the 350,000 jobs he predicted would be lost by 2002 would go from those industries.

"Over the next few years the flow on effect of the Asian meltdown will force major Australian plant closures in transport, equipment and the situation would be similar globally."

## Qatar, ROK to boost investment in gas projects

SEOUL, Apr 16: Qatar and South Korea agreed to boost trade and investment in construction and natural gas projects, the two countries' leaders said Friday, reports AP.

Qatar's Emir Sheik Hamad bin Khalifa Al-Thani met with South Korean President Kim Dae-jung to discuss strengthening trade and other economic exchanges.

The two leaders affirmed their determination to continue expanding cooperation in the fields of trade, investment and technical cooperation between the two countries.

Assim Bin Jabor Al-Thani and his Korean counterpart, Hong Soon-young, signed agreement protecting investment.

South Korea hopes its companies will win more contracts for building airports, petrochemical plants and other facilities in Qatar. It also hopes to take a stake in a dhrs 9 billion natural gas exploitation project in Qatar.

South Korea depends entirely on imports for crude oil and natural gas needs.

## NCE Insurance Limited Annual Conference



(From left) Anwarul Huq, Joint Managing Director, Azimur Rahman, Chairman, M Shamsul Alam, Managing Director, Dr. Amanullah, Director, and Mozibul Huq, Deputy Managing Director of Reliance Insurance Limited, at the annual conference of branch managers and marketing executives of the company held at a city hotel recently. —Reliance Ins photo

## Annual branch managers' confce of Reliance Ins held

The annual conference of branch managers and marketing executives of Reliance Insurance Limited was held at a city hotel recently, says a press release.

The inaugural session was presided over by the Chairman Azimur Rahman while the working sessions were presided over by M Shamsul Alam, Managing Director of the company. The Chairman of the company, Azimur Rahman, distributed prizes and certificates among the branch managers who achieved their premium targets in 1998. Syed Md Akram, Manager of the Kawran Bazar Branch, was adjudged the best performer of the year and was rewarded the company's 'Man of the Year'.

There was an open discussion on the problem of business throughout the country and decisions were taken at solving them.

The conference ended with a fresh vow to increase the business volume in 1999 by providing honest, efficient and professional service to the company's valued clients.

# Association of Caribbean States summit Perils, promises of free trade come to the fore

SANTO DOMINGO, Apr 16: Juggling competing economic interests, Latin American and Caribbean leaders address the perils and promise of free trade at a 25-nation summit in Santo Domingo this weekend, reports AP.

Promoting the region's \$ 18 billion tourism industry also headlines the Association of Caribbean States summit, comprised of Mexico, Venezuela, Colombia, Cuba and the smaller nations of Central America and the Caribbean.

Forging a unified Caribbean trade strategy has eluded the unwieldy association since its inception in 1994.

Mexico joined the North American Free Trade Agreement that year triggering a loss of thousands of Caribbean jobs in the garment industry because of Mexico's trading privileges with the United States.

Banana-producing Caribbean states suffered a more recent blow when the World Trade Organisation upheld a US challenge that their subsidised exports to Europe violated free trade rules.

The topic is a sensitive one since the association's banana-producing members in Central America, where US multinationals operate, stand to benefit from the TMO ruling. Its Caribbean members face the loss of thousands more jobs.

"We cannot change the rules of the game," Secretary-General Simon Molina Duarte acknowledged in an interview. "The countries involved have almost nothing to say."

But he said the association can prepare its smaller nations for unrestricted free trade by creating a regional tariff system that builds upon existing trade agreements among members, such as the 15-member Caribbean community trade bloc.

Globalisation's perils are a favourite theme of Cuba's Fidel Castro, whose communist nation has been left out of talks on creating a Free Trade Area of the Americas by 2005 — even though Cuba is a member of the

Caribbean association.

In a recent speech to diplomats of the Association, Molina Duarte suggested that the organisation help get Cuba into the free trade process — an idea sure to raise hackles in Washington.

Castro has vigorously courted his Caribbean neighbours in recent years and is unlikely to be criticised for his recent crackdown on political dissidents. Still, at a summit planning meeting, a Cuban delegation objected to a position paper suggesting that democracy was a condition for development.

Collectively, the member states have a population of more than 200 million and a \$ 500 billion gross domestic product. But Molina Duarte noted that the region's development — largely dependent on tourism — is hampered by frequent natural disasters and a need for better transportation links.