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Expats remit over Tk 77cr in '98-99

Bangladesh nationals living abroad remitted through Foreign Money Orders (FMOs) a sum of Taka 77.40.45.555.09 during the 1998-1999 financial year, an official press release said here today, reports BSS.

It said during the month of June '99 Bangladeshi nationals remitted to a sum of pound sterling 242913.95 and US dollar 799860.65 against 6277th foreign money orders.

BSB recovers Tk 100 cr loans

Under its loan-recovery drive, Bangladesh Shilpa Bank realised outstanding credits of about Tk 100 crore in the last fiscal year, reports UNB.

Managing Director of the state-owned industrial financing institution Enamul Haq Chowdhury told a meeting of the BSB Board of Directors yesterday that the recovery target for 1998-99 was set at Tk 150 crore.

"Despite devastating floods and other negative impacts on the economy, the bank succeeded in collecting about Tk 100 crore," he told the meeting chaired by BSB Chairman Prof M Shamsul Huq.

Vigorous drives for realising default credits will continue to bring back financial discipline, the board was told.

The bank disposed of project-loan accounts of 22 BSB-financed projects in the last fiscal and of more than 1400 projects out of total 2000 so far, including some of pre-independence period.

Emirates flights rescheduled

Emirates commenced a third daily flight between Dubai and London Heathrow on July 1, says a press release.

Also from the same day, Emirates' flights to Hong Kong and Bangkok was rescheduled.

On July 9, Emirates will operate an extra flight to Islamabad.

Emirates' third daily flight to London Heathrow took off on July 1 offering passengers the choice of a late afternoon departure from Dubai and a late evening departure from Heathrow. From that day, Emirates is having five daily flights into the UK (three to Heathrow, one to London Gatwick and one to Manchester).

Until September, Emirates will operate this third daily flight with an A310-300 seating 18 in First, 25 in Business and 131 in Economy classes.

From October, the airline will deploy the brand-new A330-200 aircraft on the third daily flight, with 18 in First, 42 in Business and 183 in Economy classes.

From July 1, Emirates' flight between Hong Kong and Bangkok have been rescheduled.

Between July 1 and October 30, 1999, EK083 will leave Hong Kong every Tuesday, Thursday, Saturday and Sunday at 2220.

The flight reaches Bangkok at 0005 on the following days and then takes off for Dubai at 0115, to arrive at 0425, all times local.

The Pakistan Civil Aviation Authorities have granted Emirates permission to operate an extra flight between Dubai and Islamabad on July 9.

This flight, EK3664, will leave Dubai at 0800 and arrive in Islamabad at 1200. From Islamabad, EK 3665 will leave at 1300 and return to Dubai at 1520.

The extra flight on July 9 will operate with an Airbus A310-300 configured in 21 Business and 177 Economy class seats.

Stronger UN-pvt sector cooperation stressed

The United Nations and the world business representatives have agreed that a continued cooperative partnership between them will do much to spread the benefits of globalisation.

This was stated by the UN Secretary-General, Kofi Annan, and the President of the International Chamber of Commerce (ICC), Adnan Kassar in a joint statement issued in Geneva on Monday, says a press release.

The statement was issued at the conclusion of a meeting between the Secretary General and the ICC President, joined by other chamber representatives including ICCB President Mahabur Rahman.

Senior UN officials accompanied the UN chief.

The world body and the private sector working together to promote human rights and raise labour and environmental standards will help create the conditions in which the United Nations ideals can be realised and business can make its full contribution to sustainable global prosperity.

IMF World Economic Outlook report reveals Weak global demand threatens Bangladesh's external stability

Star Business Report

The International Monetary Fund (IMF) has said that a weak demand in international markets poses special risks for Bangladesh's external stability.

"The prospect of global demand for exports, being weaker than projected earlier, poses special risks for Bangladesh's external stability," IMF's latest World Economic Outlook (WEO) report said.

The report officially launched yesterday further observed that demand for Bangladesh's exports in the United States and the European Union, the major trade partners of Bangladesh, may decline.

Addressing a press briefing on the occasion of the launching of the report, Resident Representative of International Monetary Fund (IMF) in Bangladesh Ronald P Hicks said that devaluation was only one of many things to be done for promoting export and

making it competitive. "Options are not just one (devaluation), a whole package should be put together to bolster Bangladesh's exports," he said at the briefing at the Bangladesh Bank Conference room.

He also emphasised that more attention be given to boost the country's exports. "Bangladesh's export growth is not very strong. Competition from many other Asian countries has an adverse impact on its export performance," he said.

The report has suggested appropriately prudent fiscal and monetary policies, supported by a flexible exchange rate policy and outward-oriented market based reforms to ensure that Bangladesh exports remain competitive in a difficult external environment. "Bangladesh should focus

more on health, education, infrastructure and areas having direct impact on poverty alleviation and economic growth," said Ronald P Hicks.

To a question about whether Bangladesh's increase in defence budget is justified, Hicks averted a direct answer, but said priority in expenditure allocations is critically important for an economy which has limited resources and weak revenue base.

In a country like Bangladesh, emphasis should be given to productive expenditures which have very important social claims, he added.

"IMF is very intensively looking into Bangladesh's budget for fiscal 1999-2000, its expenditure allocations, deficit and the framework for macroeconomic policies."

He renewed the repeated call by the development partners for expediting structural reforms

in Bangladesh. More emphasis should be given on financial sector reforms, expenditure control and reforms in the state-owned enterprises (SOEs).

Hicks also felt that Bangladesh should be strict in subsidising the loss-making enterprises and institutions.

The IMF's WEO report emphasised the need for a continuing commitment to prudent economic management and reforms.

The current relatively modest level of Bangladesh's official foreign exchange reserve provides little room for laxity in this respect, the report said.

It also emphasises that as the initial impact of economic shocks (external and/or internal) begins to recede, vigilance in macroeconomic management and structural reforms needs to be effectively sustained throughout the recovery period.

Oil prices hit 18-month high

LONDON, July 6: Oil prices powered higher again yesterday driven by bullish sentiment surrounding strict OPEC adherence to supply limits agreed earlier this year, reports Reuters.

London August futures for benchmark Brent jumped 51 cents to \$18.17 a barrel, the highest oil price in 18 months and the bottom end of OPEC's \$18-\$20 target price range.

Market observers said evidence that the cartel's stringent output limits, in place since April, were eating into surplus stockpiles in the West was the main factor behind a rally which has added \$8 to the price of oil from February's historic lows.

"In our view, the short-term world supply/demand balance is inexorably turning in OPEC's favour," said finance house Dresdner Kleinwort Benson.

"There is every prospect of

an accelerating inventory drawdown as the fourth quarter approaches," it added.

Major OPEC producer Iran said on Sunday that it expected oil prices to continue rising as a result of producer adherence to the supply curbs forged with non-OPEC exporters.

Iran's OPEC governor Hosein Kazempour Ardebili said estimates were that OPEC compliance with the output cuts, totaling 4.3 million barrels a day, was running at 93 per cent.

"We are very impressed by the level of compliance and we are confident that producers are going to fully abide," he said.

Data from the United States last week showed falling crude stocks and demand for gasoline and other petroleum products rising faster than forecast.

"Recovery in Asian demand has also bolstered the view

among oil market speculators that a hefty decline in global petroleum stockpiles will force prices even higher later in the year."

"Fairly strong signs of a recovery in demand in Asia have helped lead the market higher," said David Knapp, head of the markets division at the International Energy Agency in Paris.

"With Asian demand looking better and given reasonable compliance by OPEC on output cuts the prospects are good for a significant draw in inventories in the remainder of the year."

Some analysts think the rapidity of the price rally may require a decision by OPEC at its September meeting on the timing of any upward adjustment to output quotas which would otherwise remain in force until the end of March next year.

"OPEC may need to take stock of the situation if prices rise too high ahead of its September meeting," said Kleinwort Benson. An upward revision in quotas cannot be ruled out.

Dealers also were keeping an eye on the threat of tariffs on imported oil from four major producers into the United States.

A group of independent American oil producers last week requested the US government to investigate whether foreign nations dumped oil in the United States at below fair market value late last year.

The group is seeking countervailing duties against the four targeted countries Saudi Arabia, Mexico, Venezuela and Iraq which together account for just over half of the nine million barrels daily of US oil imports.

Japanese govt pessimistic about rapid recovery

TOKYO, July 6: Despite a raft of encouraging economic indicators, Japanese government leaders today cautioned against over-optimism about recovery from the worst recession since World War II, says AFP.

"Although the worst is over, I don't expect to see an economic recovery by leaps and bounds," Finance Minister Kiichi Miyazawa said, the day after the Bank of Japan reported a sharp improvement in business sentiment.

Miyazawa said private consumption and corporate capital spending on plants and equipment, key engines for economic growth, remained weak.

A planned 520 billion yen (4.3 billion dollar) supplementary budget was aimed at pre-

venting the economy from going backward rather than promoting its recovery," he said after a regular cabinet meeting.

The extra budget, designed to finance the government's latest economic measures to create more than 700,000 jobs and boost industrial competitiveness, was due to be submitted to parliament on Friday.

Kaoru Yosano, the minister of international trade and industry, told a separate news conference that there was no pickup in corporate spending.

"There is the need for us to deal with the economic situation with the same severe attitude as before," he said.

"Tankan" survey of business confidence, released the previous day, showed a rise in the

closely watched index for large manufacturers to minus 37 in the three months to June from minus 47.

The index had also picked up in the first time in 18 months.

The improvement had been anticipated following encouraging economic figures in the past month — a surprising 1.9 per cent quarter-on-quarter economic growth in January-March and the first decline in the monthly unemployment rate for 10 months in May.

But the upturn in gross domestic product (GDP), which has boosted Japanese share prices, has been largely attributed to the short-term measure of frontloading public works to the first quarter of the year.



The final rim section of the British Airways London Eye big wheel is laid in place, encircling the newly installed hub and spindle and column, legs by London's County Hall, Tuesday. The British Airways London Eye will be open to the public in January 2000 offering 2.2m visitors a year unrivalled views of the city in a 30 minute trip. — AFP photo

Asian stocks close mixed

HONG KONG, July 6: Asian stock markets closed generally mixed Tuesday, with prices falling in Tokyo and Hong Kong but surging in Seoul and Jakarta, reports AP.

The Japanese benchmark 225-Stock Average shed 84.33 points, or 0.47 per cent, to close the day's trading at 18,050.73. On Monday, the average rose 202.59 points, or 1.13 per cent, finishing at 18,135.06 — its highest closing level since September 1997.

Tokyo stocks fell on profit-taking. The Nikkei average had gained 3.5 per cent in the three sessions prior to Tuesday.

The market is adjusting its speed," said Hidenori Taraki, a general manager, Tokyo-Mitsubishi Personal Securities.

The average had surged Monday after the Bank of Japan's quarterly "tankan" survey showed that business sentiment had improved in the past three months.

Prices on the Hong Kong Stock Exchange also fell on profit-taking.

The Hang Seng Index, the Hong Kong market's key indicator of blue chips, lost 134.13 points, or 0.9 per cent, to close at 14,372.61. On Monday, the index had gained 322.16 points,

or 2.3 per cent.

South Korea shares closed sharply higher for a second straight day, boosted by the rapid pace of the country's economic recovery.

The Korea Composite Stock Price Index rose 26.59 points, or 2.8 per cent, to 989.43, its highest level since Nov 6, 1995 when it reached 922.77.

Indonesian stocks also closed sharply higher as foreign and local bargain-hunters bought back shares whose prices were seen as cheap, shrugging off domestic political concerns that recently depressed sentiment.

The Jakarta Stock Exchange's Composite Index rose 2.4 per cent, or 16,443 points, to 681,587.

Elsewhere: Singapore's share prices closed mostly lower on profit-taking. The Straits Times Index closed at 2,175.51, down 35.93 points, or 1.6 per cent.

Taipei: Share prices closed as investors took profits in technology shares amid concern that the market has been overbought. The market's key Weighted Stock Price Index fell 138.86 points, or 1.61 per cent, to 8,454.49.

Wellington: New Zealand

share prices closed higher, boosted by demand for local forestry stocks. The benchmark NZSE-40 Capital Index rose 19.90 points, or 0.9 per cent, to 2,160.70.

Manila: The Philippine stock index finished lower as investors cashed in on gains made in the past five sessions. The 30-company Philippine Stock Exchange Index fell 11.31 points, or 0.4 per cent, to 2,103.36.

Sydney: Australian share prices closed slightly higher, with solid gains in market heavyweight News Corp and the telecommunications sector offsetting losses in the banks. The All Ordinaries Index closed at 3,081.9, up 3.8 points, or 0.1 per cent.

Kuala Lumpur: Malaysian stocks closed mostly higher, although the main index slipped because of a fall in the share price of Malaysia's largest telecommunications company, Telekom Malaysia Bhd. The Composite Index, which tracks 100 key stocks, closed at 846.28, down 0.78 points.

Bangkok: Thai share prices closed lower on profit-taking. The Stock Exchange of Thailand index fell 6.33 points, or 1.2 per cent, to 526.82.

Recession-hit Thai economy already on the mend: PM

BANGKOK, July 6: The recession-hit Thai economy has already bottomed and is in the process of recovery, although some serious problems remain in the financial sector, which is saddled with bad loans, Premier Chuan Leekpai said today, reports Reuters.

"Frankly speaking, I think the economy has already bottomed out and we are in the process of recovery," he told Reuters in an interview.

"Nevertheless, some serious problems remain, particularly those concerned with financial institutions and bad loans and their restructuring process. But there are clear signals we are on the way to recovery," he said.

Chuan's comments buttressed recent statements by the central bank, the IMF and some analysts that key economic indicators show that the country may be on the road to recovery from recession.

"But I don't want to send any signal that would lead the public to become complacent or will then begin not to undertake any of the fundamental reforms that are needed," he said.

The premier said that the trillions of baht in non-performing loans on the portfolios

of battered Thai financial institutions and problems they faced in restructuring and recapitalising themselves were a drag on the Thai economy.

"The need to improve their situation is because the existence of bad loans is the very reason why financial institutions are reluctant to lend," he added.

"Which in turn means businesses find it hard to obtain credit and that in turn has effects on the real economy and on employment," Chuan said.

On the bright side, the official think tank, the National Economic and Social Development Board (NESDB), said last week that Thai GDP grew 0.9 per cent year-on-year in the first quarter of this year — the first quarterly growth in two years.

Last year, the Thai economy contracted 9.4 per cent against official projections of a shrinkage of 8.3 per cent, the NESDB said. This year, official projections are for one per cent or slightly better economic growth.

The government, in an effort to spark up slow consumer demand and kickstart the moribund economy, launched a \$3.5 billion economic stimulus package on April 1, cutting

value added tax to seven per cent from 10 per cent and boosting public spending.

Officials expect the effect of the stimulus package to start kicking in late this year.

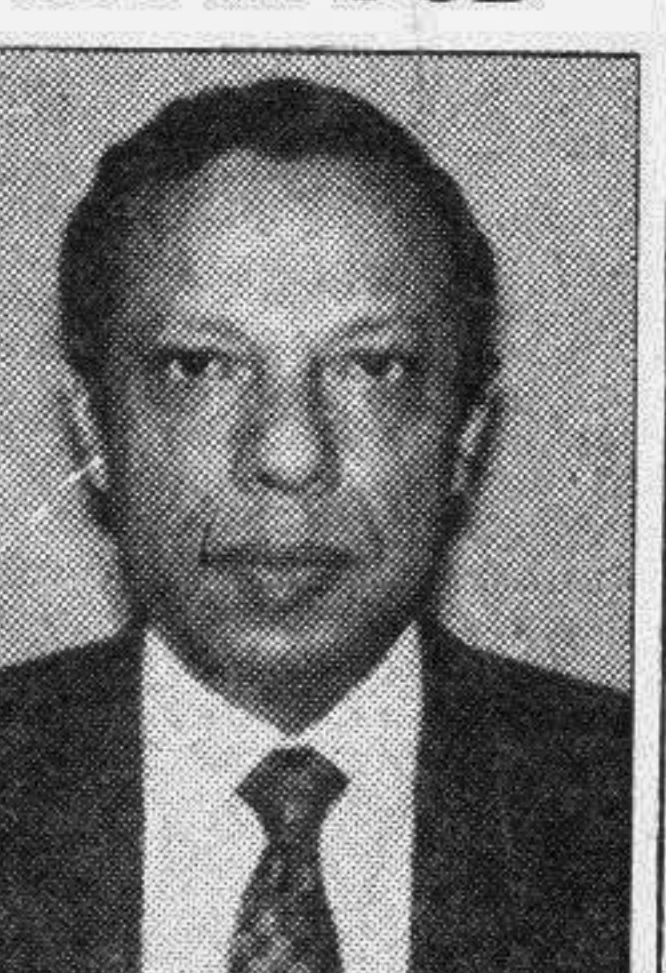
Latest Bank of Thailand data showed the closely watched manufacturing production index was 7.2 per cent higher year-on-year this May, its fifth consecutive monthly increase. May exports and imports were also robust.

On privatisation of state enterprises, which has run into some major problems with their managements and employees, Chuan said he expected a rocky road ahead but there would be no turning back from the objective.

"We are determined in our efforts to pursue privatisation and we are firm in our belief that the policy will benefit the public in general through the reduction in burdens on tax payers," he said.

Chuan's cabinet has approved a privatisation master-plan to sell off parts of state enterprises such as the Electricity Generating Authority (EGAT), Bangchak Petroleum Pte BCP, and Thai Airways International THAI.BK.

New Addl MD of UCB



Hamdul Huq has been appointed Additional Managing Director of United Commercial Bank Ltd, says a press release.

The appointment was made at a meeting of the board of directors of the bank on Monday.

Prior to this appointment, he was Deputy Managing Director of the bank.

Hamdul Huq, 54, has been in the UCB since its inception and contributed significantly to the growth and development of the bank, the release added.

Hamdul Huq started his career in 1969 and held the position of Deputy General Manager in BSR prior to joining the services of UCB.

Debt relief for African states depends on reforms: US

DURBAN, South Africa, July 6: Africa's debt-laden countries cannot expect the world's rich nations to write them a "blank cheque" on debt relief without a commitment to economic reform and governance, a senior US official said yesterday, reports Reuters.

"Countries who want to attract more investment cannot also be unwilling to address the consequences of their past practices," US Deputy Secretary of Commerce Robert Mallett told reporters in the Indian Ocean port city.

Mallett is leading a US delegation to the Southern Africa Economic Summit where Third World debt relief has been a dominant issue.

Some wealthiest nations, among them former colonial powers in Africa, are obligated to forgive the debts of a continent which holds a quarter of the world's poorest countries.

But Mallett said this would send the wrong message to foreign investors the continent desperately needs.

"It's that sense of entitlement which must be corrected. It's that sense of entitlement that is discouraging to investors," Mallett said.

He touched a raw nerve among delegates earlier on Monday when he said a lack of urgency on trade integration prevented the Group of Seven (G7) from giving its full support to the region.

His warning drew an angry rebuke from South African Trade Minister Alec Erwin who said the G7's caution on debt relief "was criminal."

Mozambican President Joaquim Chissano said later that the hurdles to qualify for debt relief were too high and should be reviewed. Mozambique, among the poorest countries in the world, was rewarded last month for years of painful economic reforms with \$3.7 billion in debt relief, or almost two-thirds of its external debt in net present value terms.

Mallett said it was not unreasonable for international lenders to make issues like corruption, social development and economic reform part of the conditions for debt relief.

Institutions wanted to know that the savings from lower debt servicing costs would be used for social development and not arms, he added.

"All these things matter. You can't have it one way. You can't

write a blank cheque," Mallett said.

The Deputy commerce secretary said the summit's criticism of the proposed sale of International Monetary Fund (IMF) gold to finance debt relief programmes would be noted by his government.

G7 countries approved the sale of up to 10 million ounces of gold at their meeting in Germany two weeks ago. But the plan has been attacked by gold-producing countries in Africa where record low bullion prices already threaten thousands of mining jobs and foreign exchange earnings.

South African President Thabo Mbeki opened the economic summit on Sunday with a dire warning that further gold sales would be disastrous for the world's biggest gold producer.

The IMF proposal needs the support of 85 per cent of the IMF's board. Since the US has a 17 per cent vote at the fund, Congress could effectively veto the plan. US Republicans have already introduced legislation to block the proposal, arguing that it would hurt 36 of the 41 countries targeted for debt relief under the programme.