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# The Daily Star BUSINESS

DAKA, SATURDAY, JUNE 17, 1999

## Major step towards breaking leadership deadlock Thailand assents to second WTO term for Supachai

BANGKOK, July 16: Seeking to break the deadlocked race for the leadership of the World Trade Organisation, Thailand agreed Friday to let its candidate, Deputy Prime Minister Supachai Panitchpakdi, take the second half of a proposed job-sharing plan, reports AP.

That would clear the way for former New Zealand premier Mike Moore, who has been unable to break strong Asian support for his Thai rival in months of bitter campaigning, to go first in a solution that would give each man three years at the helm.

Foreign Minister Surin Pitawan told a news conference that Thailand's offer depended on Supachai, also the country's commerce minister, being given a completely free hand to run the 134-member organisation during his term.

"In serving the second term, we want an agreement that Dr Supachai must be appointed to the position unconditionally," Surin said.

The offer could be the breakthrough needed to clinch a deal. Surin said no letter would be sent to WTO representatives in Geneva and that his announcement to the media would suffice.

Surin said the term-spoilt would benefit all members of the organisation.

The offer came a day after representatives to the WTO in Geneva postponed a meeting to receive more instructions from their governments.

The plan to give each candidate three years as WTO director general has been proposed by Australia after it became clear that neither would be able to defeat the other to win a traditional four-year term.

Moore was strongly backed by the United States, most European countries and Latin America. Supachai was championed by Japan and the rest of Asia.

The organisation traditionally makes decisions by consensus, so a vote was ruled out. Supporters of neither man were ready to withdraw their candidate in favor of the other.

It was unclear whether Supachai's supporters were onboard to cede the first term to Moore, though the Thais have been careful to sound out their supporters before making major announcements.

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BOMBAY, July 16: Deutsche Bank DBKG. F said today it expects India to be one of the fastest growing economies in the world over the next two years, reports Reuters.

The Indian economy is on a strong recovery path despite political turmoil and the Kashmir conflict, the bank's latest weekly report on emerging markets prepared by regional economist Sanjeev Sanyal said.

"Virtually all indicators suggest an economic revival; fiscal revenues are rising, exports are up and demand in many key sectors has improved," the report said.

Deutsche Bank said it had upgraded its forecast of gross domestic product to 5.8 per cent for 1999/2000 (April-March) and to 6.7 per cent for the next fiscal year.

The report said while data supporting the revival theory

was available only for a few months, the breadth of data could not be ignored.

The rise in industrial production in April, a 23 per cent growth in cement sales in the first two months of the year, a 21 per cent rise in government revenues in April-May and a 12 per cent increase in exports in May all suggested an economic revival.

The factors driving the revival are the positive supply-side effect from a bumper winter crop and the accommodative monetary stance of the Reserve Bank of India (RBI), the report said.

The Reserve Bank's 100 basis points reduction in interest rates in March and the improved competitiveness of the Indian rupee are important factors that have helped the economy revive despite the collapse of the Bharatiya Janata Party-led coalition and the resultant

delay in implementing reforms," it said.

Deutsche Bank estimated the direct fiscal cost to India of the Kashmir conflict at 24 billion rupees.

Pakistan last weekend agreed to withdraw infiltrators on the Indian side of the military control line in Kashmir after a two month ground and air offensive by Indian forces.

"After accounting for the additional cost of holding elections, the central government's fiscal deficit will amount to 6.3 per cent of GDP this year compared to six per cent in 1998/99," the bank said.

"This is not sustainable in the long run but is acceptable under current circumstances since financing is assured," it said.

India goes to polls in five phases from September 4 to October 1.

SCB concerned over reefer container dearth at Mongla

Hasan Maniruzzaman, Chairman of the Shippers' Council of Bangladesh, has expressed his deep concern over the acute shortage of reefer containers and carrying vessels at Mongla Port through which the major portion of the country's frozen food is exported, says a news release.

He stated that more than 20 frozen food-loaded containers are now stranded at the port for want of carrying vessels. A large quantity of exportable frozen foods lying at the godown cannot be stuffed for death in empty reefer containers. At least 40 empty reefer containers are required immediately for stuffing these.

Maniruzzaman apprehended that exporters who cannot containerise and ship their exportables in time have a chance of losing export market. This may have its adverse effect on the country's foreign exchange earnings, he said.

He urged the Ministry of Shipping, Director General Department of Shipping and the Mongla Port Authority to take immediate steps to making available the required number of empty reefer containers and carrying vessels at Mongla Port.

UK mortgage lending up 27 per cent

LONDON, July 16: The value of gross mortgage advances in Britain in June was 10.1 billion pounds, 27 per cent up on June 1998, Barclays Plc BARCL said today.

The British bank forecast 1999 would be the first 100 billion pounds (\$157 billion) year for mortgages, following a first half when lending fell just shy of 50 billion pounds, and said nearly half of homeowners believed their property would rise in value, up from around 40 per cent last September.

"Although 1999 looks like being a record year for mortgages, this does not necessarily mean we are seeing a housing market boom," Barclays mortgages director, Jim Chadwick, said.

"Housing turnover is still subdued relative to historic levels. So it remains to be seen whether the current recovery will gather momentum."

Fewer people, around 1-in-15 from a previous 1-in-13, were prepared to put their house on the market, Barclays said.

Barclays said the mortgage data were based on the flow of funds through solicitors' deposit accounts, of which its market share is around 30 per cent. Most of those funds are for mortgage advances and are drawn from the full range of mortgage lenders, not just Barclays.

Spanair strikes deal for 14 Airbus aircraft

PARIS, July 16: The Majorca-based airline Spanair has signed an agreement to buy 14 single-aisle Airbus planes, the European aircraft consortium said Friday, reports AP.

Spanair, a joint venture between the Spanish tourism group Marsans and Scandinavian Airlines System, has ordered 10 A320 and four A321 single-aisle aircraft. Airbus said in a statement.

Airbus and Spanair declined to provide a value for the order. The deal is worth \$730 million, according to catalog prices for the aircraft.

Spanair, which serves the Canary and Balearic Islands, also said it would operate seven additional Airbus A320s belonging to leasing companies, Airbus said.

To date, Airbus said it has received more than 2,110 orders for A320 aircraft, from 90 customers, of which 1,000 aircraft are currently in service with 87 airlines.

Bribery charges ROK ex-finance minister faces arrest

SEOUL, July 16: Former South Korean Finance Minister Lim Chang-yuel faced arrest today on bribery charges, a day after his wife was arrested, an official at the prosecutors' office in the west port city of Inchon said, reports Reuters.

"We have requested an arrest warrant (for Lim) for having taken bribes," said the official who declined to be identified. He did not elaborate.

Lim, who was elected governor of Kyunggi province in June last year, was expected to come under pressure to resign that post, local media reported.

The prosecutor's office said it arrested Lim's socialite wife Joo Hae-ram late on Thursday. She was charged with accepting a 400 million won (\$38,696 dollars) bribe from a former executive of the failed Kyunggi Bank as it tried to avoid closure.

National television network Korea Broadcasting System showed prosecutors, after serving Joo with her warrant,



A Thai woman takes a close look at a Barbie doll decorated with 114 diamonds totalling 6.8 carats, and 24.1 grams of gold on Friday. The doll is one of the collector edition dolls on display in Bangkok to mark the 40th anniversary of the Barbie doll. The doll will be put on auction in September.

— AFP photo

## Building Products Ltd launched

The launching ceremony of Building Products Ltd. (BPL), a subsidiary of Sheltel Group, was held yesterday in its Ashulia factory premises, says a press release.

The ceremony was presided over by Tapan Chowdhury, Chairman of Sheltel and Managing Director of the Square Group.

Dr Toufiq M. Seraj, Managing Director of the Sheltel Group, introduced BPL products like concrete hollow blocks, pavement blocks etc to the engineers present. The construction process was also shown in details.

In his paper titled "Potential use of block masonry in building structures" Dr. Salek M. Seraj, Professor of Civil Engineering, BUET, apprised the participants of the role of block masonry in economic, speedy, architecturally-attractive and environment-friendly construction of various building structures.

Among others, Project Manager Manzurul Huq and Deputy Chief Engineer Nazrul Islam of Sheltel spoke on the occasion.

Roubie keeps on rising

MOSCOW, July 16: The rouble rose against the dollar for a sixth straight day Friday, after a top official said the Central Bank was spending its hard currency to prop up the Russian rouble, reports AP.

The rouble strengthened to 24.32 against the dollar on the Moscow Interbank Currency Exchange, up from 24.33 the day before. Trading volume stayed largely unchanged at just under \$130 million.

First Deputy Prime Minister Viktor Christenko said Thursday that the Central Bank sold dollars for most of last week to defend the rouble. When the bank spends its hard currency to buy roubles, it adds to the demand for the rouble and therefore causes its rate to go up.

The method depletes the bank's already paltry foreign currency reserves, however.

The Central Bank reported Thursday that its reserves of gold and foreign currency fell \$300 million to \$11.8 billion by July 9 — down from \$12.1 billion on July 2.

## Corporate restructuring hurts consumer sentiment in Japan

year due to uncertainty about future job security and income.

In 1998, average wages dropped for the first time since World War II, while the jobless rate touched a record high of 4.8 per cent in March and April.

On a more optimistic note, the report said the risk of Japan falling into deflationary spiral has receded. Economic conditions, however, remain severe it added.

The report also said that the economy has gained from government measures, such as fiscal stimulus steps and the Bank of Japan's easy monetary policy. But attempts to spur private demand have so far failed.

Reflecting these public measures, gross domestic product expanded at an annualised pace of 7.9 per cent in the January-March quarter, while stock prices have risen, it said.

But the EPA also said that a recovery in private sector demand — which holds the key to Japan's prosperity — is likely to face an uphill battle and prove disastrous to strong economic growth.

However, the EPA was cautious about the banks' financial standing, noting that they may accrue more non-performing loans if land prices drop further.

The force of recovery in private demand is weak. In order for the economy to start recovering, there has to be a recovery in private demand while policy

effects provide support," the EPA said.

The release of the report comes after the EPA upgraded its overall assessment of the economy in a closely watched monthly report, released Monday. That report said that while the recovery remains fragile, the situation is improving somewhat.

Government efforts to stabilise the financial sector have also paid off, providing fuel for a recovery in sentiment, the report said.

"Due to the public fund injections into some banks, concern about the financial sector has vanished," said the official.

According to the annual report, the 15 major Japanese banks which received public funds are set to increase lending by 0.7 per cent on year as of the end of March 2000.

The paper also said that banks disposed of 9.6 trillion yen (\$79 billion) in non-performing loans in the fiscal year through March 1999 as the result of the public fund infusion.

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