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The Daily Star BUSINESS

DAKA, SATURDAY, SEPTEMBER 11, 1999

Japanese growth
good for the
world: Clinton

WASHINGTON, Sept 12: US President Bill Clinton on Thursday hailed news that Japan's economy had grown for the second straight quarter this year, saying it was "a good thing for the world," says AFP.

"They're doing better and I'm real pleased about it," Clinton told reporters. "I think the world should be pleased about it."

His comments came after the Japanese government reported that gross domestic product climbed 0.2 per cent in the three months to June from the previous quarter, for the second straight period of growth.

The world's second largest economy grew at an annualised 0.9 per cent in the quarter, outstripping most analysts' predictions, the Economic Planning Agency in Tokyo said Thursday.

"I know some in America are worried ... that a resurgent Japan means more competition for money and more pressure on the dollar," Clinton said.

"But on the whole, a Japan that could buy more American products and buy more products in Asia from other Asian countries," Clinton said. That situation is "good for the global economy and therefore good for America's working people," he added.

Swedish growth makes room for euro talks

STOCKHOLM, Sept 10: Sweden's strong economic development is giving the country plenty of time to mull over any eventual membership of Europe's economic and monetary union (EMU). Finance Minister Bosse Ringholm said today, reports Reuters.

"We are of the view that the Swedish economy is so strong that we have room to take our time with a methodical discussion," Ringholm told reporters after a meeting with the parliament's EU committee.

But he said the decision on whether Sweden would join the single currency union was one of principle and would not be influenced by the unexpectedly strong economic development in Sweden.

Sweden decided not to join EMU at its start in January 1999 because of strong public opposition to such a move.



M A Samad, Chairman of the Board of Directors of Bangladesh General Insurance Company.

14th AGM of BGIC held

The fourteenth annual general meeting (AGM) of Bangladesh General Insurance Company Ltd (BGIC) was held yesterday at a local club, says a press release.

M A Samad, chairman and founder-managing director of the company, presided over the meeting which was attended by a large number of shareholders.

Taking into account the long-term interest of the company as well as giving serious consideration to BGIC's future commitments as well as uncertain business prospect in the years ahead, the board adopted a prudent approach to recommend payment of dividend at the rate of 20 per cent amounting to Tk 1.44 crores on the increased capital of Tk 7.20 crores.

The shareholders attending the meeting welcomed this decision of the Board of Directors.

The shareholders also appreciated the chairman's action when he informed them that the company promptly settled the huge claim amounting to Tk 4.50 crores due to the country's worst deluge and thereby could maintain BGIC's high image, reputation and goodwill.

Russia to reduce oil exports

MOSCOW, Sept 10: Russia is to reduce its oil exports in the fourth quarter of this year to ensure supplies to Russian oil refineries. Fuel and Energy Minister Viktor Kalyuzhny said yesterday, reports AFP.

He said exports in the fourth quarter would be reduced by two million tonnes from the figure in the third quarter, which was not immediately given.

The reduction would also permit stock building, the minister said, without specifying how he would oblige oil companies to reduce their sales abroad.

EPB's July statistics show Export earnings from six sectors down sharply

By Rafiq Hasan

Export earnings from the country's six major sectors declined sharply during the first month of current fiscal compared to the same period of the previous financial year.

Total export earnings in July, however, showed a slight increase by 1.01 per cent if compared to the first month of previous fiscal.

The country earned US\$ 515.41 million, equivalent to Tk 2512.61 crore, in July '99 against US\$ 510.28 (Tk 2403.42 crore) million during the same month of 1998.

This earnings figure is 7.79 per cent higher than the target of \$478.17 million for the

month. The government had fixed a total export earning target of 5.73 billion dollars for the 1999-2000 fiscal, which is equivalent to Tk 27,972.75 crore.

The sectors which witnessed slide in earnings are tea, ready-made garments (RMG), frozen foods, agricultural goods, engineering goods and handicrafts, according to Export Promotion Bureau (EPB), the government's export monitoring agency.

Export earnings from some other sectors, during the month, however, increased but failed to achieve respective targets. The sectors include jute goods, chemical by-products, leather and electronics.

According to the EPB statistics, export gains from the tea sector declined by 94.62 per cent, agricultural products by 88.38 per cent, engineering goods 46.10 per cent, frozen foods 8.86 per cent, handicrafts 9.52 per cent and RMG sector 0.44 per cent. Export earnings from the miscellaneous sector also declined by 5.83 per cent compared to the same period of previous financial year.

Export earnings from tea declined to US\$ 0.20 million during July of the current fiscal from 3.72 million during the same month of previous year. Agricultural goods fell to US\$ 0.5 million from \$4.39 million, engineering goods to US\$ 0.75

million from \$1.41 million, handicrafts to US\$ 0.38 million from \$0.42 million, RMG to \$304 million from \$305 million and frozen foods to 29.30 million dollars from 32.15 million dollars.

The country earned US\$ 19.72 million from the other sectors which is 5.83 per cent less than the previous fiscal's earnings figure of 20.94 million dollars.

Four sectors could not achieve their export earnings targets. These are: leather by 15.47 per cent, jute goods 17.69 per cent, electronic goods 43.28 per cent and chemical by-products by 5.38 per cent.



The Monthly Lucky Draw Prize Distribution of Jharna, Ciao, Poolcafe and Savvy (beauty and barber salon) of The Pan Pacific Sonargaon Hotel was held Thursday. There were nine Lucky Winners from four outlets who received complimentary one-night stay in Deluxe room with breakfast at Pacific Lounge and complimentary lunch or dinner at Jharna, Ciao and Cafe Bazar. Picture shows the Lucky winners with the General Manager of the hotel Hans Gabriel Winsnes.

— Sonargaon photo.

Japan steps in to weaken yen, uphold recovery

TOKYO, Sept 10: Tokyo stepped into the market today to weaken the yen and protect a fragile recovery in the world's second largest economy, Japan's finance minister said, says AFP.

The Bank of Japan began selling yen in early trade shortly after the currency surged close to a three-year high at 107.65 yen to the dollar. But economists were quick to warn it would only have a temporary effect.

"We intervened this morning," Finance Minister Kiichi Miyazawa told a news conference.

Investors have poured money into Japan encouraged by signs of an economic revival, particularly Tokyo's announcement Thursday that gross domestic product grew for a surprising second straight quarter in the three months to June.

Intervention quickly pushed the currency down more than two yen against the dollar, to a low of 110.00 yen.

By 11.00 am (0200 GMT) the Japanese currency was trading at 109.91-93 to the dollar, against 108.82-85 yen here late Thursday.

The bank seems to be intervening firmly," said Fuji Bank Ltd dealer Wakao Ogawa. "But I don't know the size of intervention."

The shareholders also appreciated the chairman's action when he informed them that the company promptly settled the huge claim amounting to Tk 4.50 crores due to the country's worst deluge and thereby could maintain BGIC's high image, reputation and goodwill.

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The reduction would also permit stock building, the minister said, without specifying how he would oblige oil companies to reduce their sales abroad.

I don't think they have a specific target in mind such as 110 yen."

Investors pushed up Tokyo stocks after the intervention. The Nikkei stock index closed the morning up 138.96 points, or 0.8 per cent, at 17,816.52.

But economists warned the effects of intervention would not last without joint action by the United States.

It did have an impact on the market as people were just starting to wonder how long it would take for them to step in," said Sanwa Bank Ltd dealer Tetsu Aikawa.

This intervention may not have a prolonged impact unless the government can carry out joint intervention."

Many of Japan's top companies have already warned this year the strong yen, which makes exports more expensive, is eating into their earnings.

Blue-chips like Sony Corp and Cannon Inc have admitted profits have fallen in recent months.

"I think it will have a temporary impact but just intervention by the Bank of Japan alone in the past didn't have much of a sustained impact," said Peter Morgan, economist at HSBC Securities.

"The question is now whether the US comes in and does the same. It is possible, but

I think the US is pretty comfortable," with the current situation, he said.

Tokyo's aim was not to pull the yen back drastically "just to keep it from moving too quickly," he said.

HSBC forecasts the yen will rise to 101 to the dollar by next year, as more signs of recovery emerge.

Investors were spurred by strong 2.0 per cent growth in the three months to March. Tokyo said Thursday the economy grew another 0.2 per cent in the three months to June.

In June and July the central bank spent more than an estimated 20 billion dollars stepping into the market to sell yen but was unable to hold the currency down.

The International Monetary Fund has warned a rising yen could put an end to Japan's recovery.

Hubert Neiss, director of the IMF's Asia-Pacific operations, said Tokyo should launch a more aggressive monetary policy or step into the market to curb the currency's climb.

A further rapid appreciation of the yen could well put an end to recovery as has happened once before," Neiss told a seminar in Tokyo earlier this month.

Vendor certification and in-house testing on the aviation sector's most vital communication, navigation and landing systems was already complete and was being examined by external auditors, Khola said.

Indian aviation sector to be ready for Y2K

NEW DELHI, Sept 10: India's aviation regulator said today he was confident the sector would be prepared for the Year 2000 (Y2K) bug and said there would be normal routing over Indian airspace as the new year dawned, says Reuters.

"We are fully confident there will be no problem," director-general of civil aviation HS Khola told a Confederation of Indian Industry conference.

Asked about reports of international airlines planning alternate routing to avoid India when crossing to Europe from other parts of Asia, Khola said: "Normal routes will be maintained (over India)."

The Y2K bug refers to a problem that might occur in computers which denote years in their date-fields only by their last two digits. Its occurrence could mean the loss of valuable data and hurt key operations when the year 1999 changes to 2000.

Vendor certification and in-house testing on the aviation sector's most vital communication, navigation and landing systems was already complete and was being examined by external auditors, Khola said.

Japan's PC venture Sotec's "e-one" desktop computers are displayed at Asia's largest PC convention World PC Expo in Makuhari, suburban Tokyo, yesterday. Apple Japan, the Japanese unit of Apple computer of the US, filed a lawsuit against Sotec alleging the design of Sotec's e-one is a copy of Apple's i-Mac.

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1 EQUAL HOUSING LENDER



Helmut O Maucher (2nd from left), Member of the ICC Presidency and Chairman of Nestle, SA, speaks at a meeting with the members of International Chamber of Commerce (ICC) — Bangladesh at a city hotel on Thursday. Mahbubur Rahman, President of ICC Bangladesh, M. Mokammel Haque, Executive Chairman, Board of Investment, and A Rob Chowdhury, Vice President of ICC Bangladesh, are seen on his left respectively while Latifur Rahman, Vice President of ICC Bangladesh and Chairman of Nestle Bangladesh Limited, is on his right.

Ex-ICC president urges business leaders Help materialise meaningful globalisation for all

Business leaders should play a greater role in materialising the process of globalisation in an effective way which would benefit all.

This was stated by Helmut O Maucher, the immediate Past President of the Paris-based International Chamber of Commerce (ICC) and Chairman of the global food giant Nestle SA, during a discussion with Members of the National Committee of ICC Bangladesh at a reception in the capital on Thursday, says a press release.

The internal document, obtained by the agency, showed that the Fund plans to revalue part of its gold reserves to fund a debt relief initiative for 41 of the world's poorest countries. Under the plan none of the IMF's gold would be sold on the open-market, a prospect which had spooked gold markets. The Fund is also considering a public statement to assure the gold market that future sales are also out of the question.

The document said many of the Fund's directors believed "that a public statement ... should effectively limit the amount of gold that the Fund would use for this purpose and would renounce any further gold sales for a given period of time in the future."

Gold prices have hovered near 20-year lows recently as many central banks, including the Bank of England, have begun to reduce their billion reserves. The prospect of an IMF sale of gold made markets nervous since the Fund, with 103 million ounces of bullion, is the world's second largest holder of gold.

Under the plan the IMF would sell its gold at market prices to countries in good standing which had payments coming due for past loans. Those countries would then pay their IMF obligations in gold.

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