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# The Daily Star BUSINESS

DHAKA, SUNDAY, OCTOBER 24, 1999

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## FBCCI trade team off to Mizoram

A 36-member trade and investment delegation of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) left Dhaka yesterday for Mizoram on a 6-day visit to India.

Abdul Awal Mintoo, FBCCI President, is leading the team, says a press release.

Selima Ahmad, Director of FBCCI is the Deputy Leader of the delegation.

Other members of the delegation include FBCCI Directors Momtaz Uddin, Dr. Momenul Haq, Alhaj Afzal Hossain, ASM Kamal Uddin and Major General Amlaj Khan Chowdhury (Retd), CEO, Agricultural Marketing Co Ltd, Md Shamsul Haque, President of Naogon Chamber of Commerce & Industry and others.

During its stay in Mizoram, the delegation will call on the Chief Minister of Mizoram and hold discussions with government officials and the business community.

It will also have separate meetings with the Shilchar Chamber of Commerce and address a seminar at Kairatingonj.

The team is expected to return home on October 28.

## ETV signs deal with Citicorp for venture capital financing

Country's first private television net work Ekushey Television Ltd (ETV) has signed an agreement with the US banking giant Citicorp International Finance Corporation (CIFIC) for venture capital financing, says UNB.

Venture capital financing, first of its kind in Bangladesh, is seen as "the start of a new era in foreign investment and financing in Bangladesh," says Sunil Nair, Vice President, Investment Capital for Eastern Europe, the Middle East and Africa, of CIFIC.

Sunil Nair and ETV Chairman Abu Syed Mahmud signed the agreement at a simple ceremony in the city yesterday.

Later, addressing a press conference, Citicorp representative Sunil Nair told newsmen that similar venture capital investment has played a key role in the development of the Indian software industry, which is now the second largest industrial sector in India.

broader industry in Bangladesh has enormous potential to give the right support," he said justifying their multi-million dollar stake in ETV signals.

Introducing the ETV, its Chairman AS Mahmud, said the station would be a nationwide terrestrial and satellite television network.

## US Opposition, govt reach accord on financial overhauling

WASHINGTON, Oct 23: After days of grueling negotiations, key Republican lawmakers have reached agreement with Democrats and administration officials on community lending rules for banks, lifting the specter of a veto of major legislation overhauling the financial services laws, reports AP.

The accord came Friday after the latest in a series of marathon closed-door meetings that have gone on through much of the week.

Lawmakers and Treasury Department officials emerged after midnight from a five-hour closed door meeting early Friday and announced the compromise. They then presented the deal to a group of House and Senate negotiators considering the financial services bill.

"I am for the first time optimistic that we will pass, after a long time, financial services legislation," said Sen. Charles Schumer. "In 19 years, we are the closest we have ever been to actually achieving a bill."

## Clarification

Prime Bank in a clarification to a report published under the headline "Net worth of banks eroding with provision shortfalls" in the October 23 issue of The Daily Star said it is not correct that the bank had Tk 98 lakh provision shortfall.

"Exact position is that on June 30, 1999, Prime Bank's provision requirement was Tk 98 lakh and at the time of preparation of the bank's half-yearly audited accounts, the said amount was provided for and shown in the balance sheet. This was also reported in different newspapers at the time of public issue of shares of the bank. We had also informed Bangladesh Bank accordingly. Therefore, the shortfall of provision of Tk 98 lakh mentioned by you in your newspaper is not based on facts," the bank said.

**Our reply:** Our report was based on the statistics prepared by Bangladesh Bank and supplied by the bank concerned. Prime Bank's required provision was Tk 6.07 crore and its actual provision was Tk 5.09 crore leaving a shortfall of Tk 98 lakh as on June 30, 1999.



With the increase in supply from the country's northern region, banana prices have come down in the city's wholesale markets. Every dozen of big-sized banana is being sold for Tk 12 to Tk 14. Picture shows labourers unloading the fruit from a truck at the city's Badamtali market. — Star photo by AKM Mohsin

## US trade deficit narrows slightly on export gains

WASHINGTON, Oct 23: The US trade deficit narrowed slightly to \$24.1 billion in August as improving economies in Asia boosted the fortunes of America's struggling manufacturers and farmers, reports AP.

The Commerce Department reported Wednesday that the August deficit edged down 3.2 per cent from the all-time record of \$24.9 billion set in July.

But even with the \$791 million improvement, the August imbalance was still the third worst monthly performance in history and left the deficit for the entire year remaining at an annual rate of \$25.3 billion, 53 per cent higher than last year's record \$164.3 billion deficit.

And even though the overall deficit improved, America's imbalance with China jumped 8.8 per cent to \$6.9 billion, the biggest monthly imbalance ever with a single country.

The August figures did point to some glimmers of improvement. American exporters, who have been battered for two years as the Asian crisis cut into their overseas markets, posted a sizable 3.7 per cent gain in August, which lifted exports of goods and services to a record \$82 billion.

But imports, which have been strong all year, posted an increase of 2 per cent and also set a new record of \$106.1 billion.

The US economy, which has continued to grow strongly despite all the overseas problems, has been pulling in reports at a record clip, helped by the huge foreign currency declines that have made imports bargains for

American consumers.

President Bill Clinton last week defended his policies of pushing to lower barriers and open overseas markets for American producers as he laid out his negotiating strategy for upcoming talks among 134 nations in Seattle to launch a new global round of trade liberalisation.

But even with US unemployment at a three-decade low of 4.2 per cent, critics charge that Clinton's trade policies have opened US markets to a flood of cheap imports while doing little to remove foreign barriers.

Clinton has been thwarted by Democrats in his own party who are blocking efforts in the House of Representatives to pass the congressional authorisation he needs to conduct the new trade talks.

Clinton has also been unable to conclude lengthy negotiations with China in which the Asian giant would agree to lower its barriers to American exports in return for US support in its bid to join the World Trade Organisation, which sets global trade rules.

The \$6.9 billion deficit the United States suffered with China reflected a surge in Chinese imports, which shot up to a record \$ 8 billion as American retailers stocked up on toys and electronic products in preparation for Christmas sales.

The previous country-record deficit was set in July with Japan, but in August the Japanese deficit narrowed 5.8 per cent to \$6.4 billion. But the deficit with Japan is still running 13 per cent above a year

ago, adding to trade tensions between the world's two largest economies.

US exports to all Pacific Rim countries, the area hardest hit by the two-year global financial crisis, climbed by 6.4 per cent in August, helping to narrow the deficit by 1.8 per cent to \$ 17.2 billion. South Korea, Thailand and other nations in the region are reporting rising economic activity this year as they climb out of steep recessions caused when their currencies plunged.

America's deficit in petroleum rose to \$ 5.9 billion in August, the highest deficit since a \$6.4 billion imbalance in December 1996. The volume of crude oil shipments and the price per barrel rose, with the average price per barrel climbing to \$17.80, the highest level since March 1997 and up from \$ 16.01 in July. America's deficit with the Organisation of Petroleum Exporting Countries hit a record of \$2.7 billion.

Imports of foreign cars and auto parts hit a record in August of \$15.8 billion as did imports of consumer goods, which climbed to \$20.3 billion.

On the export side, shipments of American-made autos and parts set a record in August, climbing to \$6.7 billion. Exports of capital goods were also at an all-time high of \$ 27.3 billion. Farm exports were up 3.3 per cent in August to \$3.94 billion, but are still running 4.3 per cent behind last year's.

By country, US exports to Mexico climbed to a record but imports from the country also set a record, pushing the US deficit with Mexico to \$2.2 billion.

toothlessness over controlling prices. Sri Lanka also pulled out.

The London rubber index rose to 455 pounds per tonne (for November delivery) from 450 pounds and remained unchanged at 465 pounds for December.

In Kuala Lumpur, the RSSI index rose to 2.51 ringgits per kilo from 2.45 ringgits.

The SMR 20 index for rubber used in tyre manufacture rose to 2.59 ringgits per kilo from 2.50 ringgits.

Cocoa: KO, Cocoa price fell back this week amid fears over a flood of supply from west Africa.

On the London market, prices for December delivery fell 22 pounds to 638 pounds a tonne.

The first crop from the 1999-2000 harvest to arrive in west African ports were bountiful this week, dealers said. A lower-

## Delhi against focus on labour, environment

# India hopes to strike WTO compromise with US, EU

WASHINGTON, Oct 23: India expressed hope yesterday that it could work out a compromise with the United States and the European Union over the agenda for a new round of World Trade Organisation talks, but stood firm against increasing the group's focus on labour and the environment, says Reuters.

"The impression we get... both in Brussels and in Washington, is that there is a certain amount of flexibility which can lead to good results," Indian National Security adviser Brajesh Mishra told reporters following talks with US Trade Representative Charlene Barshefsky in Washington.

But India's Commerce Secretary PP Prabhu said US and EU proposals to increase WTO's focus on labour and the environment were unacceptable. He also said it was critical that trade implementation issues are worked out.

Prabhu's comments underscored the differences that remain between key trading powers over the agenda of a

proposed round of global trade negotiations.

The United States and the European Union are at odds over the scope of the talks, particularly Washington's drive to slash EU farm subsidies.

Some emerging economies question whether a new round of global trade talks should be launched at all after the WTO's ministerial meeting in Seattle Nov. 30 to Dec. 3.

"Preparations have not advanced very much in Geneva," said Hugo Paemen, head of the European Commission's delegation in Washington. But he added: "I think everybody expects that a new round will be launched in Seattle."

US President Bill Clinton has called for creation of a working group on labour at the WTO. The group would look at existing WTO policies to assess their impact on wages and working conditions.

The 15 EU governments want to create a WTO-International Labour Organisation "working forum" to promote

dialogue on labour and globalisation issues.

The United States has also proposed moving environmental issues higher up the agenda in world trade talks in an effort to blunt charges that free trade hurts wildlife.

Specifically, Clinton wants to eliminate tariffs on environmental services and technologies to promote their wide distribution, and to eliminate commercial fishing subsidies and farm export subsidies which can hurt wildlife.

Clinton is expected to discuss these and other trade issues with European Commission President Romano Prodi in Washington next Wednesday.

Paemen said he hoped the Clinton-Prodi meeting would boost US EU trade relations and give an "impetus to work together."

Labour rights groups in the United States and Europe want the WTO to make labour standards a priority in the next trade round.

They say many jobs are lost

in industrialised countries because of "unfair" competition from products from developing countries which have lower prices because workers there are poorly paid and have few or no social benefits.

But developing countries, including India, argue that efforts to impose labour and environmental standards amounts to Western protectionism in the face of competition from cheaper goods from the developing world.

"None-trade issues should not be part of any negotiations," Prabhu said.

But Mishra said India was eager to strike a compromise on other issues. "If certain add-ons are there, we are prepared to look at it," Mishra said. "We will make every effort to see that there is a consensus." Indian officials said negotiations with the United States would resume next month when Deputy US Trade Representative Susan Esserman travels to New Delhi.

## Bad debtors in Pakistan flock to repay loans

KARACHI, Oct 23: Debtors have been flooding into Pakistani banks to repay loans since the country's new military rulers said they would deal harshly with defaulters, a senior banker said yesterday, reports Reuters.

Leaders of an October 12 bloodless coup which toppled Prime Minister Nawaz Sharif have made tackling the mountain of bad debts held by the country's banks a top priority.

In a speech five days ago, the coup leader, army chief General Pervez Musharraf, gave the defaulters four weeks to pay up. Otherwise, he said, their names would be published and the law would take its course.

"It (the result) has been overwhelming. Our people have been swamped," Zubyr Soomro, president of state-run United Bank Ltd told Reuters in an interview. "We have had to add senior people in Karachi and Lahore, our main centres, to deal with it."

Many of the defaulters are high-profile politicians and Soomro said about two-thirds of the bad debt was owed to his bank by about 100 to 125 people.

"The bulk of them are what we call willing defaulters. It was not because of genuine business reasons. They had no plan to pay back the money," he said.

## Rapport workshop on leadership held

A day-long workshop on leadership was held at Pan Pacific Sonargaon Hotel in the city recently, says a press release.

Organised by Rapport Bangladesh Limited, the workshop was conducted by an eminent management trainer, writer and thinker of India Sharu S Rangnekar.

22 top and senior executives and managers from National Tubes Limited, Gas Transmission Company Ltd, Underprivileged Children's Educational Programmes, Coats Bangladesh Ltd, Bangladesh Milk Producers Cooperative Union Ltd, Rahimafrooz Batteries Limited, Biman Bangladesh Airlines, Bank of Small Industries and Commerce Bangladesh Limited, Delta Life Insurance Co Ltd, Eastern Bank Limited, Square Pharmaceuticals Ltd, Standard Chartered Bank and Bangladesh Shilpa Rin Sangstha participated in the seminar.

# EU states agree on world trade talks stance

BRUSSELS, Oct 23: The 15 EU governments ended weeks of wrangling yesterday and agreed on the bloc's negotiating position for new global trade liberalisation talks, EU officials said, reports Reuters.

Settling their differences over the controversial subjects of cultural diversity and labour standards, EU member states approved an eight-page document setting out the positions the bloc will advocate at a World Trade Organisation (WTO) ministerial conference starting in Seattle on November 30.

The EU hopes the Seattle meeting will launch a comprehensive new "millennium" round of trade liberalisation talks, covering agriculture, services, industrial tariffs as well as global investment and competition rules.

Current EU president Finland had given member state representatives until mid-afternoon on Friday to consult capitals and say whether they objected to new compromise wording. "Everybody accepted the compromise proposals made by the presidency," a Finnish official said.

Finnish Trade Minister Kimmo Sasi warmly welcomed the agreement. "The (European) Commission can now vigor-

ously put forward the positions of the EU on the basis of commonly agreed positions," he said in a statement.

## Lamy welcomes agreement

Anthony Gooch, a spokesman for European Trade Commissioner Pascal Lamy, said Lamy also welcomed the agreement.

The accord gives European Commission President Romano Prodi and Lamy a very solid foundation to set out Europe's position on trade in talks in Washington next Wednesday with US President Bill Clinton and US Trade Representative Charlene Barshefsky, Gooch said.

EU officials said it was also important for the EU to agree on a common position before trade ministers from 25 "inner core" WTO powers, including the United States and EU, hold pre-Seattle talks in Lausanne, Switzerland next Monday and Tuesday.

An EU agreement had been held up by French insistence on a strong commitment to protecting its national culture from an invasion of American television and films and a German call for a working group to

examine trade and labour issues.

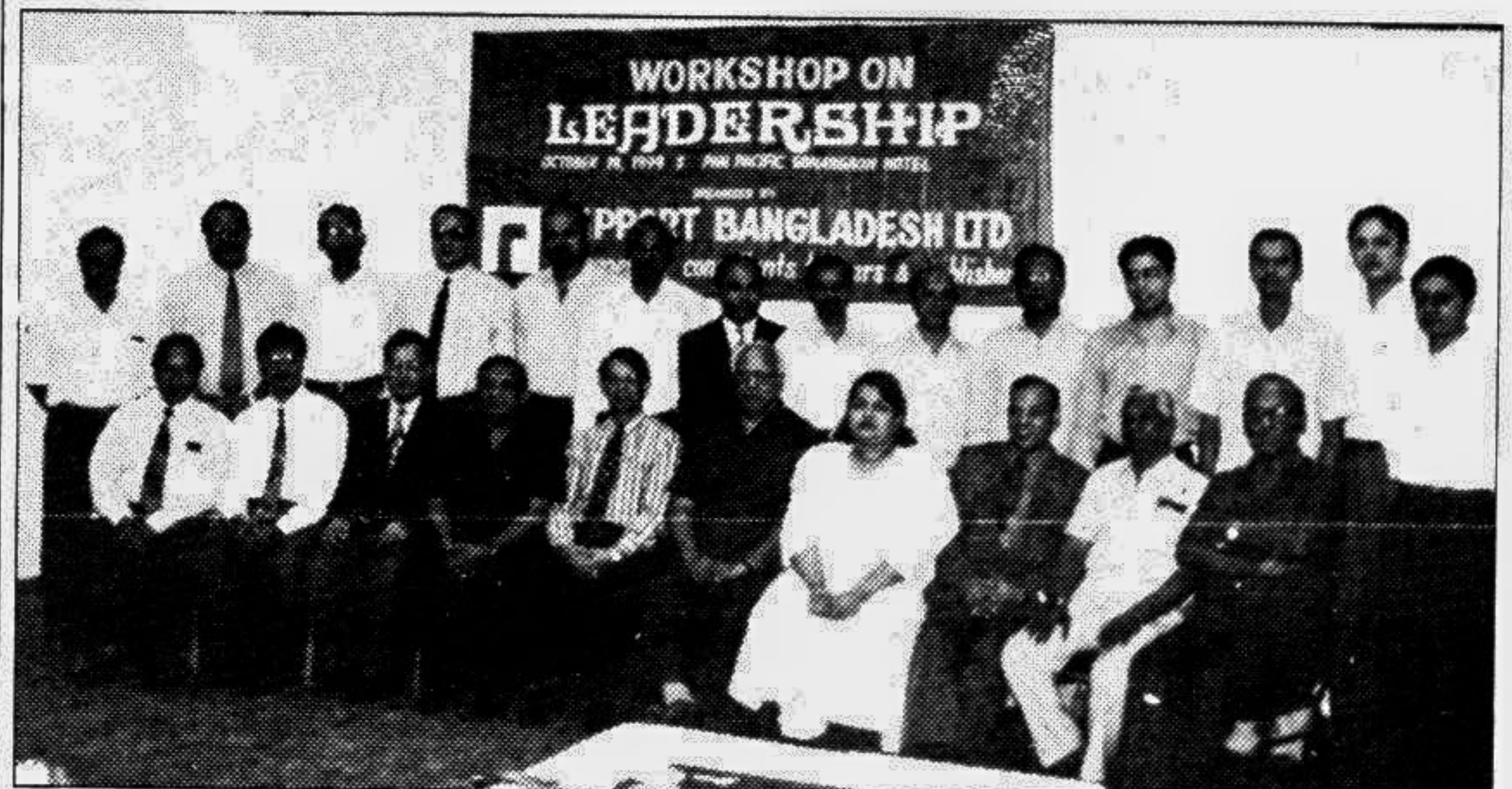
The agreed wording on cultural diversity states that, in the new talks, the EU will ensure that it and its member states "maintain the possibility to preserve and develop their capacity to define and implement their cultural and audiovisual policies for the purpose of preserving their cultural diversity."

On the controversial labour standards issue, EU member states agreed that the EU should "strongly support the protection of core labour rights" around the world.

The EU called for the creation of a "joint International Labour Organisation/World Trade Organisation standing working forum on trade globalisation and labour issues" to promote dialogue on the subject.

The United States also wants discussion of trade and labour issues in the new talks, although it differs with the EU on the scope of the round in other respects.

Developing countries strongly resist a trade and labour link, fearing that rich countries would use the issue as a protectionist excuse to keep out their products.



Sharu S Rangnekar (sitting 5th from right), management expert from India, is seen along with the participants of a workshop on leadership held in the city recently. — Rapport photo

## Commodity: Weekly Roundup

# Prices of oil, sugar rise while tea, cotton fall

LONDON, Oct 23: Oil prices resumed their upward trend this week, supported by growing hopes that a landmark output production cut orchestrated by the Organisation of Petroleum Exporting Countries (OPEC) will last through next March and possibly beyond, reports AFP.

Brent North Sea crude prices on the international Petroleum Exchange (IPE) touched 22.50 dollars for December delivery on Friday afternoon, from 21.66 dollars last week.

On the New York Mercantile Exchange (NYMEX), light sweet crude prices edged higher to 22.61 dollars from 22.45 a week earlier.

Prices were helped along this week by comments of Mexican and Saudi oil officials who raised the prospect of an extension to the current output cutbacks beyond March 2000.

Their comments helped to

boost prices after they were pegged back earlier in the week by the revelation that US oil stocks had risen sharply in the week to last Friday.

Oil stocks are considered a key indicator as the market tries to assess the impact of last March's ground-breaking pact by OPEC members to reduce oil output by 1.7 million barrels of oil a day.

**Rubber:** Springy. Rubber prices remained firm this week supported by good demand from major tyre producers, dealers said.

The market is watching however for details on how the recently disbanded International Natural Rubber Organisation plans to liquidate its 130,000 buffer stock. A session will consider the matter in December.

INRO collapsed after Thailand and Malaysia quit the trade association citing its

toothlessness over controlling prices. Sri Lanka also pulled out.

The London rubber index rose to 455 pounds per tonne (for November delivery) from 450 pounds and remained unchanged at 465 pounds for December.

In Kuala Lumpur, the RSSI index rose to 2.51 ringgits per kilo from 2.45 ringgits.

The SMR 20 index for rubber used in tyre manufacture rose to 2.59 ringgits per kilo from 2.50 ringgits.

**Cocoa:** KO, Cocoa price fell back this week amid fears over a flood of supply from west Africa.

On the London market, prices for December delivery fell 22 pounds to 638 pounds a tonne.

The first crop from the 1999-2000 harvest to arrive in west African ports were bountiful this week, dealers said. A lower-

ing of export tax in world number one producer Cote D'Ivoire is also encouraging producers to get their crop to market.

**Coffee:** Mourning. Coffee prices came back down to earth with a bump after last week's sharp gains, as the rains returned to Brazilian producer regions.

In London, Robusta prices for January delivery fell 61 dollars to 1,205 dollars a tonne.

Prices on the New York Market for Arabica beans fell to 93.30 cents a pound (for March delivery) from 109.25 cents a pound.

Brazil's harvest is expected to benefit at last from the rain which came later than usual this year, but significant damage could still have been wrought on the coffee crop due to an unusually dry September.

Dealers said prices would remain volatile until the extent of the weather-induced damage

on coffee plantations could be gauged.

**Tea:** Stewed. Tea prices fell as demand was thin at the Mombasa and Colombo auction houses, the London Tea Brokers Association said.

In Mombasa, BP1 (Broken Pekoe) leaves lost up to 20 cents a kilo, while PF1 (Pekoe Fanning) lost up to 25 cents.

In Colombo, BOP (Broken Orange Pekoe) leaves fell by up to 20 rupees a kilo.

**Sugar:** Sweet. Prices advanced this week on the news that Hurricane Irene, while sparing the Florida crop, caused flooding of Cuban sugar plantations.

March contracts on the London market rose to 188.6 dollars a tonne from 185.5 dollars last week.

soya prices lost ground this week as the Midwest harvest continued to impress.

Weak sales also weighed on prices. A total of 732,700 tonnes of soya was sold this week, down 35 per cent from the preceding week and 22 per cent lower than the average for the last four weeks.

On the Chicago Board of Trade (CBOT), a bushel of soya lost 17 cents to 4.79 dollars (for November delivery).

**Grains:** So-so. US grain prices moved little over the week, as exports met analyst expectations. A lower-than-expected wheat order from Egypt failed to impact prices.

In Chicago, a bushel of wheat (27.2 kg for December) gained two cents to 257 cents.

Maize prices fell a cent to 200 cents a bushel (of 25.4 kg, for December delivery), but the fall in prices was limited by concerns over the dry weather

that welcomed the sowing season in South America.

**Cotton:** Thin. Cotton prices fell back this week in a sluggish market devoid of market-moving new fundamentals.

Hurricane Irene left most plantations unscathed, although it did hinder the harvest in North Carolina. Following wind Hurricane Jose is not expected to hit the US Southeast.

December contracts in New York stood at 53.25 cents a pound from 54.51 cents a week earlier.

Cash prices covered by the Cotton Outlook index remained unchanged at 47.50 cents.

**Wool:** Rich. Wool prices advanced this week as demand remained perky in a British auction.

In Australia, demand for superfine merinos was strong, and the Eastern index closed nine cents higher at 562 cents a kilo.