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DHAKA, THURSDAY, NOVEMBER 18, 1999

PACEXPO '99 begins in city tomorrow

Bangladesh Packaging and Accessories Exposition (PACEXPO) '99 begins here Friday with the aim of attracting buyers for the expanding taka 2500 crore annual export earner accessories industry, reports BSS.

Commerce and Industries Minister Tofail Ahmed will inaugurate the two-day PACEXPO '99 at Dhaka Sheraton Hotel.

Briefing newsmen on the exposition at hotel Purbani International in the city yesterday, President of Bangladesh Corrugated Carton and Accessories Manufacturers and Exporters Association (BCCAMEA) Saifulah Chowdhury said about 600 industries are now manufacturing and exporting all types of accessories.

The BCCAMEA President said Bangladesh is now manufacturing accessories like carton, polybag, button, zipper, plastic, hanger, elastic, handtag, back board, neck board, label, thread, PP band and embroidery. "We also export accessories to Germany, Hong Kong and India after meeting our domestic demands," he said.

Demanding establishment of a packaging institute in the country and fiscal incentives to BCCAMEA like BGMEA, Chowdhury urged the government to reduce bureaucratic hassles in banks and customs for flourishing the industry employing around one lakh people.

BCCAMEA General Secretary Ashful Haq and other members including Mir Mahmud Ali, Abdul Quader Khan, Mizanur Rahman and Nazimuddin Chowdhury attended the press conference.

StanChart in spl discounts pact with Butterfly

Standard Chartered Bank has recently signed an agreement with Butterfly Marketing Limited, the sole distributor of LG electronic products in Bangladesh, says a press release.

Standard Chartered customers will be eligible for substantial discounts if they take personal loans from the bank to purchase LG products from Butterfly Marketing Limited.

This special discount will be offered from any Butterfly Marketing outlet in Dhaka and Chittagong.

M Sajidur Rahman, Acting Head of Consumer Banking of Standard Chartered Bank and Mustafizur Rahman Shaid, Marketing Director of Butterfly Marketing Limited, signed the agreement on behalf of their respective organisations. Details on personal loans and special discounts are available at all Standard Chartered Bank offices and Butterfly outlets.

Indian economy may grow 6.5 pc

NEW DELHI, Nov 17: India's new government is trying to curb public spending to rein in the burgeoning fiscal deficit which, Finance Minister Yashwant Sinha said Wednesday is a serious problem, reports AP.

The deficit wouldn't bring on a crisis yet Sinha told a four-day conference of economic editors in New Delhi.

The economy could grow at a rate of more than 6.5 per cent, Sinha said.

The first quarter figures for the gross domestic product show growth of 6.4 per cent, he said. The fiscal year ends March 31.

"There is nothing extraordinary this year," Sinha said, "in saying to take away the impression that there is any crisis. The determination of the government was to keep expenditure under control and it has been steered after it came back to power."

Thai economy on the upswing

BANGKOK, Nov 17: Strong exports will lead Thailand's economy to expand four per cent this year, with domestic consumption fueling much of the growth in the coming years, the International Monetary Fund said, reports AP.

Ranjit Teja, IMF division chief for Asia and the Pacific, said Tuesday that local demand, slowed for two years by a deep recession, was much stronger than one year ago.

The IMF oversaw a \$17.2 billion bailout of the Thai economy after a financial crisis occurred when the government was forced to float the Thai currency, the baht, in mid-1997. Last year, the economy shrank 8 per cent.

"Recovery in consumption doesn't depend on banks working at 100 per cent capacity," he said.

Nearly half of lending by Thai commercial banks is dud, largely because of loans that turned bad during the crisis. Many economists have predicted a recovery will be difficult if banks can't fund consumption.

Teja urged banks to use more actively new bankruptcy laws enacted this year to bring debtors into court and to restructure non-performing loans.

Tofail says at Finance Seminar inaugural function in city Combined SAARC approach can earn increased regional growth

Star Business Report

Commerce and Industries Minister Tofail Ahmed has said that the prospect of increased growth in the SAARC countries depends on macroeconomic stability in the respective economies and appropriate fiscal and financial reforms.

"This possibility can well be turned into a reality with an integrated and combined approach by all SAARC members so that it can reap the benefits of the globalised economy," he said, addressing as chief guest the inaugural function of the three-day SAARC Finance Seminar on "Global Financial Crises and the Recessionary Conditions in the Region" organised by Bangladesh Bank (BB) in the city yesterday.

Chaired by Dr. Mohammad Farashuddin, Governor of Bangladesh Bank, the inaugural function was also addressed, among others, by Dr. Akbar Ali Khan, Finance Secretary, Dr. Mohammad Sohrab Uddin, Deputy Governor of the central bank, and Faruquddin Ahmed, BB Economic Advisor.

Tofail Ahmed mentioned that due to limited openness of their economies and limited trade and financial links, the SAARC countries have been the least-affected by the financial crisis in the Far-East.

"The underlying reasons of the Asian crisis have been a massive flow of foreign funds in the form of short-term borrowings encouraged by fixed exchange rates and falling exports."

The recent experiences of the Southeast and East Asian countries indicate that private foreign capital flows can be an important source of development finance. At the same time, fund flux can be extremely destabilising if it is poorly managed and deployed non-optimally, the minister added.

He said that well-knit fiscal management, prudent monetary policy and greater exchange rate flexibility were the important elements in formulating strategies to weather adverse effects of the surges in foreign private capital.

"The challenge is big for a developing country like Bangladesh where the savings-investment gap still persists."

He said Bangladesh is endeavouring to convert its garments sector into a true manufacturing industry through backward integration, which requires huge FDI on reasonable terms to face the post-MFA crisis.

Access to technology from the developed countries without adherence to patent rights will no longer be feasible, Tofail said, adding that export promotion subsidies would not be easily permissible further as a policy instrument.

Speaking at the seminar, BB Governor Farashuddin observed that the SAARC countries should come out with concrete and immediate action plans for enhancing production capacity at the regional level and boosting investment in specific areas for the mutual benefits of the member states.

As financial frailty has been a crucial factor in rendering economies vulnerable to contagion, the domestic policies involving adoption of international standards in banking, accounting, securities markets and bankruptcy regulations constitute the critical elements in the comprehensive country strategy to prevent crises, he added.

Since the recent financial crisis have been characterised by severe pressure on foreign exchange reserves, efforts of the countries to cope with any possible crisis must also include maintenance of adequate forex position.

"Unless necessary pre-conditions are fulfilled, the developing countries should not go for full capital account convertibility," he said.

BFVAPEA calls for increased govt support Rising Biman freight charges frustrate fruits exporters

GAZIPUR, Nov 17: Lamenting the slow management of Bangladesh Biman and its inadequate freight facilities, Bangladesh Fruits, Vegetables and Allied Products Exporters Association (BFVAPEA) yesterday called for increased government support for rapid flourishing of the fruits and vegetable sector, reports UBB.

"Exporters are losing their interest in fruits and vegetable exports due to inadequate transport facilities and rising freight charges," BFVAPEA president A'S N Ahasanuzzaman Chowdhury told a press conference yesterday morning.

The news conference followed the inauguration ceremony of Kalyani Khamar Horticultural Export Development Programme at Ananya in Teteubari.

Kalyani Khamar, a 100-acre land adjacent to DEPTZ, has been brought under horticultural and fruits and vegetables cultivation by a private entrepreneur with a vision to boost export of fruits and vegetables from Bangladesh.

Agro-based Industries and Technologies Development Programme (ATDP), a USAID-funded Project of the Agriculture Ministry, and BFVAPEA jointly organised the inaugural function.

The exporters told newsmen that BFVAPEA earned Tk 200 crore in foreign exchange in the last fiscal and it could be increased further if the government extends necessary support to them.

"The fruits, vegetables and shrimp sectors together can surpass the garment sector's export earnings in five years if the existing obstacles facing those sectors could be removed," Ahasanuzzaman said.

Referring to Biman freight charge, he said Biman authorities have raised their charge by Tk 13 per kg in the last three years with the devaluation of taka. "But, we can't raise the prices of our commodities."

He also accused a section of Biman officials of indulging in irregularities by allowing some exporters to carry excess goods in Biman freight in return of kickback.

The BFVAPEA leaders urged the government to set up a research centre for the diversification of export items and called for increase in cold storage facilities.

SEC to keep probing Mark stock trading scam Appellate Division upholds HC verdict against DSE broker

The Appellate Division of the Supreme Court yesterday dismissed a plea by a top Dhaka Stock Exchange (DSE) broker challenging a High Court judgement that fined him Taka 10,000 along with the cost incurred by the Securities and Exchange Commission (SEC) in defending a case filed by the broker.

Khurshid Alam, who served as the head of the bourse for three terms -- in the 70s, 80s and 90s -- in mid-last year filed a writ petition with the High Court and obtained a stay order against an investigation by the SEC.

The former chairman of the bourse was facing an investigation following huge trading in shares of Mark Bangladesh Silpa and Engineering stocks through different accounts of his firm.

Alam went to the High Court after the SEC directed him to produce certain documents in connection with an investigation relating to trading of Mark Bangladesh stocks.

After almost a year, the Division Bench, comprising Justice Kazi Ebadul Huq and Mojammeel Hossain, began hearing the case on July 15 this year. The judgment came in the same month dismissing the petitions and vacating the stay order.

After completion of hearing, the High Court fined the broker for trying to hinder the SEC investigation.

Alam then took to the Appellate Division and filed a leave petition, which was rejected yesterday.

Barrister Rafique-ul-Huq appeared as lawyer for the petitioner while Attorney General Mahmudul Islam represented the state. Dr. Mohammad Ali appeared for the SEC.

Early last year, the capital market watchdog detected "some unusual activities in the trading of Mark stocks".

SEC sources said the officials had found large number of transactions of Mark Bangladesh shares while going through books and records of Khurshid Alam & Co, Banco Trans World (BD) Ltd and a few other brokers.

The shares were mainly traded at the end of 1997 and in the beginning of 1998, the sources said.

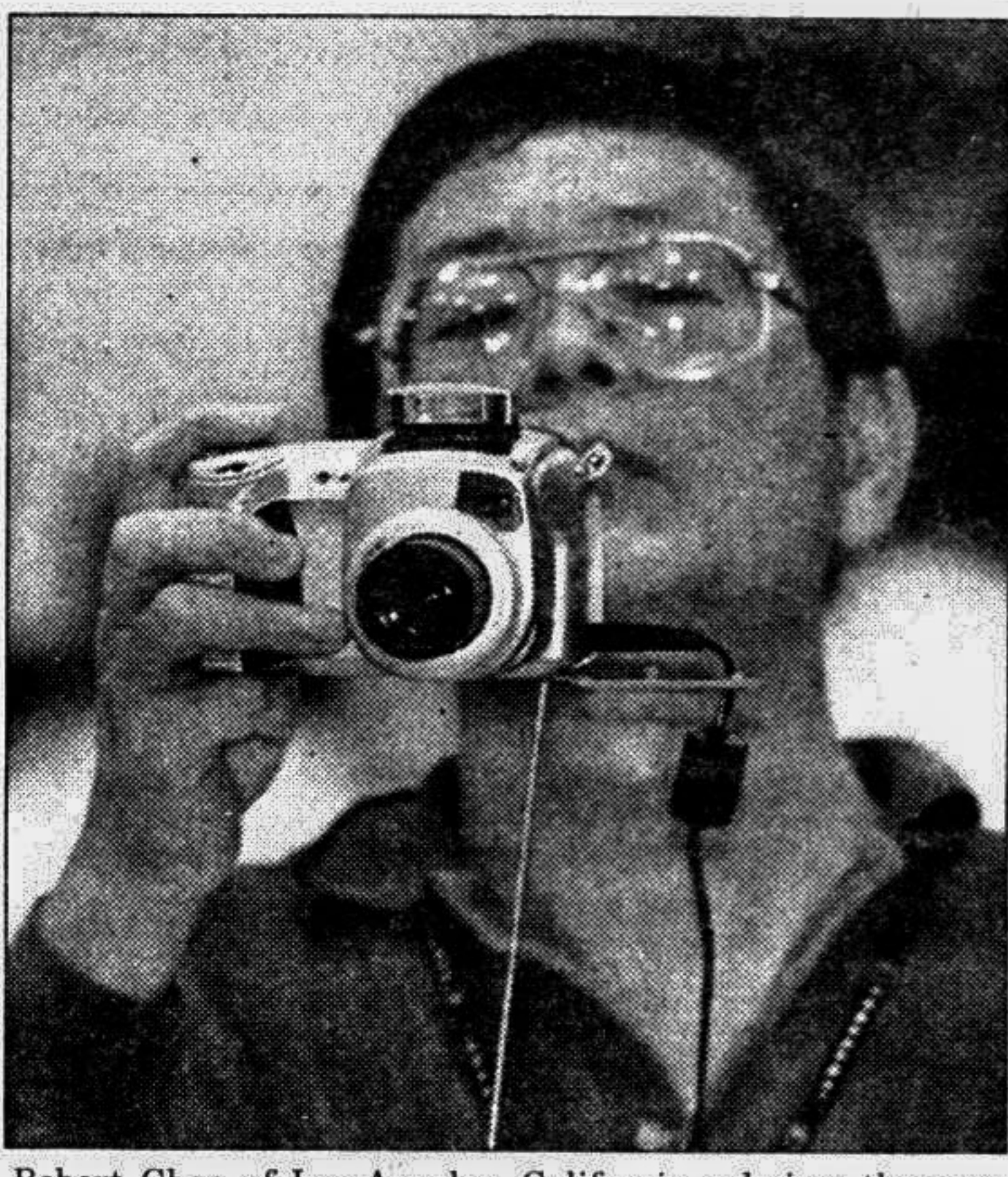
Based on the preliminary findings, the SEC on June 17 last year formed a two-member committee to investigate into share trading of the shoe manufacturing company suspecting manipulation and insider trading.

SEC Deputy Director Shuvro Kanti Chowdhury and Corporate Accountant Khairul Anam Khan were asked to jointly file a report within a month after probing into the affairs and scrutinizing the records of the concerned brokers and dealers.

During their investigation, the officials found that there were around 10 to 11 clients who had the same representative to handle the transactions with Alam. The clients were mainly involved in trading bulk shares of Mark Bangladesh.

The SEC then asked Alam to produce bank particulars of the brokers and dealers to check whether the clients were fictitious or genuine.

Alam then filed a writ and obtained a stay order from the High Court.



Robert Chen of Los Angeles, California, admires the new Toshiba Digital Still Camera PDR-MS at the Toshiba booth during the Comdex Convention in Las Vegas on Tuesday. More than 200,000 people are expected to attend the show which continues through 19 November 1999.

13th meeting of Asian Trade Promotion begins

A two-day meeting of 19-nation Asian Trade Promotion Forum began in the city yesterday to review intra-trade and investment among the member countries, reports UBB.

Commerce and Industries Minister Tofail Ahmed inaugurated the 13th meeting of the Forum, calling for deeper cooperation at the regional level to remove barriers and facilitate trade and investment.

The theme of the two-day meeting is "Trade and Investment Promotion in the Asia-Pacific Region".

The ATF was formed in 1987 to promote trade and investment in the member-countries of the Asia-Pacific region.

The members are: Australia, Bangladesh, Brunei, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Chinese Taipei and Thailand.

Tofail said the rich diversity of the Asia-Pacific region offers abundant scope for utilising of its resources in the fields of trade and investment.

Egypt, S Arabia fail to strike free trade pact

CAIRO, Nov 17: Saudi Arabia's Foreign Minister Saud al-Faisal left here yesterday having failed to complete a free-trade agreement between his country and Egypt during a meeting of their joint higher committee, reports AFP.

Egyptian foreign ministry official Mustafa al-Fiqqi said Saturday the accord was due to be signed Monday.

But Egypt's Economy Minister Yusef Boutros-Ghali told reporters late Monday that "more time" was needed to complete the agreement, which was expected to create a free trade zone between Egypt and Saudi Arabia.

He denied they had run into problems, saying the accord needed to be "comprehensive... and precise" because it would define all future economic exchanges.

The joint committee, which met from Saturday until late Monday, had issued a statement that stressed "the importance of signing the free trade agreement quickly."

Egyptian President Hosni Mubarak, who is pushing to boost foreign commerce and increase free trade among Arab nations, pressed the Arab world on Saturday to work seriously "to make the Arab common market a reality."

Farm issue may abort WTO agreement: Diplomats

GENEVA, Nov 17: US Agriculture Secretary Dan Glickman said yesterday he was sure a new global round of trade liberalisation talks would be launched next year, but diplomats said the thorny farm issue could still abort an accord, reports Reuters.

At the same time Australian Minister for Agriculture Warren Truss said his country and its allies in the 15-nation Cairns Group in the World Trade Organisation (WTO) wanted a new round to end farm subsidies as practiced by the European Union.

"It is my belief that consensus (on a round) will be reached in Seattle," Glickman told reporters in a reference to a key meeting of ministers from the WTO's 135 member countries in the US Pacific seaboard city from November 30 to December 3.

But he said a continuation of agricultural reform started in the 1986-93 Uruguay Round was "an extremely high priority" for Washington, which also wanted progress on eliminating "trade distorting domestic support and export subsidies."

Glickman and Truss were speaking after separate meetings with WTO Director-General Mike Moore, a former New Zealand prime minister who is seeking to mediate an accord on an agenda for Seattle, and the new round of negotiations.

Yet envoys close to the negotiations said there was still no sign of agreement on how the farm issue would be tackled.

The EU, backed by Japan, South Korea, Switzerland and Norway, is insisting that a declaration to be issued by the ministers in Seattle recognise the "multifunctionality" of agriculture -- or its role in preserving rural life, the environment and food security.

The United States and the Cairns Group, which includes key developing countries in Asia and Latin America, say this is simply a cover for a wish to maintain subsidies that they say shield European farmers from competition.

Protesters wish WTO death

GENEVA, Nov 16: Demonstrators chanting "Death to the WTO" chained themselves to stair rails at the World Trade Organisation yesterday after they tricked their way in, reports Reuters.

WTO officials said the protesters had posed as students seeking a briefing on the WTO. They had been given an appointment and were escorted into the building.

The three-hour protest, by young men and women saying they represented "the people of the world", was staged as US Agriculture Secretary Dan Glickman and Australia's Agr-

India to seek issue based alliances

AFP says from New Delhi: India will seek "issue-based" alliances at the upcoming World Trade Organisation (WTO) talks in Seattle to optimise the benefits of multilateral trade, Commerce and Industry Minister Murasoli Maran said yesterday.

Maran was quoted by the Press Trust of India as saying New Delhi would look for "quid pro quo" partnerships in areas such as social and environmental clauses.

Pakistan may seek fresh IMF lending programme

KARACHI, Nov 17: Pakistan's military government may negotiate a new International Monetary Fund (IMF) lending programme in line with a new economic policy to be announced in mid-December, Finance Minister Shaikat Aziz said yesterday, reports Reuters.

"Right now it is being thought over and discussed and when a decision is taken it would be put before the nation," Aziz told reporters in Karachi when asked if Pakistan would renegotiate with the IMF for a new programme.

A \$1.56 billion IMF loan programme has been on hold since July because the previous government, overthrown in a military coup in October, was unable to meet some conditions. Donor states have said they are undecided about whether to continue backing the IMF and other programmes after the coup.

Asked if Pakistan could do without donor money for another month, he said: "Our (foreign currency) reserve position is satisfactory, you know it is close to \$ 1.6 billion, but a lot of thinking is being done how we will do it."

He said the government was currently reviewing its economic policy and hoped to present it to the public by mid-December.



M Shamsur Rahman, Managing Director of Stylecraft Limited, addresses the 16th Annual General meeting of the company at a city hotel recently. Stylecraft declared a 22.5 per cent dividend.

Oil shock unlikely despite recent price boom: OECD

PARIS, Nov 17: A new oil shock is unlikely despite the recent rise in prices which is likely to continue next year, the OECD said yesterday, reports AFP.

"While the rise in oil prices has worked to raise headline inflation somewhat, it is unlikely that oil market developments will have the large macroeconomic impact that they had in the 1970s and 1980s," the Organisation for Economic Cooperation and Development (OECD) said in its twice-yearly economic outlook report.

Oil prices have doubled since January, reflecting close adherence to output cuts promised by the Organisation of Petroleum Exporting Countries (OPEC), the report said.

But the 29 members of the OECD are less exposed to such fluctuations than they were 20 years ago because they are less dependent on OPEC oil.

Even if the price of imported oil into the OECD increases 27.8 per cent next year and 0.8 per cent in 2001 as forecast, in real terms the oil price "would barely reach the level reached immediately after the first oil price shock in 1974," the report said.

Separately, OPEC Secretary-General Rilwanu Lukman of Nigeria said that the group "should review its role, objectives and status."

Lukman, speaking at the first Paris International Petroleum Summit, did not elaborate but indicated that the subject would be raised at the next summit of the Organisation of Petroleum Exporting Countries, in Caracas in March.

He said the summit should tackle issues including price stability, production and cooperation with non-OPEC producer countries, consumer dialogue, global warming and distribution security.

Meanwhile, a Reuter report from Tehran says: Iran's parliament voted yesterday to create a special fund to protect the country's oil dependent economy against fluctuations of crude prices.

The fund, part of a five-year economic plan proposed by the government of President Mohammad Khatami, comes after Iran was badly hit by a slump in oil prices last year.

WB calls for urgent economic reforms Vietnam poverty reduction success seen fragile

HANOI, Nov 17: Vietnam's impressive gains in cutting poverty in recent years will be at risk unless the government implements urgent economic reforms, the World Bank said in a major report, reports Reuters.

An executive summary of the report, the bank's most comprehensive on Vietnam poverty in five years, said Hanoi had also yet to fully acknowledge how economic reforms would help keep reducing poverty.

Between 30 to 45 per cent of Vietnam's 79 million people were living below the poverty line, said the summary, which was obtained by Reuters late on Tuesday. A full 45 per cent of all rural dwellers lived in poverty, it added.

The summary, which covered the 1993-1998 period, gave no details on how poverty was measured.

It said reduced poverty from gains in agriculture production and productivity had largely been exhausted, which meant the best way to raise future incomes was through off-farm employment in rural areas and labour-intensive manufacturing.

But that required urgent economic reforms to create jobs and bring foreign capital inflows into the communist-ruled country, where annual per capita incomes are just above \$300.

"The dramatic gains in poverty education in Vietnam during the last five years remain quite fragile."

The report will be the key focal point for Vietnam's foreign donors when they meet in Hanoi from December 14-15 for the annual World Bank Consultative Group meeting.

At that gathering, donors will make fresh aid pledges and also discuss Vietnam's sluggish economic reforms.

Hanoi has promised to unveil measures to boost the economy at the next session of the National Assembly, which opens on Thursday, but investors are not expecting substantial reforms. The government has forecast economic growth this year at 4.7-5.0 per cent from an estimated 5.8.

Russia says talks with London Club tough

MOSCOW, Nov 17: Russian Finance Minister Mikhail Kasynov said talks with London Club creditors were proceeding with difficulty, though Russia aimed to make progress today, Russian media reported from Frankfurt, reports Reuters.

"Today will be the main discussion. Although we are expecting today to be tough, our delegation has the arguments to prove our position is solid," media quoted him as saying ahead of Wednesday talks.

The sixth round of negotiations began on Tuesday and lasted late into the night.

Discussions had been difficult, he said: "The sides have not yet completely explained their positions."

Prime-Tass news agency also quoted him as saying: "There has been certain progress, but it is difficult to say anything certain."