Euro slide costs

UK 26 million

pounds

decline in value has cost the

British government 26 million

pounds (\$ 42 million). Britain's

Independent newspaper quoted the World Gold Council as say-

auctions in July to reduce its

715 tonnes of gold reserves to

300 tonnes, investing 40 per

cent of the proceeds in the euro,

the newspaper said on Monday.

chological level of \$ 1.0 for the

first time last Thursday having

shed around 15 per cent of its

value since its launch in Jan-

proceeds to buy a balanced port-

folio of currency." a spokesman

for the Treasury told the news-

also invested 40 per cent of the

proceeds of the sale in dollars

others rise. We continue to have

(803,775 ounces) of gold in July

and a further 25 tonnes in both

September and November. It

aims to sell a total of 125

tonnes in the fiscal year ending

March 2000 with further sales

cised by the World Gold Council which argued that with the euro

at all time lows and concern

about credit expansion in the

United States, Britain should be

"If there is a major currency

crisis, for example if the euro

doesn't recover or sterling is

given a battering, what do we

have to fend off these crises?"

Gary Mead, head of research at

will be down to seven per cent

(of British reserves). We do not

think it is sensible to sell below

the world average of 15 per

Indonesian auto

industry sees

100pc jump

"By the end of the sales we

the WGC, told the newspaper.

increasing its gold stocks.

The sales have been criti-

Britain sold 25 tonnes

a balanced portfolio," he said.

and 20 per cent in yen.

in later years.

He said the government had

"When some currencies fall

The government used the

The euro fell below the psy-

Britain began a series of

ing, reports Reuters.

LONDON, Dec 6: The euro's

## India to allow 1 lakh tonne

onion export NEW DELHI, Dec 6: Indian government has allowed export of onion up to one lakh tonnes in view of its bumper crop this year, Rajya Sabha was in-formed today, reports PTI.

We will review the situation and allow further exports of onion if there is any need, Minister of State for Commerce and Industry Omar Farooq Abdullah told the upper house in reply to questions.

The ban on onion exports was imposed last year following unprecedented price rice in the commodity.

The minister said the government would allow export of agricultural products only if there was a surplus after meeting the domestic demand.

As and when production of a particular commodity is in surplus, the government will allow exports as was done in the case of onions, he said.

Abdullah said the United States and the European Union, which banned import of marine products from India on health grounds, had lifted the ban

### Rich countries blasted for bullying poor at Seattle

BEIJING, Dec 6: In a strongly worded commentary, the government-run newspaper People's Daily on Monday accused the United States and other rich countries of using the World Trade Organisation to ride roughshod over the interests of developing countries, reports

The report analysing the failure of talks in Seattle to launch a new round of global trade talks laid the blame on the United States and European countries, which it said were trying to tilt the rules in their own favor.

"At this meeting the developed countries only were concerned with their own interests and proposals and they ignored the demands and suggestions from the developing countries. said the article, which was signed by Ma Shikun and Zhang Yong, identified as People's Daily reporters based in the United States.

"Under these circumstances how could the meeting possibly succeed?" it asked.

The people's Daily is the mouthpiece of the ruling Communist Party.

The commentary echoed the complaints of other developing countries, which viewed President Bill Clinton's demands that WTO consider workers' rights in future trade deals as an attempt to take away the advantage they enjoy over highwage rich nations.

The so-called labor standards are merely a disguised form of trade protectionism. The reason developing countries' labour conditions are poor and incomes are low is poverty. The only answer is development," it said.

"Labour problems are an internal political issue, so how can other countries in the name, of human rights be allowed to interfere?"

### Filipino inflation falls sharply

MANILA. Dec 6: Philippine inflation fell sharply in November to 3.9 per cent yearon-year, its lowest level in 12 years, largely because of falling food prices, the government said Monday, reports AP. The November inflation

level was the lowest since 2.0 per cent in May 1987, and far less than the 5 per cent forecast by many economists. It was also a sharp decline

from the 11.2 per cent registered a year earlier.

November's inflation performance is likely to reduce pressure on short-term interest rates, which have been rising because of concerns over the government's deteriorating budget deficit. But it had little initial impact on the peso, with bids for the dollar averaging about 40.853 pesos in late morning trading after the US currency closed at 40.810 pesos Friday.

However, the figures startled the stock market, giving a much-needed fillip to interestrate sensitive property stocks.
November inflation, which

declined from 5.4 per cent in October, was marked by a 0.1 per cent decline in food prices. which have a hefty weighting on the consumer price index. and lower price increases for most other commodities. Economists had expected generally stable food prices but a rekindling of inflation because of recent rises in fuel prices and

But prices of fuel, light and water rose only 8.2 per cent in November compared to 8.6 per cent in October.

"We assumed that the higher fuel prices in October would have an extended impact on inflation, which didn't turn out to be the case," said Edison Yap, an investment analyst at Equitable-PClBank Trust.

Analysts expect a slight rise in inflation in December to around 4.6 per cent on year on expectations of stronger consumer spending ahead of the Christmas and New Year holiDrawing pattern confusing for both pvt sector, economists

# Govt borrowings from banking system quadruple in 5 months

By Monjur Mahmud

The government's net borrowing from the banking system quadrupled in the first five months of the current fiscal compared to the same period of the last fiscal year, official

sources said. During July to November of the current financial year, the government borrowed Tk 1976.72 crore -- both from the Bangladesh Bank and the scheduled banks. During last fiscal, the figure for the same period was Tk 441.92 crore, according to central bank statis-

The borrowing pattern now confuses both the private sector and economists who find a clear contradiction between the government's expansionary monetary policy to spur the private sector growth and the borrowing, which has net crowding-out effects.

Bangladesh Bank had cut its bank rate by one per cent to effect a lending rate reduction by

BERLIN, Dec 6: European

business leaders, politicians,

and media have deplored the

breakdown of world trade talks

in Seattle, many slamming the

United States for poor organisation and ceiling for a fresh

approach to got al commerce.

protests that came before the

failure of the talks on Friday

were minimized, and observers

have since highlighted the price

to be paid by developing coun-

tries who will find it hard to ex-

port farm products to Europe.

French Prime Minister Lionel

Jospin, made the same com-

ment, it was better to have a

Many leaders, including

Japan, and North America.

failure than a bad accord.

The high-profile street

reports AFP.

commercial banks. This was done apparently to make investment cheaper.

"The heavy government borrowing from the banking system for financing fiscal deficit was mainly due to a poor revenue generation," said a top Finance Ministry official.

"The government's borrowing pattern has been showing an upward trend over the last few years because of the dwindling aid flow and revenue collection," said Dr Omar Haider Chowdhury, an economist. "It is now important to see how efficiently the government spends the money. If the borrowed money does not lead to any output, then there would certainly be an inflationary

The government's borrowings from the scheduled banks rose by Tk 2,078.40 crore while its borrowing from the Bangladesh Bank declined by

Europe, Australia blame

US for Seattle flop

Germany's industry federa-

tion, the BDI, laid the blame

squarely on the United States,

which spokesman Ludolf von

Wartengerg said agreed only to a

"very slight opening" of mar-

though, saying that although

the failure was "disappointing,

was better than a bad result."

the BDI felt "not getting a result

German industrial federation.

the BGA, called on Sunday for a

rapid resumption of negotia-

Trade Organisation (WTO) con-

ference in Seattle was a "serious

setback" and that an export-

oriented country like Germany

"urgently needed" to see trade

He tempered his criticism

The president of another

Michel Fuchs said the World

Tk 101.68 crore during the July-November period this fiscal

The balance of the government's borrowing from the banking sector stood at Tk 13,225.32 crore till November 28, 1999, which was Tk 11,248.60 crore at the end of June 30, 1999.

Its borrowing balance from the scheduled banks stood at Tk 6.967.10 crore till November 28.1999, which was Tk 4,888.70 crore as on June 30, 1999.

The balance of the government's drawing from the central bank stood at Tk 6,258.22 crore till November 28 this year which was 7k 6,359.90 crore on June 30, 1999.

The government set an ambitious revenue-generation target of Tk 24,151 crore for the 1999-2000 fiscal, up 22.59 per cent from that of the 1998-99 fiscal year.

Explaining the reasons for

In London, the British press

The Observer said: "For once,

hammered the Seattle meeting.

failure is good news. WTO can

rethink how to make another

round of tariff reduction and

market opening politically le-

Reuters says from Canberra

Australia today blamed a lack of

leadership from US President

Bill Clinton for the failure of

last week's World Trade

and the peak farmer's body the

National Farmers' Federation,

said Clinton had failed to pro-

needed to push ahead in break-

ing down global trade barriers.

The Australian government

Organisation talks in Seattle.

barriers dismantled.

gitimate.

poor revenue generation, an NBR official said: "Earnings were not satisfactory because the preshipment inspection (PSI), which was scheduled to be effective from the second quarter of the current fiscal (October 1), is yet to be implemented and

The government's revenue earning till October this year fell 17.75 per cent or Tk 913 crore short of the Tk 5,146 crore target for the period. During the four months, the earnings totalled Tk 4,233 crore.

the pace of other reforms is not

satisfactory."

The revenue earning figure for the month of November was not available till yesterday, but a source at the National Board of Revenue (NBR) hinted that last month's earnings also suffered, as the loss of working days due to the oppositionsponsored hartals had a negative impact on most of the businesses and economic activities of the country.

### British Int'l Development secy says State-owned cos doing good

KATMANDU, Dec 6: Most of Nepal's formerly state-owned companies have shown increased sales and profits after they were privatised, a report said Wednesday, reports AP.

business

in Nepal

The London-based Adam Smith Institute said investment had increased in nine of the 10 major enterprises privatised since 1990. Production significantly went up in six, seven companies showed more sales and the majority of them started making profits, it said.

"Prior to privatising these enterprises, most of them were extremely sick and mismanaged. They would not have been able to continue without massive subsidy from the government.

said the institute.

Other enterprises include vide the strength the WTO brick, textiles and lubricant companies.

## Best Aviation wins licence

## Private chopper service soon

Best Aviation Limited has been granted with an air transport operator's licence to operate private domestic helicopter service under the government policy, says a press release.

Best Aviation, the country's first private sector helicopter operator, has already acquired a BK-117 helicopter from Thailand.

The twin engine BK-117 helicopter is a joint venture production of Kawashaki Heavy Industries of Japan and MBB of Germany. The helicopter is able to carry up to 9 passengers and is fully airconditioned.

Best Aviation Limited is primarily intends to offer charter flight to foreign investors. oil and gas companies. Bangladeshi companies, individuals, tourists and film in-

BK-117 is specially designed for Emergency Medical Evacuation Service (EMS). By opening the back hatch, it can accommodate two stretchers with patients. Best Aviation

also aims at evacuation ser vices during natural disasters. accidents, and carrying critical patients from any part of the country

Best Aviation is proud to serve the nation by introducing private helicopter service for the first time in Bangladesh. and shall be pleased to provide further information to any customer interested to use its service, the release added.

Meanwhile, UNB says that the company is fully ready to launch the operations. "Now we are waiting for formal inauguration sometime next week. Best Aviation managing direc

Haider Uzzaman said that initially, they would use the hanger of the Flying Academy. adjacent to Zia International Airport, as their station for regular flight operation.

Its per flying-hour fair will be Tk 90,000. However, there will be special price offer for long-term and project jobs.

## Child labour sanctions to hurt poor states

LONDON, Dec 6: British International Development Secretary Clare Short warned yesterday that trade sanctions targeting child labour could perpetuate poverty in the world's most impoverished nations, eports Renters.

Short, who attended last week's Seattle negotiations which failed to launch a new round of global trade talks, said US-led attempts to link trade with labour standards amounted to protectionism by industrialised nations.

She denied that her views would justify continuing the practice of child labour in the developing world. "It's a total blight ... a very, very urgent issue," she told ITV's Jonathan Dimbleby.

"But anyone who then says that any country with child labour must have sanctions against it is saying: Punish the poorest countries, reduce their trading rights. They won't be able to grow their economy they'll be stuck in poverty for-Short said efforts should fo-

cus instead on projects ensuring that children in poorer countries were able to stay in school and earn qualifications. "We all want the children to

get to school," she said. "The question is do we help them up. or do we punish the countries? Do we have boycotts and trade sanctions that mean they are shoved back into poverty or into even worse work?" she

British Deputy Prime Minister John Prescott (R) meets with Indian Power Minister P R Kumaramangalam during the India Economic Summit in New Delhi on Monday. Prescott is on a six-day visit to India during which he will address the summit. - AFP photo

# Fiscal laxity may lead to debt indigestion in Asia

SINGAPORE, Dec 6: Asian economies are staging strong recoveries but this is in large part due to heavy domestic spending by governments, something which may not be sustainable, reports Reuters,

The bill is mounting and will need to be met in the months ahead. Some of the massive fiscal deficits being clocked up are worrying analysts and investors

"The issue is being watched carefully. The main risk is that if countries with deficits continue to issue more debt, then you have to think carefully about their ability to service that debt." said Supavud Saicheau, I economist at Merrill

"On the other hand, any rapid adjustment to balance the

budget could also risk derailing economic recovery," he said. To effectively resolve the

problem, governments will have to depend on continued strong export growth and asset sales to fill the fiscal hole. Factors outside their direct

control, such as an economic slowdown in the United States. could also have a significant impact in terms of pressure to maintain fiscal laxity and paying off the mounting debt. Government debt in South

Korea, Thailand, Malaysia, the Philippines and Indonesia has surged as these countries try to put their derailed economies back on track following the crisis in 1997. The cost of resuscitation the

banking sector from a near death experience has put their finances under dire stress. Spiralling deficits in the Philippines, for example, keep investors edgy. The country budget gap in the 10 months to October has already hit 96.80 billion pesos (\$2.41 billion), or 14 per cent over the full-year

target of 85 billion pesos. There are growing concerns whether the government can strike a balanced budget as scheduled by 2003, analysts

The World Bank expects. Jakarta's external debt to swell to 98 per cent of gross domestic product next year, doubling from 48 per cent posted at end-1997.

In Thailand, public debt has bloated up to 34.3 per cent of gross domestic product (GDP) at the end of June this year.

### in car sales JAKARTA, Dec 6: Indonesian car sales are expected to jump by more than 100 per cent to

200,000 units in the year 2000 in line with the improving economy, a report said here today: reports AFP. The rising sales, despite the weaker rupiah, would be made

possible following signs of improving economic and political stability, a director of leading car maker PT Toyota Astra Motor, Adiriza Nizar, said, quoted by the Antara news agency. Nizar said car sales for the calendar year 1999 were ex-

pected to reach 90,000 units or about 50 per cent up from the measly 58,500 units sold in the whole of 1998, when the economic crisis hit hardest here. The 2000 forecast figure was however, still far less than the

388,880 units sold in 1997. when the crisis had only begun. to make itself felt. Nizar said a recent market survey conducted by his company showed 60 per cent of buy-

ers this year were to people who had waited to replace their old Another 30 per cent were consumers who already had at least one other car and 10 per

### Frenchwomen found as the

cent were new consumers.

## richest European LONDON, Dec 6: Liliane Bet-

tencourt, the Frenchwoman who controls the L'Oreal cosmetics empire, was today revealed as Europe's richest person with 14.3 billion euros, by EuroBusiness magazine, reports AFP. It found Europe has 165 euro

billionaires and a further 235 people worth more than 440 million euros (dollars).

Two of the billionaires are teenagers - Allegra Versace, 13, niece of the late Milan fashion giant Gianni Versace, with 1.85 billion euros, and Athina Onassis, 14, granddaughter of Greek tycoon Aristotle Onassis, with 1.275 billion euros.

Bettencourt, 74, controls the firm founded by her father Eugene Schueller in 1907.

She is followed as Europe's richest person by Theo Albrecht, the reclusive head of the German supermarket chain Aldi, with 11.2 billion euros, and German Dietmar Hopp, one of the four founders of SAP, Europe's most successful software company, with 11.1 billion eu-

The survey shows the easiest way to make a billion is to be a shopkeeper - there are 26 euro billionaire retailers, 22 billionaire bankers and 13 billionaire media barons among Europe's richest 400 people. Germany has the most euro

billionaires, 47, while France has 25, Britain 22, Switzerland 18 and Italy 16. Eurobusiness researched the

wealth of 2,000 people in 16 European countries over a sixmonth period. The magazine said the introduction of the European single currency, the euro, in 11 European Union states had made comparisons easier.

## Business leaders to take stock of economy

# WEF warns India over fiscal deficit crisis

NEW DELHI, Dec 6: The chief of the World Economic Forum warned India Monday that it was headed for a fiscal deficit crisis and unlikely to achieve its targeted seven per cent GDP growth, reports AFP.

Claude Smajda told the ongoing three-day India Economic Summit here that the country needed a strong fiscal and macro economic environment. "Here the situation is extremely worrisome." Smajda

told the summit. The central government fiscal deficit is at six per cent plus. If you take into account state government finances than it is eight per cent. This means India will have a fiscal deficit of over

6.5 per cent." India had set itself the target of containing the fiscal deficit at six per cent of gross domestic product.

Smajda said non-planned state expenditure would have to be curbed if India was to overcome its greatest economic challenge - containing the twodecade-old fiscal deficit prob-

"The situation is even more worrisome because expenditure is overshooting targets, while revenue is undershooting targets," said Smajda. "This shortfall is because of the recent elections, natural

disasters such as the cyclone in

eastern India. a hike in global oil prices and the conflict with Pakistan in Kashmir." Smajda also regretted that

India was likely to miss its targeted GDP growth of seven per 6.5 per cent but this is not

enough to ensure an Indian economic takeoff," Smajda Smajda warned, however.

that a slowdown in India's 1991 market reforms would effect growth. "To register seven to eight per cent GDP growth, India

needs more reforms. Meanwhile, a Reuter reports says: World business leaders gather in New Delhi this week to examine India's economic report card, which suddenly looks its most promising for

At last year's World Economic Forum (WEF) summit. investors from around the globe served notice to India that it ing action.

was time to stop talking about economic reform and start tak-'Finance Minister Yashwant Sinha rounded indignantly on the WEF chief for suggesting that the country was facing a repeat of its 1991 economic crunch. But with the ruling

coalition limping from crisis to

crisis, economic growth feeble

and the fiscal deficit balloning. he hardly had a leg to stand on It will be a more confident Sinha who addressed the three day India Economic Summit on Monday.

The economy is - at last -"We will see GDP growth of on an upswing, political risk has diminished after three years of instability and the newly elected coalition government has wasted no time in tackling the unfinished agenda of economic liberalisation.

"There really is a window of opportunity which India should not miss," WEF Director Colette Mathur said last week in a preview of the annual meeting. where there will be more participants than at any of the 14 previous summits. In a recent study conducted

for the Associated Chambers of Commerce and Industry (ASSOCHAM), two independent economists concluded that the economy stands a chance of returning to the robust growth rates it enjoyed in the mid-1990s. India is targeting 6.0-6.5 per cent growth for 1999/2000, only

slightly higher than last year. but Prime Minister Atal Behari Vajpayee has promised that a "second generation" of economic reform will bring 7.0-8.0 per cent growth in 2000/2001. The signs of recovery are indisputable.

## S Arabia sees no reason to change **OPEC** output agreement

CAIRO, Dec 6: Saudi Oil Minister Ali al-Naimi said on Saturday market conditions were excellent and he saw no reason to make changes to a producers' output cut agreement, reports Reuters.

"There is no reason for us to take any procedures besides what we agreed on," Naimi told reporters on the sidelines of a meeting of Arab oil producers "The market status is now

reason to change or adjust our agreement," Naimi added, referring to a year-long output cut accord agreed in March 1999. Saudi Arabia is the most influential member of the Organisation of the Petroleum Exporting Countries and together with Venezuela and non-OPEC Mex-

ico has been the driving force

excellent and we are monitor-

ing the market and we have no

behind the current oil supply restrictions. A senior OPEC delegate suggested this week that, if a lengthy price spike occurred amid peak winter demand, key suppliers could relax the curbs possibly even before their ex-

Analysts warn that a cold northern hemisphere winter will decimate stocks of spare oil in consuming countries, even if there are no supply disruptions from the Y2K computer bug. But Naimi said he was satisfied with the current state of the market, referring to buoyant

piry at the end of March.

output curbs.

## **Exchange Rates**

Selling		Currenc		BDT 50.85/Selling-BDT 51.15  Buying		
TT/OD	BC		TT Clean	OD Sight DOC	OD	
51.2300	51.2700	USD	50.8200	50.6516	50.5631	
0.5157	0.5161	JPY	0.4819	0.4803	0.4795	
32.4919	32.5173	CHF	31.6143	31.5095	21.3959	
31.1675	31.1918	SGD	29.4660	29.3683	29.3170	
35.5962	35.6240	CAD	33.4298	33.3190	33.1953	
6.0178	6.0225	SEK	5.9106	5.8910	5.8787	
33.5044	33.5306	AUD	30.6445	30.5429	30.3379	
13.6268	13.6375	MYR	13.2327	13.1888	13.1555	
6.6438	6.6489	HKD	6.4888	6.4673	6.4535	
13,7771	13.7878	SAR	13.4469	13.4024	13.3684	
14.0637	14.0747	AED	13.7236	13.6782	13.6432	
0.0444	0.0444	KRW	0.0436	0.0435	0.0434	
82.8492	82.9138	GBP	80.6107	80.3435	80.0515	
52.1419	52.1826	EUR	50.1644	49.9982	49.9109	
OCCUPANT SEALER TO SEAL OF SEA	export bills		THE STATE OF			
TT DOC	30 Days	60 Days	90 Days	120 Days	180 Days	
50,7152	50.4023	49.9846	49.5042 Incies against US	48.9821	47.8126	

Indian Rupee | Pak Rupee | Thai Baht | Malaysian Indonesian Rupiah | Sing. Dollar 43.30/45 51.89/ 38.94/ 96 | 3.7995/05 7157/7197 1.6837/47 51.90 US dollar 1 Month 12 Months Cash 6.47875 6.12375 6.31625 5.88641 6.08109 6.19594 6.56156 Market Commentary Trading in the local forex and money market was thin on Monday due to general strike. In the interbank market, the US

dollar traded between BDT 51.11 and 51.12. In the money

market call rate ranged between 5.5 and 6 per cent. Payment o BDT 735 crore was made against treasury bills accepted in weekly T-bill auction held on Sunday. The international financial markets resumed operation after weekend. The Japanese yen recovered from the dent made earlier on reports of weaker than expected third quarter Japanese gross domestic product data. The euro recovered from its historic low of USD I though market view is still bearish. Market players are of the opinion that if the European Central

prices which recently hit nincyear highs on the back of the Bank does not come up with any action to strengthen the euro, it may depreciate further