

India to miss fiscal deficit goal

NEW DELHI, Feb 2: A conflict with Pakistan last year and a cyclone in the eastern state of Orissa have dented India's hopes of reining in its fiscal deficit at 4.0 per cent of gross domestic product in fiscal year 1999/2000 (April-March), reports Reuters.

"We may end up with a fiscal deficit of five per cent of GDP," V Dhananjaya Kumar, India's junior finance minister told reporters yesterday.

Finance Minister Yashwant Sinha had, in the 1999/2000 budget, set a fiscal deficit target of 4.0 per cent of GDP for the fiscal year ending March 31, 2000. The fiscal deficit was 4.5 per cent of GDP in 1998/99.

Analysts urged the government to curb the deficit.

Kumar said that last year's 74-day conflict with Pakistan to drive out intruders from the Indian side of the disputed Kashmir region had increased defence expenditure by 6-80 billion rupees (\$1.38 billion).

Kumar said the federal government would have to shell out 40-50 billion rupees to repair the damages of the cyclone that devastated the eastern state of Orissa in October.

Analysts said they had expected the minister's announcement.

"It was expected. The next

budget will show whether something will be done about the fiscal deficit or whether we will just continue to talk about it," Ashok Lahiri, director of the National Institute of Public Finance and Policy, said.

Kumar said the government's failure to reach its target of raising 100 billion Indian rupees through disinvestment could have an impact on the overall fiscal deficit.

The burden of a food and fertiliser subsidy, expected to reach 240 billion rupees in 1999/2000, would only add to the deficit.

"The government has to act fast on the subsidies and wages front. They have to do something to rein in expenditure," Lahiri said.

Sinha has promised to introduce fiscal discipline in the 2000/2001 federal budget which will be presented in India's lower house of parliament on February 29.

The country's fiscal deficit at the end of December 1999 was 83.9 per cent of the 799.55 billion rupees targeted for the full financial year 1999/2000.

Revenue collection picked up in the last three months of 1999 to 1,150.75 billion rupees or 62.9 per cent of the 1999/2000 estimate from 684.63 billion

rupees at the end of September or 37.4 per cent of the estimate for the full financial year. However, Kumar said the government might still fall short of the total tax collection target of 1,730 billion rupees for 1999/2000 by 20-30 billion rupees.

Exports surge smartly

Meanwhile, India's exports rose smartly in the first nine months of the fiscal year ending in March, thanks to a pickup in global trade volumes, analysts said yesterday after the release of government data.

The official figures showed that merchandise exports rose by 12.93 per cent to \$27.42 billion in the nine months to end-December, but import growth lagged, reinforcing some analysts' views that the country's economic recovery is not yet broad based, and can be linked to a rise in capacity utilisation on higher domestic consumption.

"The figures show two things. One, domestic export growth is in tandem with global export (trends), a trend we noticed last in 1993-1995," said Vasudeo Joshi, director and head of research, HSBC Securities, Bombay.

But he said slow import growth was a cause for concern.

Imports in April-December were \$34.46 billion up only 9.02 per cent over the same period a year earlier. This helped trim the trade deficit to \$7.04 billion from \$7.33 billion a year ago.

"Imports are not growing as fast as exports which means the domestic economic recovery is still consumption-led," Joshi said. Most of India's imports are capital goods.

Analysts said the increase in exports had helped ease the impact of higher oil prices on the balance of payments.

Oil imports in the nine months surged to \$6.98 billion, up 57.82 per cent from a year ago.

"The export growth has mitigated to some extent the higher oil import bill and ensured that the trade deficit so far is actually lower than in the first nine months of (the) last fiscal (year)," said MR Madhavan, analyst, ICICI Securities and Finance Co Ltd.

"The balance of payments position looks comfortable," he added.

Shridharan said there was a slowdown in export growth in December compared with preceding months, but this was due to the base effect of low growth the previous year.



Uwe Schramm, Ambassador of the Federal Republic of Germany, called on the President of the Foreign Investors' Chamber of Commerce and Industry (FICCI) at the Chamber office Monday and discussed matters relating to the prevailing trade and investment scenario in Bangladesh with particular reference to prospects of more German investment. FICCI Secretary Jahangir Bin Alam and Commercial Attache of the German Embassy Jan Axel Voss are also seen.

— FICCI photo

Saudi Chevron launches first petrochem complex

RIYADH, Feb 2: The Saudi-US company Saudi Chevron yesterday announced the opening of the first private petrochemical complex to be built in the oil-rich Gulf state, costing 650 million dollars, reports AFP.

The complex in Jubail on the Gulf coast is owned in equal shares by the California-based Chevron Chemical Co and the private Saudi Industrial Venture Capital Group (SIVCG). It said in a statement.

Its annual capacity is 482,000 tonnes of benzene, to be produced with Chevron's own technology, and 220,000 tonnes of cyclohexane, using licensed technology of the Institut Français du Pétrole.

Cyclohexane is used for nylon and detergents, while benzene has many uses including the production of tyres and pharmaceuticals.

The Saudi Chevron Petrochemical complex, which took three years to build and was opened by provincial governor Prince Mohammad bin Fahd, will market its products in the Far East and Europe.

The aim of SIVCG, a company set up by 61 Saudi businessmen and five private companies, is to invest in the kingdom's industrial development.

The Jubail plant is the first petrochemical complex not to belong to the giant Saudi Basic Industries Corp (SABIC), which is owned 70 per cent by the state and is one of the world's largest in the sector.

UK banks defend record branch closures

LONDON, Feb 2: Britain's banks, facing criticism for closing hundreds of local branches, said only a small percentage of customers faced problems from not having a bank close by, reports Reuters.

The British Bankers' Association, publishing a study into local banking, said only two per cent of customers found access to their branch difficult and wanted more facilities.

The study, by the Personal Finance Research Centre at Bristol University, found that 15 per cent of people in urban areas lived more than a mile from a branch and in rural areas 15 per cent lived just over five miles from one.

People experiencing difficulties because of the lack of a nearby branch were the elderly (over 80 years of age), people with disabilities that limited their mobility and women with young children.

Tim Sweeney, BBA director general, said the study showed only a small part of the UK population faced difficulties with regard to local bank branches.

"Their problems are real but banks will want to tackle these issues and as the report indicates, there is no single viable solution that would satisfy everybody."

Sweeney said the pace of any future bank closures would be linked to the take up of new channels to avoid loss of customers. He pointed to banks' agreements with the Post Office to offer banking services, saying that this seemed a quicker and more cost effective solution, than trying to develop schemes like shared branches or community banks.

Freshers' training of Bank Asia starts

A six-week training programme for the first batch of Probationary Officers of Bank Asia commenced at the Bangladesh Institute of Bank Management (BIBM) on January 30, says a press release.

It was preceded by an inauguration ceremony which was addressed, among others, by A K M Nozmul Hoque, Advisor of the bank.

Hoque in his address underscored the importance of training for building successful career in banking. He said that banking was a highly specialised subject and there was no alternative to training for becoming a true banker.

He also stressed the importance of transparency, integrity and devotion in banking profession. He urged the participants to fully utilise the opportunity and learn the techniques of modern banking for making useful contribution towards the society.

Bank Asia with a constant objective to provide quality service has undertaken the programme for the freshers. These officers will take up various important positions in the bank's future expansion programme which includes opening of four new branches soon at Moulheli, Gulshan, Agrabad and Malikhanganar. It is expected that the courses designed in a functional manner will broaden the base of banking knowledge of the officers and instill in them a sense of professionalism.

UAE becomes last Gulf state to set up bourse

ABU DHABI, Feb 2: President Sheikh Zayed bin Sultan al-Nahyan issued a decree yesterday establishing a stock exchange in the United Arab Emirates, the last of the oil-rich Gulf States to open a formal bourse, reports AFP.

The move is intended to "encourage investment in both stocks and goods in order to stimulate the economy," said the 49-article decree carried by the official news agency WAM.

The UAE cabinet approved the establishment of the stock exchange last June in the wake of a scandal involving the current unofficial market in which 57 authorised traders dealt by telephone in Emirati stocks currently valued at around 35 billion dollars.

US wants IMF to scale back its activities

WASHINGTON, Feb 2: The International Monetary Fund needs to pursue an "active and wide-ranging agenda" to deal with the world's financial troubles, the departing head of the agency said, reports AP.

IMF Managing Director Michel Camdessus laid out an extensive agenda for action by the 182-nation lending organisation in a speech that ran directly counter to recent suggestions by the administration of President Bill Clinton that the IMF scale back its activities.

"The hallmarks I have most admired in the IMF are its universality and its adaptability," Camdessus told the Council on "Foreign Relations in New York." It is a perennially self-reforming institution, very mindful of its obligation to its entire membership."

The Clinton administration, led by Treasury Secretary Lawrence Summers, is proposing significant changes in how the IMF does business. It wants the IMF to focus on short-term emergency loans and to withdraw from the business of making long-term loans to poor

countries that can obtain money from private sources such as banks.

Camdessus said, however, that the IMF must maintain its "global perspective" and make sure it serves the needs of all the members.

He recommended expansion of the IMF mission by officially designating the agency as the "international lender of last resort." It often plays that role for financially troubled countries, but such lending is not in the IMF's formal job description.

Camdessus, former head of the Bank of France, announced last year that he would step down as IMF managing director in February, more than a year before his current term expires. The IMF came under heavy criticism from the US Congress and others who objected to its handling of the two-year Asian currency crisis.

Various countries have put forward candidates to replace Camdessus. The likelihood is increasing that Deputy Managing Director Stanley Fisher, an American, will step into the top job on an acting basis. Euro-

peans traditionally head the lending agency.

Camdessus used Tuesday's speech, copies of which were handed out in Washington, to criticize the current decision-making mechanism of the Group of Seven largest industrial countries.

Group leaders meet in an annual summit to coordinate global economic policy better. Their finance ministers and central bank presidents also gather three times a year to survey economic conditions.

Camdessus called this process a "suboptimal solution" to managing the global economy. The problems with the current system, he highlighted by the failure of the 135-nation World Trade Organisation to launch a new round of global trade negotiations in December as scheduled, he said.

While the trade agenda has been stalled by protests, Camdessus said he was pleased that the world's largest countries agreed on a major program to provide debt relief to the poorest countries.



A K M Nozmul Haque, Advisor of Bank Asia Limited, addresses the inaugural ceremony of the Probationary Officers' Training Course at BIBM. — Bank Asia photo

China plans to export \$3.5m goods in 2000

BEIJING, Feb 2: Beijing has set a target to export 3.5 billion US dollars of goods this year — a growth rate of 7.4 per cent over the previous year, reports Xinhua.

Beijing will push forward e-commerce and encourage enterprises to make business transactions through the Internet, Beijing Vice-Mayor Zhang Mao said at a meeting on export and import Thursday.

Beijing will increase exports of high-tech products, exports by private businesses as well as exports of farm products to Africa, Latin America, Russia, and East Europe while cementing its traditional export markets of Japan, the United States, European Union and Hong Kong, which make up 70 per cent of Beijing's export trade volume.

NGOs slam WEF for digressing trade issues

DAVOS, Feb 2: Non-governmental organisations (NGOs) from North America, Europe and Asia agreed yesterday that key issues of globalisation and international trade had been pushed aside at the World Economic Forum, says Reuters.

But in statements and comments at the six-day Davos gathering of business and political leaders, they left little doubt that they agreed on little else.

Western-based union leaders voiced concern that developing countries had brushed aside appeals from US President Bill Clinton and British Prime Minister Tony Blair to agree to talk about linking labour conditions to all trade accords.

The Third World Network, a respected development think-tank based in Malaysia with a widely-read news service, said the real problems poorer states faced when opening up their markets too fast had been ignored.

The US branch of the environmental body Friends of the Earth complained that ministers from several member countries of the World Trade Organisation (WTO) had met "behind closed doors" in Davos to discuss how to get plans for a new round of liberalisation talks back on track.

And dissidents from Iran and China said it was disgraceful that government representatives from their countries had been invited to Davos at all.

Sounds like Seattle again. The dissonance of NGO voices at the Forum was strongly reminiscent of the cacophony in December when proponents of widely varying causes thronged the streets of Seattle to condemn a WTO ministers' conference.

There, proponents of ending the US economic embargo on Cuba, a member of the WTO, rubbed shoulders with those opposed to admitting China to the trade body on the grounds of its human rights record.

Green groups argued that US environmental laws aimed at protecting sea turtles in waters under the jurisdiction of other countries were being undermined by WTO rules. Alongside were French farmers angry at US sanctions, authorised by the WTO, on European Union goods because Brussels, citing health grounds, refuses to import hormone-treated beef.

Toyota in systems sharing pact with GM, VW

TOKYO, Feb 2: Toyota Motor Corp. has reached separate deals with General Motors Corp. and Volkswagen on sharing design and development systems, a newspaper reported Wednesday.

Toyota will set up common computer systems with the US and German automakers to share information on auto parts development by 2001, the Yomiuri Shimbun said, reports AP.

Shino Yamada, a spokeswoman for Toyota, said the companies are in talks on information exchange but said there were no plans to merge development systems.

The Yomiuri, Japan's largest newspaper said the companies hope to cut costs and gain advantages as competition to create new technology intensifies in the auto industry.

Workers' unions marched to demand that WTO rules be amended to enforce observance of core labour standards — like exclusion of children from the labour force and freedom to organise — in all member countries, but primarily in poorer economies.

These groups, spearheaded in Seattle by the US AFL-CIO, insisted their concern was for workers in developing countries. But many marchers left no doubt their main aim was to keep cheaper goods, especially steel, out of US markets. But there was discord among the mainstream players at the Forum also.

In Davos, which like Seattle but on a much smaller scale saw anarchist "wreckers" join anti-WTO protests organised by "peaceful" NGOs, the strange coalition drew the coldly ironic attention of Mexico's President Ernesto Zedillo.

He described them as "glabophobes" whose main motivation was protectionist and aimed at "keeping developing countries from developing by imposing conditions on them that could force up the price of their exports."

US President Bill Clinton, as he had in Seattle, expressed understanding for the NGOs — if not the violent fringe. He told presidents, prime ministers and business chiefs from around the world in Davos that the protesters' voice should be heeded.

If it were not, resistance to free trade and globalisation would grow, and not least in the US Congress, he warned.

But officials from emerging economies were dismissive. "That sounded a lot like US domestic politicking," said one African envoy in Davos.

Russia, US sign two food aid deals

MOSCOW, Feb 2: The United States and Russia signed two agreements on Tuesday under which Russia will receive 220,000 tonnes of food aid this year, but the volume offered is far short of what Russia has requested, says Reuters.

The agreements were signed yesterday morning in the White House, a US embassy source told Reuters, referring to the headquarters of the Russian government.

The agreements cover donations of 20,000 tonnes of seeds and 200,000 tonnes of commodities ready for consumption. The 200,000 tonne package is classified as humanitarian aid and will be given directly to eight public voluntary organisations.

A further package of 300,000 tonnes of wheat is still being negotiated, the embassy source said. Local media quoted Deputy Prime Minister Vladimir Shcherbak as saying he expected an agreement to be signed this week.

Even if that deal goes through, a total of 520,000 tonnes of aid would be a drop in the ocean beside Russia's needs. The country has suffered from exceptionally poor grain harvests in each of the last two years.

At least that followed a crop of 88.5 million tonnes in 1997, meaning there were stocks available. But when the 1998 harvest was followed by another poor crop, of 54.7 million tonnes in 1999, stocks were essentially depleted.

As a result the government last week forecast a grain deficit of 9.3 million tonnes this year. After the disastrous 1998 harvest, compounded by a currency devaluation in August making imports too expensive, Russia asked the United States and the European Union for an aid package of nearly five million tonnes, including 3.1 million from the US.

This was agreed and given. But after the 1999 harvest, Russia returned with a request for a further five million tonnes from the US to help cover the anticipated 2000 deficit.

Office of the Executive Engineer, RHD Ferry Division, Barisal (RHD), Tender Notice

- Tender Notice No : 23 of RHD, Ferry Divn., Barisal/1999-2000.
- Name of work : As described below.
- Eligibility of contractor : "A to E" general category contractor of RHD as per financial capacity of territorial jurisdiction.
- Availability of tender schedule : (1) Executive Engineer, RHD, Mech. Ferry Divn., Barisal/Khulna. (2) Sub-Divisional Engineer, RHD Mechl. Ferry Sub-Divn., Barisal (only office hours. No tender will be sold on the date of receiving tender schedule).
- Tender receiving officer : (1) Superintending Engineer, RHD, Mechl. Ferry Circle, Khulna. (2) Executive Engineer, RHD, Mechl. Ferry Divn., Barisal/Khulna.
- Last date of selling tender documents : 9.02.2000/27.10.1406 (only office hours).
- Last date of receiving tender in sealed cover : 10.02.2000/28.10.1406 at 12 Noon.
- Date and time of opening tender : 13.02.2000/01.11.1406 at 1:00 PM.
- Date and time of lottery (if applicable) : 13.02.2000/01.11.1406 at 3:00 PM.

Group No	Name of work	Estimated cost	Earnest money
1.	Supplying of spare parts for 110 HP Daf Engine (Model DT 615) of different ferry under Ferry Sub-Division, Barisal during the year 1999-2000.	As per schedule	As per schedule
2.	Supplying of spare parts for 150 Kilowatt man engine (Model-D-2866E) of different ferry under Ferry Sub-Division, Barisal during the year 1999-2000.		
3.	Supplying of spare parts for Fuel Pump of 110 HP Daf 120 HP Hydromaster, 75 HP Ford Engine under Ferry Sub-Division, Barisal during the year 1999-2000.		
4.	Supplying of spare parts for 110 HP Daf Engine (Model-DNTD 615 & DT 620) under Ferry Sub-Division, Barisal during the year 1999-2000.		
5.	Supplying of spare parts for 190 Kilowatt man engine (Model-D-2866TE) of different ferry under Ferry Sub-Division, Barisal during the year 1999-2000.		
6.	Supplying of spare parts for 120 HP Hydromaster (Newford) engine gear-box and propulsion unit under Ferry Sub-Division, Barisal during the year 1999-2000.		
7.	Supplying of spare parts for 150/190 Kilowatt man engine (Model-D-2866E and D-2866TE) under Ferry Sub-Division, Barisal during the year 1999-2000.		

DFP-1710-26/1 G-199
Md Saber Ali
Executive Engineer, RHD
Ferry Division, Barisal.