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Growers get little despite price hike of essentials

MONJUR MAHMUD, *back from Jhenidah*

Although prices of essentials have gone up sharply in the city's retail markets, they have hardly brought any changes in income of growers in remote areas.

Prices of paddy, potato and different vegetables go down when these crops start pouring in markets. Once the farmers have sold their entire stock of crops, prices start to pick up gradually, said farmers and wholesalers in Jhinidah and Jessore districts.

"I sold aman paddy between Tk 270 and Tk 280 per maund two months back. But the same paddy is selling between Tk 360 and Tk 380 now," said Abdul Latif, a farmer at a village in Jhenidah district.

Farmers say they cannot keep stock of their crops for long, as they need cash immediately after harvesting their produces. To meet the cash crunch, the farmers are often forced to sell their produces to wholesalers before the harvesting starts.

Finance Minister M Saifur Rahman defended price hike of essentials recently, saying if farmers do not get good prices of their crops it would be very difficult for the country to be self-reliant in food sector.

However, retailers in Dhaka at a recent meeting with Commerce Minister Amir Khosru Mahmud Chowdhury attributed the price hike to increase in transportation costs. They claimed the transport costs went up by 100 per cent from Tk 3000 a year ago to Tk 6000 per truck.

But there is also allegation that the middlemen or wholesalers in some cases take the advantage of price hike, as government procurement for rice does not work properly.

"Cost of cultivation is going up day by day. Besides, there are many other factors like heavy rainfall, drought or fog that affect the cultivation in different seasons and we have to bear all these risks. But if we don't recover the cost of our produces, it becomes very difficult for us to plan for the next crop," said Wadud Mia, another farmer at Barobazar in Jessore.

Winter vegetables are selling at throwaway prices in different rural areas, as it is peak time for the winter vegetables. Tomato is selling between Tk two and Tk four per kg at the wholesale depending on quality and it is selling between Tk three and Tk six at the retail.

But tomato price in different markets in Dhaka is ranging between Tk 12 and Tk 16 per kg. Bean is selling at Tk five per kg at wholesale in different rural areas.

Medium-size cabbage is selling Tk two at the retail while a medium size cauliflower is selling at Tk four.

"Sometimes we have to throw our perishable produces due to lack of buyers. As wholesalers now buy a major portion of our produces and sell them in Dhaka, prices are now a bit higher but middlemen always try to exploit us and give us very poor prices," said a farmer at Jhenidah.

PHOTO: MCCI

A delegation of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), led by its Vice President A Hafiz Choudhury called on State Minister for Energy and Mineral Resources AKM Mosharaf Hossain at his office yesterday. Shahidul Islam, energy secretary, was also present.

Quazi Moniruzzaman

New BGMEA president

STAR BUSINESS REPORT

Quazi Moniruzzaman has been elected president of the Bangladesh Manufacturers and Exporters Association (BGMEA) for the next one year.

Earlier, BGMEA Election Commission Chairman Lt Col (rtd) M Anisuzzaman formally declared the polls results at a board meeting.

After the formal declaration, the newly elected directors selected Quazi Moniruzzaman as president. They also elected SM Nurul Haque, M Jinnat Ali Mian, Shafiul Islam (Mohiuddin) and Mohsin Uddin Ahmed (Niru) as vice-presidents.

Sammilita Parishad and Forum, a joint panel led by Kazi Moniruzzaman and Anisul Huq, won at the BGMEA elections held on 28 January.

Outgoing President of BGMEA Kutub Uddin Ahmed will hand over the charge to Moniruzzaman on March 12.

Holcim sets unloading record at Ctg port

Holcim, a leading cement producer, discharged 12,282 MT clinker at the outer anchorage in Chittagong on Monday, says a press release.

This, according to port information, is the new record of one day unloading of any material at any port of Bangladesh.

The previous record of unloading 11,450 MT clinker in June 2002 was also set by Holcim (Bangladesh) Ltd. This record unloading was done from MV KS Glory, supervised by Atlas Shipping Lines.

Ramit Budhraja, managing director of the company, said this has been possible because of better planning, coordination and team work of the parties involved.

PN Iyer, vice-president (Marketing & Sales), congratulated the shipping agent and the team.

With presence in over 70 countries and operating over 90 plants, Holcim is one of world's leading suppliers of cement.

In Bangladesh, the company has been not only leading the industry but also setting newer standards in many relate fields.

India's oil officials to obstruct HPCL sale

REUTERS, *New Delhi*

Indian oil sector officials vowed Wednesday to stop potential bidders for state refiner Hindustan Petroleum Corp Ltd from inspecting the company.

"We will not allow due diligence to be done under any circumstances," said Ashok Singh, president of the Oil Sector Officers Association, which represents officials of all state-run refining and exploration firms.

"The global adviser for privatisation will not be allowed to come near our buildings," Singh told reporters after a meeting with Oil Minister Ram Naik.

The officers are opposing the government's decision to sell its equity in Hindustan Petroleum Corp Ltd HPCL.BO to a strategic investor and shed majority control in Bharat Petroleum Corp Ltd BPCL.BO by diluting its holding after a public issue.

Oil sector officials have threatened to go on strike as soon as the government invites bids for HPCL, India's second largest refining and retailing company.

Singh said officials from several sectors including railways, communications, banking, insurance and power had promised their support in opposing privatisation.

Last year, employees blocked the privatisation of National Aluminium Co NALU.BO by stopping prospective bidders from inspecting its main plant.

French PM hopeful of Airbus deal with India

AFP, *Bangalore, India*

French Prime Minister Jean-Pierre Raffarin said Thursday he hopes the Indian government will endorse a decision by Indian Airlines to upgrade its fleet with Airbus planes.

"There is also the renewal of the fleet operated by the airlines in India. Indian Airlines has chosen to buy 43 Airbus planes. I am of course hopeful that this choice will soon be made official," Raffarin said after he arrived in the southern Indian city, where he is attending an air fair.

The board of state-run Indian Airlines, the country's domestic carrier, has already opted to buy 43 Airbus aircraft in the next five years, but the order awaits government approval.

Airbus Industrie, along with US-based Boeing, is also contending for a possible contract with state-run Air India, the country's international carrier, for 10 long-range 250-seater aircraft with options to buy seven more aircraft.

The Boeing-777 and Airbus-A340 are shortlisted for the long-range order and the Boeing 737-900 and Airbus A321 are top choices for 18 short-range aircraft, but the board of directors has yet to make a final choice.

The French prime minister, on the first day of a three-day visit, expressed similar hope about a deal for the long-range planes.

"The Air India company also needs long haul aircrafts and I would of course be very pleased if it were to choose Airbus which, with its A-340 range, offers highly competitive planes," he said, adding: "And it is a strong wish."

Additional GMG flights before Eid

GMG Airlines will operate additional flights before Eid from Dhaka to Jessore, Rajshahi and Barisal to meet the increasing demand of homebound travelers.

These additional flights have been planned for operation from 10 to 12 February, 2003, says a press release.

Lankan tea prices fall

REUTERS, *Colombo*

Sri Lanka's tea prices fell at the latest auction Wednesday, as brokers said fears of a conflict in the Middle East continued to hit demand for low-growns and began to impact the high-grown market.

The anticipated gross sales average was 148 rupees per kg, compared to 149.26, Forbes and Walker Tea Brokers said in a statement.

"There aren't any positive signs. Demand is off more than 50 per cent from the Middle East," said Dilan Polonawitta, a broker at Forbes and Walkers.

Most low-grown teas, which are favoured by the Middle Eastern market, declined, with best flowery broken orange pekoes losing up to 10 rupees.

A few best orange pekoes appreciated, but most fell four to five rupees.

US official insists deficits not a rate rise risk

REUTERS, *Washington*

A prolonged bout of big budget deficits could rattle markets and drive interest rates up, US treasury secretary John Snow conceded Wednesday but he insisted the Untied States was not facing such a risk.

In a second day of testimony before Congress on President George W. Bush's $2.23-trillion budget proposals and the administration's $695-billion tax-cutting stimulus plan, Snow insisted proposed deficits will be "manageable" and will shrink with time.

Snow spent 3-1/2 hours before the House budget committee in the morning and another three hours with the Senate finance committee in the afternoon in a marathon defense of the Bush administration's plans, facing some skeptical questioners.

Republican Sen. Olympia Snowe of Maine said she was concerned that a short-term stimulus might be preferable if the Bush measures threatened to add to long-term budget deficits and potentially put upward pressure on interest rates.

Armenia swells ranks of WTO to 145

AFP, *Geneva*

Armenia on Wednesday swelled the ranks of the World Trade Organisation becoming the 145th member following a decade of talks to negotiate its entry into the global trade body, the WTO said.

Armenia's membership comes 30 days after the country's parliament ratified the accession documents, as per WTO rules for new members.

Negotiations for Armenia's membership initially to the WTO's predecessor, the General Agreement on Tariffs and Trade, began in 1993. The WTO officially came into being in 1995.

S'pore unveils economic roadmap for next 15 yrs

REUTERS, *Singapore*

Singapore, grappling with regional rivalry after decades of prosperity, unveiled yesterday an economic roadmap for the next 15 years focusing on expanding external ties and boosting competitiveness.

A panel headed by Deputy Prime Minister Lee Hsien Loong called for economic and social reforms to sustain Singapore's economy as rising competition from lower cost manufacturing centres such as China and India erode its industrial base.

The plan, drafted by a panel of public and private sector experts, contained no new short-term measures to stimulate growth but continued a general policy thrust towards a more service-based and value-added manufacturing economy.

At its core the plan calls for stronger offshore trade ties -- a strategy that gathered steam last year as Singapore struggled to emerge from its worst downturn in nearly four decades.

"In another decade and a half, Singapore will connect China, India and Southeast Asia and beyond," the panel said in an its report analysing short and long-term challenges for the export-dependent economy.

Some of the proposals to cut income taxes and lower business costs were adopted speedily last year.

"We have left no stone unturned," Lee told reporters.

"We have looked at all government policies, all aspects of economic management and decided where we need to make radical changes and where we need to make modifications and where we should leave things be," he added.

"If the stones look like they are in the same place that's because we put some of them back very carefully."

The policy-revamp is being driven by growing structural unemployment, lost-dominance in high-end electronics like disk drives and microchips, and an over-dependence on property which has left its ageing population short of cash in retirement.

Prime Minister Goh Chok Tong said in November 2001 that every existing government policy, measure and assumption would be examined in the big review of economic strategies.

On panel noted that barring external shocks, the economy could grow at an average rate of 3-5 per cent a year over the next 15 years, while real wages were likely to expand at a rate of 2-3 per cent a year over the same period.

WTO asked to tackle abuse of anti-dumping measures

REUTERS, *Geneva*

A group of mainly developing countries demanded Wednesday that world trade talks tackle the abuse of anti-dumping measures which they said could torpedo global efforts to cut tariffs.

Developing countries have often accused rich states, particularly the United States of resorting to anti-dumping duties to protect inefficient domestic industry.

The United States has traditionally been the most active user of such duties, imposed at the request of industry when foreign competitors are believed to be selling goods at below cost price, although it has recently been overtaken by India.

The issue is on the agenda of the Doha Round of free trade talks, launched in the Qatari capital in November 2001. They are due to conclude by 2005 with accords on liberalising trade in sectors ranging from farm goods to banking.

But the 15 countries, including Brazil, South Korea but also Japan, warned that liberalising trade by cutting tariffs would serve no purpose if some states continued using anti-dumping measures as a trade barrier.

Noting that the use of anti-dumping measures by some of the World Trade Organisation's (WTO) 144 states had soared to an average of 330 cases a year between 1999 and 2001, from an average 237 during the 1990s, the countries said.

"We are concerned a major part of this increase could be attributed to the abusive use of anti-dumping rules against legitimate export in order to protect domestic industries."

They noted in a statement that while the average level of import tariffs on industrial and other non-agricultural goods had fallen to five per cent in the world's four richest WTO members the average amount of anti-dumping duty -- when imposed by any member state -- was 45 per cent.

"The proliferation of anti-dumping measures serves as a substitute for the trade barriers, that have been eliminated through painstaking negotiations," they said.

The United States has defended its use of the controversial measures saying that if competitor countries stopped state aid and other subsidies, there would be little reason for anti-dumping measures to exist.

Airline industry braces for turbulence from Iraq war

AFP, *London*

With a war in Iraq looming even as airlines struggle to cope with terrorism fears, the weak economy and the rapid rise of low-cost carriers, airline bosses warn that the threat of another Gulf war could hardly have come at a worse time for the industry.

Passenger bookings are already showing signs of suffering and could slump in the event of a US-led attack on Iraq, while rising oil prices are hampering airlines' efforts to slash costs, industry leaders said at a forum here.

With carriers around the globe still trying to recover from the turbulence unleashed by the September 11, 2001 skyjackings, airline executives said the industry was ill-prepared to cope with the fallout from any war in Iraq.

"We're in a much more difficult situation than we were in the last Gulf War" in 1991, said James Beer, vice president Europe of American Airlines, the world's biggest airline.

"The last Gulf War came really at the end of a period of relatively robust economic growth and we now face today as an industry very significant losses already," he said.

Many big US carriers such as United Airlines and US Airways have already filed for bankruptcy protection to try to keep flying, Beer noted.

"All US carriers are suffering very significantly and so the last thing the industry needs is another serious shock to demand," he told AFP on the sidelines of the forum, organised by Economist Conferences.

The Air Transport Association warned recently a US-led war in Iraq could add another four billion dollars in losses every quarter to the US airline industry as fuel costs rise and passenger numbers decline.

British Airways' chief economist Andrew Sentance said that even before the events of September 11, the domestic US market had been "much worse" than before the 1991 Gulf War.

"Certainly in the US the airline industry has seen a shock the likes of which it hasn't seen for decades.

"Economic recovery will take time to gather momentum and feed through to business travel. War uncertainty is clearly an additional factor holding back recovery -- we believe that's already affecting demand," he added.

As well as fueling passengers' fears of flying and their worries about the global economy, a war in Iraq would also push up fuel costs if the price of crude oil soars as analysts expect.

The prospect of another Gulf war, coupled with a strike in Venezuela that has choked off the country's oil exports, has already send oil prices roaring above 30 dollars a barrel on world markets.

"Oil is the second-largest cost in our cost base and so continued movements upwards are extremely damaging for us," said Beer.

But airlines are hoping that any oil price spike will be relatively brief, a view shared by oil major Royal Dutch/Shell's group managing director, Paul Skinner.

"Experience from the last Gulf War suggests that if there is a war with Iraq we might expect a sharp upwards price spike which would quickly dissipate once the oil supply chain from other Arabian Gulf states had been secured," he said.

PHOTO: READYCASH

Power Development Board (PDB) Secretary Siraj Ud Daula and American International (Bangladesh) Ltd Corporate Secretary ME Islam sign an agreement on Monday. Under the deal, the ReadyCash cardholders will be able to pay their electricity bills through ReadyCash cards. PDB Chairman Syed Abdul Moyed and American International (Bangladesh) Vice-president MM Islam were also present.

Pakistan bourse to adopt margin financing

REUTERS, *Islamabad*

Pakistan's stock market regulator said Wednesday it aimed to replace traditional carry-over trade (COT) financing, which accounts for almost all trading, with margin financing by July.

Khalid Mirza, Chairman of the Securities and Exchange Commission of Pakistan (SECP), said the regulator would work steadily to remove what is called "badla financing," where share purchases are funded by loans which can be carried forward from one settlement period to the next by paying an interest charge.

The century-old system accounts for about 80 per cent of trades on the country's main Karachi Stock Exchange, where about 250-300 million shares worth about 10 billion rupees ($20 million) are exchanged daily.

The benchmark Karachi index was the world's best performer in 2002, more than doubling in value.

"Our aim is that by end-July we should have done this," Mirza told Reuters in an interview, referring to replacing badla.

Under the new margin system, banks and other financial institutions would be able to lend money to finance trades, provided investors also supply some of the funds themselves, Mirza said.

Analysts say the move will ensure a smoother supply of liquidity to finance trades and reduce market volatility. Distortions were created by the old system because some of the big brokers also supply "badla" financing, they say.

Late last month, the KSE's benchmark 100-share index fell over 11 per cent in five days after a shortage of liquidity among the COT financiers pushed carryover rates to as high as 40 per cent, prompting panic selling by retail investors.

Mirza said the regulator had devised "a well-considered" programme to make a slow transition to the new system.

"We are actually making margin rules to enable margin financing to be provided by corporate brokerage houses, investment banks etc," he said.

"It would be ideal if margin financing, together with the futures market, were to essentially replace badla which carries systemic risks," he added.

Mirza said capital market reforms, initiated three years ago when he joined SECP as chairman, would continue under a second phase of a programme sponsored by the Asian Development Bank (ADB).

In December, the ADB approved a $266 million loan to support Pakistan's financial sector reforms, particularly the development of capital markets, and Mirza said the first tranche of the loan would soon be disbursed.

In the first phase of the reforms, the market regulator, the Corporate Law Authority, was restructured and renamed SECP.

A Central Depository Company was also established for the capital market, and share trading was computerised.

The board of Pakistan's main Karachi Stock Exchange was reorganised and an independent managing director put in place to help create greater transparency and efficiency.

Mirza said governance at Pakistan's three stock exchanges, in Karachi, Lahore and Islamabad, had improved substantially, but said they had yet to market themselves internationally.