

Jute Demand to Accelerate

by Prakash Chandra

THE future of the golden fibre, earlier darkened by industrial troubles and closure of mills, is now brightened.

The Indian government is going ahead with a 1,500 million rupees (US\$120 million) financing project to help the ailing jute industry. Already, 500 million rupees (US\$40 million) have been given out as loans to help the industry modernise itself through new machinery and better technology.

An important step in this direction, according to the Agriculture Ministry and senior trade officials, is a plan by the Food and Agriculture Organisation (FAO) to tap the potential of diversified jute goods. The aim is to establish market channels which will be linked with end-users and backed by vigorous publicity campaigns.

"We have recognised the threat posed by synthetic substitutes for jute in the international market. The FAO has suggested a comprehensive strategy to encourage research and development in new uses of jute by adopting suitable technology, facilitating commercialization, provision of cheap credits and other incentives," says a senior official.

Consumer surveys will be promoted to find out what the

market wants. An inter-government committee on jute, kenaf and allied fibres, has set out several important recommendations in a paper on problems and prospects for diversified jute products.

The greatest potential, according to FAO experts, is offered by jute geo-textile and geo-engineering material. The

bales the previous year. Production has jumped in India, Bangladesh, Thailand and Burma. Mr. Dey added that an informal price arrangement for jute kenaf was announced. The price for Bangladesh jute was fixed at US\$400 against US\$335 last year.

And as environmental concerns grow, the demand for

1990, compared with 95,000 tons during the same period in 1989.

D. N. Davar, chairman, Industrial Finance Corporation of India, says important changes will be made in the jute modernisation fund scheme to make it more attractive to all the 50 jute mills in the country. So far, 36 mills have bene-

duced not so much to the competition from substitutes or the lack of policy support from the government as to the waning interest of industrialists.

The industry also suffered a setback due to the diversion of resources to newer areas of investment at the cost of its own modernisation. This trend, however, seems to have abated now with some of the original entrepreneurs having a second thought and coming forward to revamp this age-old industry with the help of a mix of strategies.

Both the industry and the government are now fully convinced that the industry can no longer thrive only on the conventional packaging items and must, therefore, change its line of production to include some of the diversified, value-added products.

Besides, it would have to go in for innovative marketing techniques aimed at satisfying a large number of individual customers rather than only a few bulk purchasers of gunny bags.

With the modern technology now available, it should not be difficult to increase it to at least two tons a hectare. Measures would have to be taken to prompt jute growers to use improved varieties.

— Depthnews Asia

Jute is environment-friendly. The rise in oil prices may help jute to regain its competitiveness.

yearly international demand for geo-textile is around 700 million square metres. It has been registering an annual growth of 20 per cent during the last two decades.

Experts have noted that the current rise in oil prices may help jute products to regain their price competitiveness in the international market.

This cheering news was given by India's Jute Commissioner R. N. Dey, who has just presided over the inter-governmental group for jute and kenaf meeting in Rome. He explained jute prices would go up. Because of favourable weather conditions the global production of jute has already jumped to more than 20 million bales, from 1.72 million

such products is expected to accelerate in the coming years.

An important aspect of jute was that it remains an environment-friendly product. It is far less damaging than synthetic material. This needs to be publicised widely by jute-producing countries.

The FAO might help jute producers to establish an international centre or a forum in Europe to promote the marketing of jute products. The international trade centre in Geneva is to do the groundwork.

The government has announced export incentives to help the marketing of jute in foreign markets. Jute exports had fallen to 82,000 tons during the first five months of

ited by this scheme.

New jute products such as shopping bags, soft luggage and briefcases, which are jute-based, are expected to command a good market, according to market surveys. Such bags score over their synthetic and relatively more glossy rivals in durability.

Some official schemes have now been launched to revive consumer interest in jute handicrafts. The products identified for this purpose include furniture and related items, shoes and chappals, floor coverings, and furnishing, office and table accessories, jute-based garments and fashion accessories.

The decline of the jute industry since the mid-1970s

Trade Bloc Seen in Asia-Pacific

TWO recent events are conspiring to bring Asia-Pacific countries closer together.

These are the August 2 invasion of Kuwait by Iraq and the December 6 collapse of the Uruguay round of talks in Brussels under the auspices of the Geneva-based General Agreement on Tariffs and Trade.

The Middle East crisis shut off 4.3 million barrels of crude a day from world trade as a consequence of the UN embargo on Iraq and Kuwait oil. It has made the Asia-Pacific region look good to investors who have learned not to rely too heavily on one region for oil.

About half of the world oil requirements was supplied by Saudi Arabia and the other Gulf countries before August 2. The rapid increase in prices as military confrontation in the Gulf threatened convinced investors to look for other sources of oil and petroleum products.

Countries in Asia that are drawing greater interest from international financiers are

Indonesia (the world's biggest exporter of natural gas), Malaysia and Brunei.

They also happen to be members of the Association of Southeast Asian Nations (ASEAN) which groups them with Singapore, Thailand and the Philippines. The ASEAN has an arrangement to supply one another with fuel during emergencies.

The Philippines in recent weeks reported exciting discoveries of oil and gas in Palawan, southwest of Manila. It could join its oil-producing partners in ASEAN by 1997.

Foreign investors have signed a US\$2.5 billion agreement with the Philippine government for a natural gas development project in Northwest Palawan with an estimated recoverable reserve of up to 0.7 trillion cubic feet of gas, equivalent to about 100 million barrels of oil.

But this is only part of a geological structure that may contain as much as 5.8 trillion cubic feet of gas, which is equivalent to 940 million barrels of oil. Occidental Petroleum which discovered the oil has

taken in Shell Exploration as partner and technical operator of the project in a 50-50 agreement.

The collapse of four years of negotiations to liberalise the rules of world trade in Brussels

Many developing countries have sought free trade with the industrial nations, especially the 12-nation EC, to allow greater flow of commodities into EC. But protectionism backed by large government

subsidies has thwarted their efforts over the past decades. What the poor nations have long wanted is a much-needed multilateral world trading system.

In the event of a trade war, ASEAN agreements on trade and commerce stand a better chance of being implemented than in the past when movement towards economic integration went slowly.

Another large exporter of agricultural products which is expected to be brought closer to ASEAN and Asia-Pacific is Australia, which aligned itself with the US against the EC.

Blaming Europe for the fail-

ure of the talks, Australian Prime Minister Bob Hawke warned that failure to reach a new world trade agreement would result in the emergence of self-seeking trade blocs and possibly political conflict.

Said Mr. Hawke: "We must fear the possibility of a global slide into trading blocs with all the political as well as economic tension which that implies."

In the event trade blocs emerge, Mr. Hawke said Australia could consider approaching other members of the Asia-Pacific Economic Cooperation Group to form a regional trade block.

In matters of energy sourcing and development as well as greater access to markets, Asia-Pacific nations now face greater prospects of closer cooperation and integration of their economic and political systems. They are the sleeping giant of the 21st century whose power and strength have to be reckoned with whether or not a trade war breaks out. —Depthnews Asia

If trade blocs emerge, Australia could join Asia-Pacific nations by Domingo C. Abadilla

Beyond the vacation state

FLORIDA conjures up profoundly different things to different people. To European holidaymakers it's Disney World and the Epcot Centre, snake and alligator farms, beaches and everglades, marlin fishing and sunshine. To television viewers worldwide it's a multiracial riot of action with flam-boyant cops battling against a drug-fuelled underworld. But to commercial America, Florida is a dynamic business centre.

The port of Miami may be better known as the banking capital of South America and the Caribbean, but it's also one of the largest containerised shipping facilities in the world and a national distribution centre.

In West Palm Beach, and along the coastal city stretching up the seaboard from Miami, employment in the textiles, publishing and electronics industries far outweighs holiday job. Aerospace and light industrial and assembly work counterbalance the seasonal services for the annual influx of "snowbirds" the holidaymakers who head for the Florida sun when the weather cools on the north eastern seaboard of the US.

Florida is a state with more than its share of leisure-related activities and it remains near the top of the league for retirement homes.

However, although almost 45m people visited Florida last

year, around 1.5m of them from Europe, this is by no means an exclusively vacation state. Younger incomers relocating to jobs in the state consistently outnumber those seeking to end their days beating the tennis pro or driving a golf cart around one of the retirement cities.

This backdrop of economic growth that is not dependent on holidaymakers provides a stability, and a vibrance, that is lacking in so many residential sun-belts.

Speculative development of holiday homes keeps supply up and prices down. But since each new scheme claims an extra edge in terms of improved security, better facilities, and greater exclusivity, today's bargain can easily become tomorrow's drag on the market. As reported by the Florida residential specialists, Property Link International buyers have to be aware of the distinctive rental markets for different property types in the state.

The tax-inspired condominium building boom of the 1980's added more than 300,000 apartments to the state's housing stock. Since most of these blocks have rental restrictions preventing short-term lettings that would compete with the local hotels and motels, even a high security block with magnificent ocean views may be a high season only rental proposition for visitors willing to take the space for a month or more.

The northern seaboard "snowbirds" traditionally have been the visitors who stay longest in the summer, and it's still commonplace to find people who move house for two or three months of the year. But the majority of holidaymakers stay in Florida between 14 and 21 days. Restricted rental condominium apartments, do not, therefore, come top of any list of sound rental investments, unless the owner doesn't mind leasing into the local market on a year-round basis. Detached homes don't have the same limitations on rental terms, but with these the key is to find a development with an effective rental management team.

New hotels propogate like weeds around Orlando, yet hotel occupancy rates there topped 82 per cent last year against a national average for the US of just under 65 per cent, and a Florida state average in the low 70s. That's in line with Property Link International's estimate for the take-up of vacation homes in the area, enough — at a rental rate equating to about £40 a night — to service the financing and running costs of a typical £80,000 detached holiday home on an average inland development. —J.B.



Florida means Disney World to visitors but the state is also a dynamic business centre.

Bolger Fights Recession With Health Service Cuts

In a desperate attempt to jolt the economy of New Zealand out of deep recession, the new national government has ditched electoral promises and slashed benefits to gut the erudite-to-grave welfare state.

The cuts and reforms, the biggest since the welfare system was introduced 50 years ago, will start taking effect in April.

Prime Minister Jim Bolger called cuts in welfare payouts of up to NZ\$35 per week, necessary "short-term sacrifices." He said the welfare state would be redesigned to ensure people in genuine need received "appropriate help" while others who could afford to fend for themselves would not get assistance.

Finance Minister Ruth Richardson warned of more lasting user-pays surgery ahead. She said the top one-third income earners would soon have to pay for state health and other social services. According to Statistics Department figures, one-third of wage and salary earners receive more than NZ\$35,000 a year.

The cuts in benefits prune NZ\$2,000 million off the budget, but the government is still \$2,000 million short of its target of a balanced budget by 1993. Key features of the economic plan include:

- Suspending unemployment payments for six months for people who will not take jobs or quit their jobs voluntarily.
- Abolition of the family benefit, compensated by a rise in family support for people on low incomes.
- Youth rates for beneficiaries to apply to people under 25 rather than under 20.
- An all-party conference to discuss the future of the national retirement benefit, particularly a proposed two-tier pensions starting at the age of 65.

New Zealand, a world pioneer in introducing the welfare state, is making deep cuts in benefits. New Prime Minister Jim Bolger says that under the reforms those who can afford to fend for themselves will not get assistance. One-third of income earners will soon have to pay for state health. The government, reports Gemini News Service, is also reforming 100-year-old labour laws by ending compulsory trade unionism. by Davis Robie



JIM BOLGER Social welfare reforms

The government has also introduced legislation which implies a radical reform of the 100-year-old labour laws by ending compulsory unionism and replacing national awards with contracts between worker and employer.

Instead of being covered by an award, workers will have either individual or collective agreements defining their jobs.

The Employment Contracts Bill limits, but does not end, the right to strike and extends the 40-hour week over seven days. It also prevents the Labour Court determining issues such as redundancy.

The government claims the new labor law, which it hopes will be in force in May, will encourage growth, productivity and profits.

However, the opposition Labour Party, and trade union leaders warn that the new legislation could start industrial unrest. It predicted that low-paid workers would be hurt by the assault on trade union protections.

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The Marcos martial law regime kept up this unsustainable rate through the 1970s. Yearly, it drained well over 10 million cubic metres of logs for exports -- until the forests simply began to collapse in the early 1980s.

The deepest damage is found beyond the ravaged landscape," Mr. Mercado writes. "Watching political oligarchs cream forests with impunity, landless farmers moved in with intensity stoked by desperate poverty. Respect for law crumbled. So did traditional conservation ethics -- the very values needed by future governments, saddled with the unsought task of rehabilitating resulting wastelands."

The writ of the Aquino government does not run

Although the bill is primarily what the ruling National Party promised when it was elected last October, it does not include the expected minimum code of wages and conditions. Labour Minister Bill Birch said the statutory minimum pay rate of NZ\$245 a week for workers aged 20 or more would remain unchanged.

Opposition labour spokesperson Helen Clark called the labour bill a "kick in the teeth" for unions and a recipe for industrial chaos.

At the time all this was being announced a knighthood in Queen Elizabeth's new year's honours list provoked uproar in the country. The honour was for Roger Douglas, former finance minister and architect of the so-called Rogernomics (monetarist economic policies introduced by the former labour government), who was sacked in 1988.

Radio Pacific talkback host

Exchange Rates : \$1 NZ\$1.6

TIMBER TUMBLES IN THE PHILIPPINES

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throughout the land. Continuing threats from insurgents and rebels make protection of forests difficult. In remote areas, the AK-47 automatic rifle constitutes a de facto "forest permit."

Political elites continue to block essential policy and structural reform. Some of the most notorious loggers are in Congress where they sabotage reform. And the agrarian reform program, which could have lessened pressure on upland forests, has been gutted. It delivered on less than 3 per cent of its objectives last year.

The CERES report notes that, unlike South Korea, there is no equivalent pull from an emerging industrial base in the lowlands, despite resiliency of the Philippine economy battered by repeated coup attempts.

It quotes the DENR master plan as warning: "If economic programs falter, 'the prospects are dismal.' Per capita forest landholding will shrink further. Reforestation targets must be jacked up to at least 2.5 million hectares, just to keep per capita forest landholding from dropping too fast. 'It will take strong medicine to achieve this,' the magazine adds.

The Philippines must mount a massive education effort to ensure people's participation in reforestation and repair eroded conservation ethics. This requires time -- which is increasingly in short supply.

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TIMBER shortages are forcing the Philippines, once a forest-rich country, into razing one of its sacrosanct resources: the sprawling coconut plantations of an increasingly denuded archipelago.

CERES magazine presents a bleak report on how greed, population growth and aborted agrarian reform are interlocking into an ecological crisis that threatens remaining timber stands on Philippine uplands.

CERES is a quarterly publication of the Food and Agriculture Organisation (FAO) of the United Nations. Circulated worldwide, CERES is rated one of the authoritative publications on agriculture.

Juan L. Mercado, a Filipino staff member of FAO, wrote the report. A Manila Rotary Club Journalist of the Year awardee, Mr. Mercado served as correspondent for the Financial Times of London, prior to joining FAO.

The report confirms that only 984,000 hectares, mostly in scattered patches, remain of the 17 million hectares of rain forests that once blanketed the islands.

These thin stands are equivalent to only five years of wood supply -- compared to the estimated 150-year supply that Indonesia still enjoys. And even these fragments are under increasing pressure as wood supplies tighten.

The Filipino mind-set is shaped by abundant resources of the past, Mr. Mercado writes. This has blocked realisation that the rain forests are, for all practical purposes, finished.

But both government and private sector realise that the ideal benchmark of a 40 per cent forest cover is shot. Thus, the Department of Environment and Natural Resources (DENR) has warned: the Philippines may face the prospect of a timber famine by the end of this century.

But CERES reports the timber famine in fact is already spreading a decade earlier than predicted. Demand for wood is now being met by cutting into coconut plantations.

Wood prices have spiralled. The first imports of logs from New Zealand have been unloaded. Filipino purchasing