

DHAKA THURSDAY, APRIL 7, 1994

EU to ask rubber producers to respect Rio '92

SINGAPORE, Apr 6: As talks open in Geneva on a new natural rubber agreement, industry sources Tuesday said they expect the European Union (EU) to press for assurances from producers that they will maintain future supply, reports AFP.

Western diplomats monitoring progress towards a new pact said the EU would ask producers to commit themselves to the principles of sustainable forestry development endorsed by the 1992 UN earth summit in Rio De Janeiro.

Reference should be made in the new agreement to the Cartagena commitment and to the principles of sustainable development agreed by UNCTAD and the UN conference on environment and development. Western diplomat said.

Industry sources said that this amounted to asking producers to guarantee the future supply of the important industrial commodity and not sell existing rubber stands to replace them with other crops.

Rubber trees have a life span of 25 years after which they are cut down and the land replanted with new saplings.

But lower prices largely due to declining demand have resulted in producer countries replacing rubber acreage with crops like palm oil, particularly in countries like Malaysia.

The UNM conference in Rio De Janeiro endorsed the practice of replanting every three fell to avoid depletion of forestry resources.

Output in Malaysia once the world's biggest producer has dropped to about one million tonnes from 1.66 million tonnes in 1988.

Thailand, the current top producer, had a policy requiring planters to grow rubber trees on 50 per cent of land earmarked for replanting until the beginning of the year, market sources said.

"They relaxed this rule in January but I think the effect on Thailand's rubber production will only be felt in 2000," a rubber broker said.

The EU also wanted no increase in the size of a buffer stock administered by the International Natural Rubber Organisation (INRO).

The stock is now capped at 550,000 tonnes.

INRO implements the 1987 International Natural Rubber Agreement (INRA), which is being re-negotiated under the auspices of the United Nations Conference on Trade and Development (UNCTAD).

GCC to discuss jt stock market

ABU DHABI, Apr 6: The six-nation Gulf Cooperation Council (GCC) will rejuvenate talks on linking the regions' stock markets when their commerce ministers meet in Riyadh on Wednesday, officials said yesterday, reports Reuters.

Commerce ministers from Saudi Arabia, Oman, Qatar, United Arab Emirates (UAE), Bahrain and Kuwait will discuss rules on trade in shares on their stock markets but are not expected to reach a decision on linking the markets at that meeting.

"This is a long subject and they are only discussing it briefly... in the context of suggesting outlined by the Arab Monetary Fund and the (GCC) technical committee," a Gulf official told Reuters from Riyadh.

Allowing GCC nationals to trade shares in all six countries has been on the agenda of GCC commerce meeting for years.

But at their last meeting in September, GCC Assistant Secretary General for Economic Affairs Abdullah Quawaz said a technical committee was studying liberalising share ownership in 1994 that could gradually lead to Gulf-wide share dealing.

The Abu Dhabi-based Arab Monetary Fund has urged Arab states to create adequate investment laws and organise financial markets to attract investment. In January it said GCC companies represented 83 per cent of a total 50 billion dollar capitalisation of all Arab securities markets in 1992.

GCC citizens can trade in stocks on Bahrain and Kuwait's share trading floors. Oman also allows limited GCC ownership.

Oman and Bahrain plan to cross-list securities by the end of 1994, according to Oman Stock Exchange Director Mahmoud Jarwani. He was quoted on Saturday by the National Bank of Abu Dhabi monthly bulletin on Gulf stock markets.

Agri output rises over 100pc

The success story of Bangladesh in terms of productivity in agriculture sector where production has increased over 100 per cent from 1972 because of government's supportive but not intervening role, reports UNB.

In the industrial sector, the scenario is reversed as industrial productivity has shot down to 23.28 per cent over the period.

Industries Minister A M Zahiruddin Khan said this while inaugurating the coordination meeting of the national experts for the survey on 'Labour Management Cooperation' jointly organised by the

Asian Productivity Organisation (APO) and National Productivity Organisation (NPO) at a local hotel here on Tuesday.

The inaugural session was chaired by Industries Secretary A H M Abdul Hye.

The Industries Minister said government has created congenial atmosphere of investment in the country, both for foreign and domestic investors.

He said the role of the government in economic activities, particularly in industrial sector, has been shifted from regulatory and supplementary to promotional and supportive

aspects, giving more emphasis on private sector and deregulated market economy.

He said present democratic government is now engaged in gigantic task of implementing a progressive industrial policy for the country.

The minister said healthy and harmonious labour management relation is a sine qua non for productivity improvement and industrial peace both at macro and micro ingredients which reflects effective and willing cooperation between the employers, employees and government.

Poor labour management

leads to stoppage of work, low morale and indiscipline resulting in low productivity, low profit and poor wages.

The minister said market economy, if explained simply, means economic environment which penalises inefficiency and rewards efficiency. Democracy to function well cannot be confined only to the political arena, it must have a free play in the economy with supportive, rather than regulatory role of the government.

APO representative Yoshikuni Ohishi also spoke on the occasion. Representative from the nine APO countries are participating in the meeting.



Mahbubur Rahman (extreme left), President, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and leader of the 30-member Bangladesh economic mission to Japan seen addressing a press briefing yesterday at the FBCCI auditorium on the outcome of the team's visit to Japan. Sitting from right: ATM Waziullah, immediate past President of DCCI, Latifur Rahman, MCCI President and Kazi Shafiqul Islam, vice-president of FBCCI. —Star photo

US analysts blame bad weather for dip in Index

WASHINGTON, Apr 6: The government's chief forecasting gauge of future economic activity suffered its first decline in seven months, the Commerce Department reported Tuesday, but much of the weakness was blamed on severe winter weather, reports AP.

The department's Index of Leading Indicators dipped 0.1 per cent in February following a revised 0.4 per cent increase in January and a 0.6 per cent spurt in December.

Government analysts noted that the factors pulling the index down were a sharp drop in the length of the manufacturing workweek and a fall in building permits, both of which they said were affected by February's severe weather.

The index of 11 forward-pointing statistics is designed to predict economic activity six to nine months down the road.

Tuesday's report could provide some assurance to jittery investors who have been dumping stocks and bonds out of fears that the rapidly ex-

panding economy would trigger renewed inflation.

President Clinton and others in his administration have been attempting to provide their own words of calm as well, insisting that the big drop in stock prices was an over-reaction to credit tightening on the part of the Federal Reserve and that as soon as investors realized this, the market would stabilize.

"We'll get through this if everybody will just remain calm and let the market work itself out," the president said Monday in Cleveland.

However, investors have yet to heed those words.

Stock prices plunged by almost 43 points on Monday while long-term interest rates, driven higher by fears in the bond market, rose to the highest point in Clinton's presidency.

The small drop in leading indicators was led by a decline in the length of the average factory workweek. But Commerce Department analysts said the survey for

February was depressed by bad weather. They noted that the March figure has already rebounded to an all-time high.

The other big negative was a drop in the number of building permits issued, which was also blamed bad weather.

In all, six of the 11 indicators suffered declines in February. The others that showed weakness were growth in the money supply, consumer confidence, new orders for consumer goods and stock prices.

Four of the 11 flashed positive signals, with the biggest source of strength coming from a rise in raw material prices. While rising prices can signal building inflationary pressures, the leading index takes an increase in such products as cotton and wool as a good sign of increasing demand.

Other positive factors were changes in business delivery times, a drop in claims for unemployment insurance and a growing backlog of factory orders for durable goods.

Japan's account surplus hit high in Feb

TOKYO, Apr 6: Japan's current account surplus edged up in February, reaching a new high for the month and the sixth highest monthly figure on record, the Finance Ministry announced Tuesday, reports AP.

The current account — a broad measure of a nation's international economic flows, including trade, services and tourism — was in surplus by 11.94 billion, up 0.1 per cent from the same month last year.

Economists said the small increase, following a 30.9 per cent surge in January, was an encouraging sign that the politically sensitive surplus may be leveling off.

"It's a positive sign," said Mineko Sasaki-Smith, an economist with Morgan Stanley Securities Japan. "The surplus is on the verge of turning a corner toward stability and gradual decline."

The surge in January was partly due to the rapid expansion of the US economy, which increased its appetite for imports, she said. Economists believe that rate of expansion is likely to slow down.

Japan has come under increasing pressure to reduce its surpluses, and is currently seeking to restart trade talks with Washington in an effort to avoid the imposition of sanctions.

Last month, President Clinton revived a tough trade law, much resented by America's trading partners, that calls for unilateral sanctions on other countries deemed to be unfair traders. It was one of several recent moves by Washington to step up the pressure on Japan to reduce its trade imbalances.

While the current account surplus registered its third straight monthly increase in dollar terms, it continued to decline when expressed in yen, falling 12 per cent from a year earlier to 1.268 trillion yen. The rising value of the yen makes the surplus larger when expressed in dollars.

The stronger yen also continued to encourage imports, which rose 6.6 per cent from a year earlier while exports grew only 4.7 per cent.



A crane lifts the cockpit of the KLM aircraft wreck, which crashed at Amsterdam's Schiphol airport shortly after take off Monday as cleaning up begins at the scene of the tragedy Tuesday. Three people were killed in the incident. — AFP photo

UAE starts to issue certificates of deposit

ABU DHABI, Apr 6: The United Arab Emirates has started issuing new Certificates of Deposit (CD) which are expected to develop the domestic money market and make it easier for banks to cover a cash crunch, reports Reuters.

Bankers said yesterday the central bank started selling on Saturday new CDs with lifespans of up to 18 months, more than doubling the maturities of the CDs it previously offered.

It has also pledged to buy them back from local and foreign banks, giving them for the first time the option of converting CDs to cash whenever they want.

"In the event banks need liquidity they can sell them back to the central bank," said William Allum, UAE Forex Association president. "It provides backstop liquidity."

But banks might have to take a loss if they do sell them back before the maturity dates, because the central bank will only pay for the time that has lapsed since the bank first purchased the CD.

"They provide liquidity but potentially that might have to take a loss to realise it," Allum said.

Previously the central bank did not buy back at all the CDs it issued for one, two, three

and six months.

It now also issues CDs for nine, 12 and 18 months.

Bankers said this was significant because it gives investors an idea of the value of the dirham over a period of time — a longer maturity will enable the banks to establish a yield curve for the dirham.

Another new feature is that CDs can be purchased in dirhams instead of dollars, Allum said. Being dirham based would enable the CDs to be used as a tee-off point for pricing other instruments.

But it was too early to tell what effect the CD will have on the interbank market in dirhams.

"They are selling them in dirhams but it's too early to tell at the moment. We have seen how they price them over time," Allum said. "If they price them too aggressively, market liquidity could dry up."

The CD rates are based on the London Interbank Offered Rate (LIBOR), at which the US dollar is traded between banks in Europe.

One UAE finance official told Reuters in March there were other instruments being considered which will affect medium and long term rates, such as treasury bills and bonds.

Turkey unveils austerity plans

ANKARA, Apr 6: Prime Minister Tansu Ciller on Tuesday spelled out her harsh prescription for Turkey's economic ills. The measures included state layoffs, price hikes on oil and cigarettes, new taxes and accelerated privatizations, reports AP.

"The economy was heading full stream towards a Latin-American style tragedy if these measures were not imposed," Ciller, and economist by training, told a news conference.

Inflation has registered 26 per cent since January. The Turkish lira was devalued by more than 70 per cent against the US dollar since the beginning of the year.

Ciller said price hikes would help reduce the budget deficit to the target 9 trillion Turkish lira (dollars 388 million) from 47.6 trillion Turkish lira (dollars 2 billion) by July.

Oil prices went up 46 to 90 per cent on Tuesday, depending on the type. The prices of cigarettes, alcoholic beverages and tea rose 70 to 100 per cent. Turkish state airlines raised ticket prices by 53 per cent.

Ciller also is speeding up privatization, which she said would bring in 3.5 billion dollar in revenue by year's end.

"When you compare this figure with the amount of 300 million dollars raised in the privatization programme over

the past 10 years, you realize how ambitious it is," she added.

Among the state ventures that will be privatized this year are the state airlines, a chain of hotels and a petroleum refinery known as Tupras. The postal services and state energy agency will be privatized in 1995.

Several money-losing state enterprises will be shut down, including Karabuk steel and iron factory, several coal mines in Zonguldak and a beer factory in Ankara.

Each closure means thousands of workers will be laid off.

State workers will also be laid off in large numbers, although Ciller did not say how many.

Turkey's staff abroad, including foreign service, will be cut by up to 20 per cent, and those working on a contract basis in the state sector will be reduced by 25 per cent.

Early retirement under certain conditions will be allowed for women after 15 years on the job and for men after 20 years in the state sector.

There will be no new hires for state enterprises or government offices.

A one-time tax will be imposed on business owners, higher taxes will be levied on luxury cars, speed boats and second homes this year.

Forex reserves in Pakistan increase

ISLAMABAD, Apr 6: Pakistan's foreign exchange reserves reached 1.9 billion US dollars, at present as against 338 million US dollars, in October last year, reports Xinhua.

This was informed at a cabinet meeting chaired by Prime Minister Benazir Bhutto here yesterday.

The increase in the foreign exchange does not include short term borrowings, said Federal Minister for Broadcasting and Information Khalid Ahmed Khair while briefing newsmen about the meeting here yesterday.

This is a record increase achieved by the present government within a short period after coming into power in October last which no other government in the past has ever been able to achieve, he claimed.

Grant cheques handed over to banks

The grant cheques for salary and allowances of all non-government school, college and madrasa teachers and employees were handed over on Tuesday to Agrani, Janata, Sonali and Rupali Banks, reports UNB.

All heads of the non-government educational institutions have been requested to contact the concerned banks for withdrawal of the money by April 30.



Iaror Singh, general secretary of All-India Road Transport Workers Federation, speaking at the South Asia Regional Road Transport Workers convention at the auditorium of the Institution of Engineers on Tuesday. — Star photo

PDB's system loss estimated at 36pc

Growing system loss in power and water supply is causing serious concern and discomfort for the government, reports UNB.

The system loss of the Power Development Board (PDB) this year is estimated at 36 per cent against last year's figure of 33 per cent. System loss of Dhaka WASA this year registered nearly 52 per cent.

"It's unfortunate," said Finance Minister Saifur Rahman while discussing the situation at a meeting in the city Tuesday. The meeting was attended among others by Industries Minister A M Zahiruddin Khan and some MPs.

Sources close to the meet-

ing said the Finance Minister expressed regret and displeasure at the performance of PDB and WASA. He underscored the need for reduction in wastages and unnecessary expenditure in the public sector.

Failure to check the system loss has also earned the displeasure of the donor's resulting in withholding of development assistance by the World Bank in the power sector. The World Bank wanted the system loss to be brought down to 24 per cent by this year.

The government however gave PDB a target of bringing down the system loss to 29 per cent this year from 33 per cent last year. But the loss shot

up to 36 per cent.

According to informed sources, the colossal loss in the two service sectors was mainly due to pilferage and connivance with a section of corrupt employees.

Dhaka Electric Supply Authority (DESA) was created in October 1991 with the objective of improving the situation. But DESA, an off-shot of PDB which is manned by the same people, has continued to incur a loss of Tk 10 crore every month.

Some 1,900 megawatt electricity is now generated in the country out of the existing capacity of 2,600 megawatt. The demand is increasing by 300 megawatt every year.

NY's gain boosts Asian stock markets

HONG KONG, Apr 6: Asian investors took heart Wednesday from a sharp overnight rebound on Wall Street, and many Far East markets posted strong gains, reports AP.

Tokyo's Nikkei Stock Average of 225 selected issues rose 133.53 points, or 0.68 per cent, to 19,696.74. The Tokyo Stock Price Index of all issues listed on the first section added 11.58 points, or 0.73 per cent, to 1,600.41.

Takashi Tsuryu, an analyst with Yamaichi Securities, said Japanese investors were reassured by Tuesday's 62-point rise in the Dow Jones industrial average in New York.

Buying by foreign investors also helped, Tsuryu said.

In Hong Kong, share prices gained 2.3 per cent, boosted by New York's rise and buying by Japanese institutions, analysts said.

The key Hang Seng index of blue chips rose 204.40 points to 9,234.31.

Thai markets were closed for a holiday.

Elsewhere in Asia:

TAIPEI: After New York's rebound, shares rose on growing volume, led by blue-chip electronic issues. The Weighted Price Index added 61 points, or 1.1 per cent, to 5,452.

MANILA: Shares rebounded in light trading as the market took its cue from New York. The Philippine Composite Index of 31 selected issues advanced 47.33 points to 2,680.34.

SYDNEY: shares ended a seven-day losing streak. The All-Ordinaries index of share prices touched an early intraday high of 2,100.4 before closing at 2,084.1, up 34.1 points, or 1.7 per cent.

KUALA LUMPUR: Shares rose, lifted by Wall Street. But profit-taking trimmed earlier gains. The Kuala Lumpur Stock Exchange blue chip-based composite index rose 25.20 points to 964.51.

WELLINGTON: Shares staged their biggest rally of 1994, shaking off a slump dating back to early March. The NZSE-40 Capital Index surged 73.48 points, or 3.6 per cent, to 2,122.65.

SINGAPORE: Shares rose in light trading on the back of New York. The 30-share Straits Times Industrials Index added 54.08 points, or 2.6 per cent, to 2,115.57.

SEOUL: Shares gained in a technical rebound. The Korea Composite Stock Price Index added 2.57 points to 863.04.

JAKARTA: Shares missed the rebound in stock markets elsewhere as foreign investors sold. The Jakarta Stock Exchange Index fell an estimated 6.991 points to 473,964, foreign securities houses said.

Sugar-rich food causes tooth decay, gum disease

MANILA, Apr 6: A shift from traditional meals to sugar-rich food has increased the incidence of tooth decay and gum disease in the Western Pacific, the World Health Organisation (WHO) Regional Director said Tuesday, reports AFP.

Han Sang Tae urged WHO member nations to emphasize preventive measures against dental diseases rather than treatment, telling them to "establish more aggressive oral health plans as part of their national health policy."

Stressing the urgency of the problem, Han said in a statement that dental caries affect about 90 per cent of the general population and gum disease infect more than 90 per cent of adults in the 35 countries in the region.

He said that the WHO's goal is to have 80 per cent of the population in most Western Pacific nations covered with appropriate preventive programmes by end 1995.

By the year 2000, who hopes to achieve an oral health status of not more than three decayed, missing or filled permanent teeth by age 12, and not more than 25 per cent of 15- to 19-year-olds requiring the removal or hardened plaque on their teeth.

Unless preventive measures and self-care strategies are adopted now, we can expect a worsening oral health situation," the statement quoted Han, a medical doctor, as saying.

"Sound dietary nutritional practices as well as good oral hygiene habits such as brushing thoroughly daily need to be stressed early in life, he added.