The Daily Star BUSINESS

DHAKA MONDAY, DECEMBER 8, 1997

Leather Goods Fair begins today

The 2nd Dhaka Leather Goods Fair-'97 begins at DCCI auditorium here today (Monday) with the participation of major leather goods manufacturing companies of the country, reports UNB.

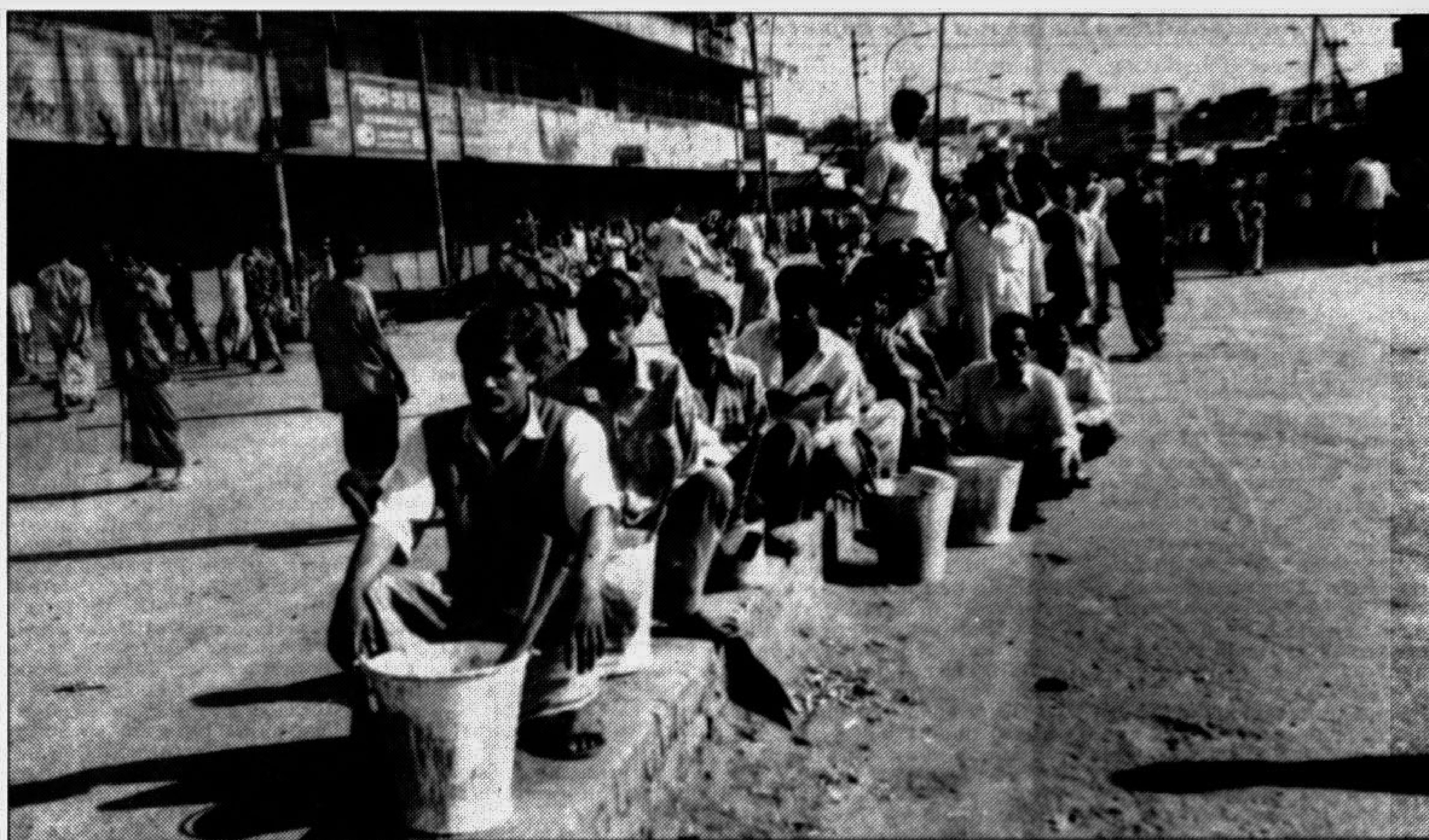
Dhaka Chamber of Commerce and Industry (DCCI) in cooperation with German Technical Cooperation has organised the fair where about 25 companies are expected to take part in.

The first two days of the four-day fair will remain open for local and international buyers and the remaining two days for public.

The first Dhaka Leather Goods Fair was held last December.

Commerce and Industries Minister Tofael Ahmed will inaugurate the 2nd leather fair at 10 am. Charge d' Affaires of German Embassy Dr Ingo Karsten will attend the function as special guest.

It will also be addressed by DCCI President A S M Quasem, Vice President Ashraf Ibn Noor and Coordinator of Business Advisory Service Project Michael K Nathan.



THE GOD OF SMALL PEOPLE DIDN'T SMILE: By 7:30-8:00 in the morning, they wouldn't be sitting here on a normal working day. At 10:00 yesterday at city's Nayabazar, they were still waiting to be hired as help to masons, thanks to the dawn-to-dusk hartal. Star's A K M Mohsin captured the gloom on their faces.

Micro credit from micro sources

By M Kamal Nasser

Only five thousand takas can change the life of a villager, and reaching the poor by wealthy individuals with such a small sum in a big way can have an "unexpected and extraordinary impact" on the overall economic situation of Bangladesh.

This is how Moslehuddin Ahmad, president of the North South University, looks at Bangladesh's poverty scene, and he speaks from his own experience. Chatting with a group of journalists at his office recently, he recounted his story.

He has already started such a credit programme in his own village, Bhelanagar, Brahmanbaria. Initially one and a half years back, he gave Tk 5,000 to each of the 10 persons, asking the borrowers to share profit, if any. He would be happy if they could make 10-15 per cent profit, and wouldn't mind them losing money.

Responses have been great. He is happy with the enthusiasm, the sincerity, honesty and, above all, their performance. This, says Ahmad, could generate enough activity for the unemployed poor in rural Bangladesh. Farming, pisciculture and different sorts of handicrafts among some he readily mentions. One important impact, as he says, may be a reduction in the rate of exodus of people from the villages to cities.

According to Ahmad, the reasons why his is different from other micro credit programmes are: a) this is fully dependent on national resources — citizens are directly involved with their own resources and not distributors of foreign funds, b) it takes 'ability to work' as collateral, c) this can reach the poorest of the poor, d) implementation mechanism is simple and flexible and depends on lenders choice, e) this is not based on interest -- profit or loss is to be shared, not on commercial basis; small profit is charged to cover minimum overhead expenses.

Ahmad calls it micro credit from micro sources.

This credit is interest free and needs no guarantee. Only the ability to work is the precondition for getting the loan, with a certain amount of profit being treated as the interest. Here the honesty of the borrower is the collateral. "Yes, the risk of losing the capital is always there. We have to depend on the honesty and sincerity of person taking the credit."

When the default culture which has taken away Tk 15,000 crore from the conventional banking system, he says, the micro credit from micro sources is undoubtedly a vital issue in our economy. "If 50 per cent of the total amount of defaulted loans could be channeled to the rural poor, the economic scenario of the country would change. Only the personal initiative is enough for this, not big funds or financial institutions." According to Ahmed, at least 50 per cent of the people of Bangladesh are rich enough to help the rest, who are poor, in this way.

A former teacher of Dhaka University who also served as a secretary to the government and an ambassador, Ahmad is one of the founders of the country's first private university of which he is now president. Now his next ambition is to put his micro-credit-from-micro-sources theory into practice across the country as a social movement.

Report says

Business reduces Greenhouse gas emissions

Star Business Report

Business already has an impressive track record in reducing Greenhouse gas emissions, International Chamber of Commerce and World Business Council for Sustainable Development said in a report.

The report Business and Climate Change, was released at the global climate conference in Kyoto, Japan as governments sought to negotiate a binding agreement to reduce carbon-dioxide and other emissions held responsible for global warning, according to a press release.

A foreword said the efforts of member companies of the two organisations "have often been good both for the corporate bottom line and the global atmosphere.

The 34 case studies in the report deal with energy efficiency generating more electricity with less waste, reducing demand for energy, finding new uses for waste heat and switching to less carbon intensive fuels.

The studies also show how business has developed new products and production processes that use less raw material and energy. A key message is that voluntary initiatives and negotiated agreements between governments and various business sectors are the most effective means of promoting energy and reducing emissions.

Regional workshop told

No turnaround in South Asian poverty situation

Star Business Report

A UNDP sponsored workshop on South Asia Poverty Monitor held recently at Kandy in Sri Lanka highlighted the need for regular monitoring of various dimensions of poverty and policy response for its eradication.

A group of senior researchers and policy-makers participated in the six-day workshop.

This was a part of a series of meetings of the group engaged in preparing national monitor on poverty using 81 core indicators agreed by the group earlier in Kathmandu, according to a press release.

Participants reviewed the progress of the national monitoring activities and prepared an outline of the South Asia Poverty Monitor.

Dr M A Hashim, Member of Planning Commission, India, Dr Guru Gharana, Member, Planning Commission, Nepal and Dr Atiur Rahman, a noted economist of Bangladesh, are members of the advisory panel of the UN regional project.

Bangladesh Institute of Development Studies (BIDS) has been entrusted to coordinate the regional monitor in addition to preparation of the country report.

Dr Rahman and Dr Sen, Dr Lutfor Rahman, Member of Planning Commission, Bangladesh and M Shafiqur Rahman, Research Fellow, Unnayan Shammunnay also participated in the workshop.

The participants strongly felt that although the Dhaka Declaration of SAARC heads of the government promised to eradicate poverty by 2002, there has not yet been any serious attempt at understanding the depth of complexities of the issue and hence no turnaround in poverty reduction in the region.

The group, therefore, felt that the proposed South Asia Poverty Monitor should try to capture regularly the magnitude and challenge of both income and human poverty, profile of the poor, explanation of the persisting poverty situation, national policies and programmes on poverty eradication, people's own assessment and attempts at tackling poverty, gender and environmental issues related to poverty and as well as good governance for poverty eradication.

It has been agreed by the participants that the national monitoring reports will be completed within a couple of months and the draft regional report would be made available by the middle of next year. They also hoped that both the monitors would make substantial impact on the policy environment related to poverty reduction in each of the SAARC countries.

Thai exports to US rise 24 pc thanks to baht plunge

BANGKOK, Dec 7: Thai exports to the United States rose 24 per cent in the first nine months of 1997 compared with the same period in 1996 due to the plunging baht, the commerce ministry said, reports AFP.

Total Thai-US trade was up 15 per cent to 417.95 billion baht (9.95 billion dollars), with a surplus of 47.44 billion baht in Thailand's favour, an increase of 276 per cent on the same period last year.

Manop Thongyen, Director of the ministry's Trade Statistics Centre, said the depreciation in the Thai unit since July had boosted exports.

Industrial goods valued at 194.78 billion baht made up 84 per cent of exports. Other goods included ready-to-wear garments worth 28.32 billion baht and computer and components worth 25.95 billion baht.

US imports in the first nine months of 1997 had only increased by six per cent, valued at 185.25 billion baht.

KL's trade deficit narrows 80 pc in Oct

KUALA LUMPUR, Dec 7: Malaysia's trade deficit narrowed more than 80 per cent from a year earlier to 142 million ringgit (42 million dollars) in October, Bernama news agency reported yesterday, according to AFP.

The report, quoting statistics department figures, said exports leapt 27.7 per cent to a record 21.6 billion ringgit, mainly reflecting a surge in exports of electrical and electronic products which were up 35.7 per cent.

Imports grew 23 per cent to some 21.8 billion ringgit, which was also the highest monthly figure ever recorded, the report said. Imports of commercial aircraft amounted to 0.6 billion ringgit.

For the 10 months to October, Malaysia's trade deficit grew 75 per cent from a year earlier to 1.4 billion ringgit. Exports rose 8.3 per cent while imports were up 8.6 per cent, the report said, without giving the full amounts.

Financial markets await Thai decision on 58 firms

SINGAPORE, Dec 7: Asian financial markets are awaiting Thailand's decision on 58 ailing finance firms along with developments in South Korea and Malaysia after another white-knuckle week in the region's dealing rooms, reports AFP.

On Monday, Thai premier Chuan Leekpai's government is to announce how many of the suspended firms, whose hemorrhage drained the Thai financial system and helped trigger the regional crisis, will be allowed to reopen for business.

The approval of an International Monetary Fund (IMF) package for South Korea which could top 57 billion dollars — the largest financial rescue in history — provided only temporary relief to regional markets last week.

Malaysia's unpredictable Prime Minister Mahathir Mohamad alarmed investors when he said the local currency, the ringgit, would fall, and that a bridge project with Thailand costing 2.7 billion dollars would proceed.

Currencies led by the ringgit were slipping rapidly on Friday when Malaysia unveiled emergency measures including a credit squeeze, halted new overseas investment, lowered 1998 growth targets, and put the bridge project on ice.

This fueled an 11th-hour recovery, but most regional currencies ended lower than the previous week's close.

The ringgit ended the week much weaker at 3.6900 to the dollar — after hitting a new all-time low of 3,8650 — from its close of 3.5100 the week before. The Korean won was also lower at 1,170.

The Indonesian rupiah plunged past the 4,000 level before ending the week at 3,965, from 3,650 to the dollar the week before. The Singapore dollar ended lower at 1.6105 from 1.5960, the Thai baht at 41.275 from 40.40, and the Philippine peso at 35.17 from 34.83.

Only the Taiwan dollar ended the week firmer at 31.775 from 32.052.

Most stock markets ended the week up as domestic factors perked up sentiment and bargain hunters snapped up blue chips to play it safe.

Malaysian Finance Minister Anwar Ibrahim, who is also deputy Prime Minister, is to provide more details of his economic overhauling plans to the Malaysian parliament on Monday.

All eyes will be on Thailand early Monday when the fate of the finance firms in made known, with riot police on standby in case of protests by an estimated 20,000 people expected to lose their jobs.

Currency crisis pushes production costs up in SEA

KUALA LUMPUR, Dec 7: Southeast Asia's currency crisis has driven production costs in the region up by an estimated 15 per cent, Malaysia's Deputy Finance Minister Affifudin Omar said, reports AFP.

The crisis, which erupted in July, "has exposed inefficiencies and excesses" in the economic system, Affifudin told a business conference.

Southeast Asia's currency and stock markets have tumbled amid turmoil set off by the float of the Thai bath on July 2.

While trends in globalisation and liberalisation cannot be halted despite the crisis, Affifudin stressed the need for financial reforms to withstand the challenges.

Vice-President of Korea International Cooperation Agency Seung-Hwan Lee called on State Minister for Foreign Affairs Abul Hasan Chowdhury at the latter's office during his recent visit to Bangladesh.

The prospect must not end in smoke

By Ramendra Chowdhury

A scientist pleads for renewed thrust on making paper from green jute

Remember the success story of making paper from jute by the Bangladesh Chemical Industries Corporation (BCIC)? Only in 1994, four BCIC paper mills manufactured 2000 MT of pulp and papers from jute. The paper mills hitherto using softwood, bamboo or bagasse for pulp making, used whole jute plants -- popularly termed as green jute. The achievement was praised by different quarters, including the media.

In the subsequent years since 1995, hardly anything has been heard about development or expansion in this regard. Nothing has been said about its rejection either. Generally, it is seen that good many technologies devised at home are not put to use to the benefit of the nation. Making paper from green jute must not go the same way.

Import substitution in itself may be considered to have vital importance for Bangladesh. Paper and pulp constitute two items of regular import. Scarcity of raw material has always been recognised as an obstacle to national self-sufficiency in paper. (The then Industries Minister AM Zahiruddin Khan said in 1994 that larger use of green jute for paper pulp making had already been easing up scarcity of raw materials.) It was further expected to help utilization of idle capacity of the paper mills.

Some figures about the need and availability of conventional raw materials and other relevant aspects may focus rightly on the prospect of using green jute for paper. The annual extraction of soft-wood and bamboo for pulp and paper making measures up to 2,00,000 MT. That has been becoming more scarce and dearer every year. It may be stated here that about 25 per cent of the total paper mill capacity of BCIC (nearly 30,000 MT) remains generally idle for want of raw materials.

According to a survey few years back, only about 55,000 MT of Industrial Grade Paper was manufactured annually while a huge quality of nearly 1,43,000 MT was imported at a cost of more than Tk 1000 crore. If import substitution of Industrial Pulp and Paper could be possible the net annual saving would be above Tk 325 crore, the BCIC reported in 1995. [See table]

With expanded industrialization and improvement in standard of life in Bangladesh, demand for such papers is sure to increase. It is time now to put in function the idle capacity of the paper mills. Even sustainable expansion of the capacity is desirable.

Under existing circumstances Bangladesh can hardly look forward to its natural forests to ensure persistent supply of raw materials to the paper mills. The country's forest-coverage has already reduced below 10 per cent whereas a coverage of 25 percent is necessary for a healthy environment. Now there should be carefully-planned attempts to start using, increasingly, green jute and such other plants as raw material for pulp making.

Jute and Allied Fibres (JAF) not only constitute annually renewable biomass but also are more efficient in productivity on an average. JAF produces biomass at the rate of 98kg/ha/day as against only 29 kg/ha/day by forest plants. Moreover, Bangladesh has the agronomic opportunity to expand JAF production beyond conventional time and areas. In many areas, more than one crop JAF may be grown.

For many obvious reasons, Bangladesh should build upon the prospective success of making pulp and paper from green jute or JAF. First, it will reduce further depletion of already alarmingly denuded forest-coverage. Then comes the scope of infusing renewed vitality to the farming sector involved in growing JAF. The comparative financial opportunity of using JAF for pulp also deserves attention. In 1994, when BCIC planned to produce 25000 MT of pulp from green jute, it was stated that an amount of Tk 75 crore in foreign currency and Tk 65 crore in local currency would be saved. Above all, paper from JAF would open new avenues for much talked about joint venture foreign investment and export.

The writer is Chief Scientific Officer (Agronomy), Bangladesh Jute Research Institute.

Demand and Supply of Industrial Grade Paper in Bangladesh.

Grades	Local Product	Import	Annual Supply	Annual Demand
Brown Wrapping Paper	3000 MT	2000MT	5000MT	6000MT
Cotton Board	16000 MT	7000 MT	23000 MT	24000MT
Card Board	1000 MT	99000 MT	100000 MT	100000MT
Duplex Board	35000 MT	35000 MT	70000 MT	75000 MT
Total	55000 MT	143000 MT	198000 MT	205000 MT

Commodity market: Gold, oil down while tea warm

LONDON, Dec 7: Coffee prices boiled over this week amid fresh fears of damage to crops in Indonesia, the world's top producer of robusta, which prompted large-scale buying by investment funds, reports AFP.

Heavy downpours also lashed Central America, and while it is too early to assess the damage to arabica plantations in the region, some market watchers warn that the quality and size of the crop could be affected.

A scarcity of high-grade arabica could force coffee manufacturers to turn to robusta, a low-quality bean mainly ground into instant brews.

The arrival of the monsoon in Indonesia has failed to alleviate entirely damage caused to the robusta harvest by a recent drought.

And it is far from certain that bumper pickings in Vietnam expected this season will compensate for the lack of Indonesian supplies.

All these factors provoked a spurt in robusta prices in London, which shot up by more than 7.5 per cent over the week, arabica prices in New York also rallied sharply.

On another front, the meltdown in gold prices continued apace, with the price of the precious metal diving 12 dollars on technical trades and further central bank bullion sales.

And oil prices plunged to around 18 dollars after the decision of the Organisation of Petroleum Exporting Countries (OPEC) to raise output ceilings by 10 per cent, shrugging off Iraq's decision to suspend petroleum exports.

GOLD: Meltdown. Gold prices quoted on the London bullion exchange fell below a 12-1/2-year low this week, under the weight of technical trades and fears of widespread central bank sales, provoked this time by Argentina.

"The market increasingly feels that there is no support either in Europe or in Asia," said Ted Arnold, a precious metals analyst at Merrill Lynch Investment Bank.

He predicted that gold prices might fall as low as 280 dollars per ounce before the speculative investment funds move back into the market.

The market has been weighed down by the spectre of central bank gold sales. This week, Argentina rocked the market with a surprise announcement that it had sold 124 tonnes of gold.

Financial turmoil across Southeast Asia and Japan has also hit demand for gold.

And a rise in the value of the US dollar has further eroded demand, as highly speculative investment funds pump money into currency deals rather than the precious metals market.

Excess supply has been another negative factor for the market.

Gold slumped below the symbolic 300-dollars mark last week, in the wake of widespread technical trading, prompting what analysts termed a market "revolution" that would knock prices lower in the long term.

COPPER: Tarnished. Copper continued to fall victim to financial turmoil across Southeast Asia, which has soaked up vast quantities of the metal through rampant building projects and the electronics industry.

Three-month copper prices quoted on the London Metal Exchange (LME) fell by more than 50 dollars to 1,842.5 dollars per tonne.

Despite the biggest rescue package ever mounted by the International Monetary Fund (IMF), a 55-billion-dollar bailout package for South Korea, Asian demand continued to wither.

Market reserves rose by more than 6,000 tonnes to 345,650 tonnes.

Nonetheless, dealers sounded a positive note with regard to future demand in China which imports vast quantities of copper, as the banking system was put under review, raising the prospect of greater credit and thus buying power.

LEAD: Heavy. Lead prices feel by about 15 dollars to 542 dollars per tonne in the absence of strong consumer interest.

One analyst said that the lack of demand was due to unseasonably warm weather in the northern hemisphere. Winter there normally heralds an upturn in demand, because car batteries, the principal outlet for lead, wear out faster in the cold.

ZINC: Tumbled. Zinc prices followed copper lower this week, as buyers stayed away from the market.

Three-month prices fell by 43 dollars to about 1,133 per tonne.

ALUMINIUM: Lighter. Aluminium prices fell amid lower demand in Asia as financial turmoil and faltering economic growth continued to afflict the region.

Three-month aluminium prices fell by 22 dollars to about 1,588 dollars per tonne.

Prices slipped despite a fall of 15,625 tonnes to 656,474 tonnes in official market reserves. Australian producers said that demand for high grade aluminium in Japan had started to fall.

GNI trading house predicted that aluminium prices might fall as low as 1,500 dollars per tonne.

NICKEL: Low. Nickel prices fell to a three-and-a half-year low at midweek, when fears of a sharp reduction in demand from Southeast Asia severely dented market sentiment.

Three-month prices fell by 152 dollars to about 6,127 dollars per tonne.

The Asian market is a key outlet for nickel, widely used in the manufacturer of stainless steel.

Investor confidence picked up slightly late in the week, after the International Monetary Fund stepped in to rescue the South Korean economy.

TIN: Weak. Tin prices fell by 88 dollars to 5,652 dollars per tonne after a slight rise in a LME reserves.

Stocks rose by 315 tonnes to 8,330 tonnes.

SILVER: Float. Silver prices rose by about three cents to 5.33 dollars per ounce in the light of technical trades.

PLATINUM AND PALLADIUM: Calm. The price of these two metals changed little this week, in the absence of market-moving news.

Palladium prices rose by one dollar to 383 dollars per ounce and platinum prices remained unchanged at 206.50 dollars per ounce.

In its latest report on the two metals, standard bank said that platinum was overvalued and palladium prices were solid.

RUBBER: Stuck. Rubber prices remained unchanged at 545 pounds per tonne, amid extremely quiet trade.

The Lewis and Peat trading house said that supply was plentiful but that key buyers such as Korea and Japan had been kept at bay by financial turmoil there.

OIL: Gloom. Oil prices fell sharply in the wake of a decision the previous weekend by the Organisation of Petroleum Exporting Countries (OPEC) to raise output ceilings.

In this gloomy environment, the oil market shrugged off Iraq's decision to suspend petroleum exports. The benchmark price of Brent North Sea Crude for delivery in January fell by 72 cents to 18.04 dollars per barrel.

OPEC is estimated to have pumped 27.7 million barrels of oil per day in October.

COFFEE: Boiling. Robusta coffee prices in London hit boiling point because of renewed fears of damage to Indonesian crops and downpours in Central America which may affect the quantity and quality of coffee beans grown in the region.

TEA: Warm. Tea prices cooled down slightly, after the previous week's historic highs, but the brew continued to enjoy strong demand, especially for high-grade Assam leaves.

The price of medium-priced leaves stood between 158 and 147 pence per kg, from 160 to 150 pence the previous week.

Supplies of tea may be squeezed in the months ahead, according to British trading houses: increased crops in India and Sri Lanka will not make up for lower production in Kenya, Indonesia and China.

GRAINS: Weaker. The US grains market weakened slightly, despite fresh demand from Egypt and Morocco, because of intensifying competition between US and French wheat.

Sentiment was also undermined by rumoured buying from China failing to meteralise and a small sale of Argentine wheat to Sri Lanka, which slightly reduced the scope for US exports to that country.

On the Chicago Board of Trade (CBOT), wheat prices lost one cent to 3.55 dollars per bushel (27.2 kg — for delivery in March).

The maize (corn) market was undermined by the slow pace of global imports.

The price of maize on the CBOT fell by five cents to 2.67 dollars per bushel (of 25.4 kg — for delivery in December).

COTTON: Squeeze. The economic slowdown and financial turmoil in Asia have caused concern about future Asian demand for the fibre and the prospects for US exports to the region.

The market still fears cancellation of some orders, as the massive US cotton harvest continues to be reaped, despite downpours in the southern "cotton belt" of the United States, the world's biggest cotton producer.

Prices covered by the Cotton Outlook Index fell sharply by 1.15 dollars to 75.95 cents per pound.

WOOL: Cold. The British wool market was chilly, with prices on the Bradford market falling by nine pence to 390 pence per kg.

Australian prices covered by the eastern index fell by four cents to 708 Australian cents per kg, as the continued decline of the Australian dollar prompted producers to hurriedly offload their wool.

Japanese and Italian buyers were the most prominent on the market.