

DAKHA THURSDAY, JANUARY 8, 1998

Govt to monitor quality of knit-yarn production

The government will monitor the quality of production of the knit-yarn to ensure the standard necessary for access to the European market, official sources said, reports BSS.

The decision was taken to establish transparency in the garments sector and for accommodation of more genuine exporters to Europe, they said.

The GSP-scheme quotas will be distributed after stringent monitoring for enhancing the capacity and creating of room for the innovative exporters, they said.

"Fifty per cent quotas will be distributed after evaluating previous years exports performance to the European Union (EU) markets while another 50 per cent will be given to the registered exporters," they said.

"The quotas will be non-transferable so only the genuine garments entrepreneurs will be benefited," the officials observed.

Flu : Lanka bans bird import from 17 countries

COLOMBO, Jan 7: Sri Lanka has banned the import of live birds from 17 countries following the deadly "bird flu" outbreak in Hong Kong, a senior government officials said today.

"We are enforcing a complete ban on import of live birds from 17 countries where the virus has been reported in the past three years," Sivali Ranawana, Director of the Animal Production Health Department, told Reuters.

He said that all birds imported from other countries found to be sick or dead would be incinerated at the Colombo Airport without any investigation. All other imported birds would be placed under quarantine for a month.

"We feel that the measures are sufficient to prevent this virus coming into the country," he said.

Hong Kong slaughtered 1.4 million chickens and other poultry last week to minimise the risk of the virus being transmitted to humans through direct contact with live birds.

Myanmar wants to stabilise domestic rice market

YANGON, Jan 7: Myanmar will give priority to stabilisation of domestic rice market before export is carried out, Commerce Minister Kyaw Than was quoted by Tuesday's New Light of Myanmar as saying, reports Xinhua.

While meeting with local rice dealers and farmers in Bago division on Monday, he said individuals will not be allowed to export rice.

However, rice trading of private entrepreneurs is permitted domestically.

Paddy is Myanmar's main crop and rice has been traditionally the country's chief export goods. At the present season, harvesting of paddy and purchasing of it are underway.

The minister urged rice traders and rice millers and farmers to harmoniously strive for the flourishing of the rice market.

According to official statistics, Myanmar's rice production in the 1996-97 fiscal was 17.08 million tons.

Tea auction active in Ctg

CHITTAGONG, Jan 7: The weekly tea sale, first in the month of Ramadan, yesterday was active and got useful support by Polish buyers, market sources said, reports BSS.

There was some support from Pakistan and Afghanistan at levels slightly lower than the last. Loose tea trade was subdued owing to Ramadan.

But major packeters were active particularly for the good liquor types, the sources said adding that good liquor dusts had a strong market.

Bold and large broken had a good market and sold at firm to occasionally slightly dearer rates especially cleaner types. Good liquor small broken and fannings were about steady while all other broken were slightly easier by Tk 1 to Tk 2.

Fannings met with a slightly less demand and were generally easier by up to Tk 2 and sometimes more with some withdrawals, plainer types were up to Tk 5 easier.

A total of 1,597 chests, 986 gunny sacks and 32 chests old season were on offer which continued to meet with a good demand. Best liquor types met with keen competition and were dearer by Tk 3 to Tk 5. Blenders and loose tea buyers continued to lend good support.

In all, 13,290 chests, 5,322 gunny sacks, 140 paper sacks, 13 chests, 236 gunny sacks old season were on offer in the sale, the sources added.

200 politics-hit garment factories seek support

By Govinda Shil

Some 200 garment manufacturers, forced out of business as a consequence of the political turmoil in 1995 and early 1996, are seeking government support to reopen their factories.

These factory owners owe about Tk 200 crore to some 20 banks. They could not service the debts because shipment of their exportable products was delayed by political crisis, which resulted in cancellation of orders in some cases, they say.

Until the crunch came, they claim, their export receipts had just reached US\$ 300 million a year.

But banks are not willing to listen to their story. Unless they repay their loans, the banks would not let them open letters of credit with them.

Commerce and Industries Minister Tofail Ahmed does not agree with the exporters, however.

He told The Daily Star that many of the closed factories failed to even show their unsold products. "Some banks have already agreed to open fresh Let-

ter of Credit when the manufacturers showed their unsold products," the minister said.

"There is not a single instance where a bank declined after the exporter could show unsold goods," he said.

The commerce minister claimed that in many cases false LCs were produced and entire money were appropriated by some unscrupulous owners.

The Bangladesh Garment Manufacturers and Exporters Association now plans to urge the World Bank to grant manufacturers a US\$ 50 million "export sustenance fund" to help clear the unpaid loans and re-start business.

The BGMEA is pleading with the finance ministry and the Bangladesh Bank.

The BGMEA proposes that the banks adjust 2.5 per cent of the loans from each of the export receipts for a gradual realisation of some Tk 200 crore defaulter.

The association says that those factories could not ship on time and that their products

remained unsold. The owners were later forced to clear the "stock-lot" at a high discount.

Finance Minister SAMS Kibria told the apparel manufacturers on a number of occasions last year that he would try to create "blocked accounts" for the victims and ask commercial banks to re-open new accounts to continue business.

However, nothing of the sort has happened so far.

"Before realising the loan, it is highly unlikely that the banks will open new LCs," said a senior Bangladesh Bank official.

The official said that the apparel manufacturers were not properly availing of an existing privilege, re-scheduling their loans with a 10 per cent downpayment.

BGMEA president Mostafa Golam Quddus disagreed. Quddus claimed that there were instances where banks did not open new documents after paying the (10 per cent) down payment.

The BGMEA is likely to approach the Bangladesh Bank soon to discuss the problem.

Another leading exporter Uzair Afzal said it was the only way for the banks to get their loan realised by allowing their customers to open new LCs.

If new LCs are opened, it will help the manufacturers to run their business, banks will get their money back and economy will receive an additional US\$ 300 million per year," he argued.

Banking Division Secretary Sved Amirul-Mulk told The Daily Star the government might consider "if the WB comes up with the fund".

He said restarting business depended mainly on relationship between the banks and the clients. The Bangladesh Bank enjoys authorities to discuss such problems and take necessary steps, he said.

"It doesn't matter much if 200 out of 2600 factories are closed for some reason," the banking secretary said. "There cannot be an exception to rule for them."

Rupiah, ringgit, Filipino peso crash to historic lows

JAKARTA, Jan 7: With no

end in sight for Asia's troubled economies, currencies in Indonesia, Malaysia and the Philippines crashed to historic lows against the US dollar Wednesday, reports AP.

Indonesia led the plunge

when the rupiah fell to 8,400 against the dollar in early trading as markets reacted negatively to the government's 1998 budget, announced by President Suharto on Tuesday night.

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In general, I think the market was disappointed with the budget, seeing it as unrealistic," said a dealer with one US bank in Jakarta.

The rupiah recovered slightly later in the day.

Nevertheless, some market participants said they had wanted to see more stringent economic reforms announced in line with demands by the International Monetary Fund, which has put together a 40 billion dollars rescue package from In-

donesia.

By law the budget has to be balanced, although officials said the government is on track for a fiscal surplus of one per cent of gross domestic product — a requirement laid down by the IMF.

Others were concerned that budget calculations had been based on an exchange rate of 4,000 rupiah to one dollar — twice that now being offered in the market.

The Malaysian ringgit plunged to 4,570 to the dollar from the 4,335 quoted late Tuesday.

The government had hoped

the budget would instill confidence, but dealers were unconvinced.

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reserves have fallen to nine billion dollars from a record high of 12 billion dollars in March, mainly because of its costly unsuccessful attempt to prevent the peso from falling.

The Thai baht continued to drop in domestic and offshore spot trading in the wake of the record lows for the currencies of neighbouring economies.

In afternoon trading, the baht was quoted at 53.2 to the dollar in the domestic spot market, falling from 52.15 at the close of trade Tuesday.

Singapore's dollar fell to its lowest point against US dollar in more than six years and the country's de facto central bank said it would block any attempts by speculators to destabilise the currency.

The US currency was quoted briefly at Singapore dollars 1.7890, its highest point since June 19, 1991.

The South Korean won rose slightly to 1.730 against the dollar, up from 1.742 at Tuesday's close, but the currency later slid to 1.780 amid persistent concern about the country's ability to pay its short-term foreign debts, dealers said.

SEA crisis may hit future Bangladeshi exports: Kibria

Finance Minister Shah A M S Kibria said Bangladesh has so far managed to protect itself from the economic turmoil in the Southeast Asia, but its future exports may feel the impact of the crisis, reports UNB.

The Chinese export boom is based on higher efficiency and improved quality, rather than lower prices, the newspaper China Daily quoted an unnamed "authoritative source" as saying.

The financial crisis throughout Asia had prompted speculation that China will also be obliged to devalue the yuan, despite controls that prevent speculative attacks on the currency.

Chinese officials and the state-run media, have sought to reinforce confidence in the stability of the yuan, also known as the renminbi. The government has pledged even tighter foreign exchange limits and launched a probe of several institutions and individuals said to be suspected of illegal currency deals.

The world market should maintain its confidence in the renminbi rate's stability," the front-page China Daily report said.

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Imports could reach 1,000 by the turn of the century, the WGC estimates.

The main reason for this large increase is a surge in demand in India and other countries in the Middle East," said Muad Barakat, Director of the WGC's Planning and Financing Department for the Middle East and India.

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