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\$ 1.4b IDB trade development aid for Muslim states

JEDDAH, Aug 19: The Islamic Development Bank will provide 1.4 billion dollars to fund trade and development in Muslim countries, its president said yesterday, says AFP.

One billion dollars will be devoted to trade between Islamic countries and 400 million be used for development of the private sector, Ahmed Mohammed Ali said in a statement.

The Jeddah-based bank was founded in 1975 by the Organisation of the Islamic Conference to encourage economic and social development in Muslim countries and other countries with Muslim communities.

Good demand marked at tea auction

CHITTAGONG, Aug 19: The weekly tea sale here Tuesday experienced a good demand from Poland and CIS buyers, and fairly good support from Pakistan and other out-markets, says UNB.

According to the Tea Market report, the buyers of Afghanistan were absent on the day.

It said tea prices were fully firm to occasionally dearer and internal market was fairly active with useful support from blenders. Dusts saw more demand with RDs and PDs generally dearer.

CTC LEAF: 15,805 chests, 11,824 gunny sacks and 12 chests of old season on offer met with a fairly good demand at generally firm rates.

CTC BROKENS: Bold brokens had a good market but generally eased up to Tk one per kg while the larger brokens were easier by Tk two to Tk three. Medium brokens were strongly competed and mostly sold at firm to slightly dearer level. Small brokens were fully firm and occasionally a little dearer.

CTC FANNINGS: Met with a strong demand and were fully firm to slightly dearer depending on quality.

GREEN TEA: 120 chests on offer met with a good demand at lower rate.

CTC DUST: 1, 223 chests, 2,117 gunny sacks and 36 chests of old season on offer met with a stronger demand at dearer level.

Better liquoring PDs, RDs and dusts were dearer by up to Tk five and sometimes more depending on quality.

Dusts and RDs sold between Tk 58 and Tk 65 and PDs between Tk 65 and Tk 72. CDs were, however, had a lower market easing by up to Tk 10 with some withdrawals. Internal buyers, including blenders, lent an active support.

Govt decision on container feeder vessels hailed

Bangladesh Shippers' Council has hailed the government's decision to allow berthing priority to any container feeder vessel which will carry 100 and over 20 feet empty containers at a time along with import loaded containers, reports UNB.

Earlier, the government had withdrawn the penal rent imposed on retention of empty containers beyond free time.

Due to these steps the inbound cargo ships are bringing a large number of empty containers daily, Council Chairman MR Ali said in a statement yesterday.

He hoped that the acute container shortage now prevailing at Chittagong Port will be eased down within a considerable period.

Unemployment in Germany to drop this year

BONN, Aug 19: Unemployment in Germany will drop by 350,000 by the end of the year amid a continuing economic upturn, German Economy Minister Guenter Rexrodt said here yesterday, reports AFP.

But economists said that the rosy picture of the German economy painted by Rexrodt would not necessarily be enough to boost Chancellor Helmut Kohl's re-election bid with only six weeks to go before polling day.

"If a government says the sun is shining, but I can see that it's raining when I look out of the window, I'm not going to be fooled and vote for them," said Holger Fahrinkrug, senior economist at Warburg Dillon Reed.

At his traditional summer news conference, Rexrodt said that while in the spring he had been expecting the jobless total to fall by 300,000 from today's point of view an even better figure looks likely. I expect the jobless total to be 350,000 fewer at the end of the year than at the end of last year.

And "even that figure may be better," Rexrodt added.

But economists were unimpressed.

"The figures are merely in line with our expectations," said Fahrinkrug at Warburg Dillon Reed.

Proposed jute policy sees hope in privatisation

By Rafiq Hasan

A new jute policy being proposed gives emphasis on privatisation of public sector jute mills to get rid of staggering losses they have been incurring for years.

The cumulative loss at the public sector jute mills reached as high as Tk 2316 crore till June 30, 1997.

The jute ministry has already drafted the policy, which is now waiting for approval by the Cabinet, ministry sources said.

"It is necessary to gradually transfer the public sector mills to private entrepreneurs and free the mills from huge losses," the draft jute policy stated.

Despite producing a significant amount of jute, Bangladesh is falling to dominate the international market due to lack of proper policy, the draft policy said. Therefore, it said, the current policy needs a timely reform for boosting jute goods production and export.

The jute policy was last revised during the year 1988-89.

While evaluating the overall situation in the jute sector, the framers of the policy identified two key factors which they said were major problems for the industry - a continuous downturn in demand and prices of jute in the international market and higher production cost

of jute goods than the selling price. "As a result the jute mills have been incurring losses every year," the draft said.

The prices of raw jute declined to US\$ 40 from US\$ 60 per bale last year in the international market. Due to that reason, earnings declined by 21 per cent though Bangladesh exported more jute last year than the year before.

"The government should continue its privatisation policy of the state-owned jute mills and the mills which would not be possible to sell out should be liquidated," the policy suggested.

It also suggested producing jute goods keeping consistency with the international market. According to the current demand, production of jute goods should be kept below 5 lakh metric tonnes per year.

Out of a total 26,000 looms at 33 public sector mills, the Bangladesh Jute Mills Corporation (BJMC) would need to operate 15,000 to 20,000 looms to produce the above amount of jute goods, the policy said.

Giving an outline of the jute production in the country the policy says that around 48 lakh bales of jute would be produced in the country during the current 1998-99 fiscal year. The

crop has been cultivated on nearly 12 lakh acres of land this year.

The total availability of jute will stand at 61.87 lakh bales including the last year's carry-over of 13.87 lakh bales. Out of these, 31.25 lakh bales would be necessary for local consumption while around 20 lakh bales would be exported. Remaining 10.62 lakh bales will be stored for the next year. The earnings from raw jute export were estimated to be around Tk 400 crore this year.

According to the proposed policy outline, mills under BJMC would buy 15 lakh bales, private mills 7 lakh bales and jute spinners 6.50 lakh bales.

Jute is the main cash crop and, according to the policy draft, as many as 25 per cent of the total population is involved with the jute-related activities. Around 2.50 lakh workers, employees and 30 lakh growers are directly dependent on jute. Besides another one lakh traders also earn their livelihood from jute business.

The draft policy also gave an estimate on possible production figure of the jute goods in the public and private sector mills. According to it, the total jute goods production may stand at 5.10 lakh tonnes. The BJMC

mills would produce 2.40 lakh bales, the private mills 1.35 lakh bales and the jute spinning mills 1.20 lakh bales.

Around four lakh tonnes of jute goods will be exported which would fetch Tk 1200 crore, the policy forecast.

During the last fiscal year, the jute goods export and earnings faced a short fall of target by 24 per cent and 26 per cent respectively. The targets were 4.82 lakh metric tonnes of jute goods export to earn Tk 1487 crore, but the actual figure may reach up to 3.70 metric tonnes and Tk 1101 crore.

The policy also gave emphasis on diversification and increasing the production of high quality tosha jute. "The production of low quality jute should be reduced and the land should divert to other crops," it said.

Already, a project styled "comprehensive jute production and marketing" was launched in March, 1997 to increase production of high-quality jute.

Around 0.85 lakh bales of higher quality tosha jute were produced during the year 1997-98 though the target was fixed at 1.20 lakh bales under the project.

High price leads to fall in sale of Tk 26 cr fertilisers lying stockpiled in NGFF

From Iqbal Siddiquee

SYLHET, Aug 19: About 49,000 tonnes of chemical fertilisers worth about Tk 26 crore has been lying stockpiled in the Natural Gas Fertiliser Factory (NGFF) at Fenchuganj due to high price and drastic fall in sales. The storage capacity of the factory has also been exhausted, sources close to the factory informed.

On the other hand, the Jalalabad Gas Transmission and Distribution Systems Ltd, which supplies gas to the factory, has also issued several notices for the immediate payment of its outstanding gas bills amounting Tk 28.65 crore, the source added. The Jalalabad Gas even warned NGFF of disconnecting gas supply at any moment.

Only 99 dealers of 4 districts in the Sylhet division are enjoying the facility of lifting fertilisers from NGFF. In the Sylhet region, the annual demand of fertiliser is 50,000 to 55,000 tonnes, which could not be met last year.

Previously, the dealers of Kishoreganj used to lift fertilisers from the factory. But, now they lift fertilisers from the Zia Fertilisers Factory at Ashuganj, which costs at least Tk 500 less per ton.

The alternative arrangement has decreased the sale of NGFF products. The factory is also facing an acute space problem in its godown due to stockpiling of the unsold fertilisers, the source said.

The total storage capacity of the godown is only 30,000 tonnes, whereas it has a present stock of about 36,000 tonnes. Besides, the factory has a stock of another 13,000 tonnes in 5 rented godowns in the North Bengal under the buffer stock programme. These are in Bogra, Santahar, Pulhat and Parbatipur in Dinajpur and Shibganj in Thakurgaon.

With a view to expanding its market, the factory took up an initiative to sell fertiliser in the North Bengal. But, that meant an additional transport cost. The factory is now trying to supply fertiliser to North Bengal by rail to cut expenditures, said an official.

Different sugar mills, the Tea Research Institute, Barendra Project, and Rice Research Institute used to buy a lot of fertiliser from this factory. But now-a-days they are not buying fertilisers to that extent," the official informed.

Notwithstanding so many obstacles the factory exceeded its production target of 80,000 tonnes last year (1997-98).

The official further informed that last year the country fixed the target for selling fertilisers at 24 lakh tonnes, which was later refixed at 22 lakh tonnes. However, the ac-

tual sale that year (1997-98) stood at 18.5 lakh tonnes.

The NGFF, a concern of the BCIC, was established in 1961. Attempts were made to shut down the factory in 1992 on the ground of declining condition of the plant. However, in the face of resistance by the local people, the then government constituted a one-man committee to study its feasibility.

With the recommendations of Professor Iqbal Mahmud of the Chemical Engineering Department of BUET (now the VCI), the government decided to continue production in the factory. In compliance with his suggestions, some rehabilitation works were also done to keep it running for a few years. Another rehabilitation programme is also in the offing, the source added.

The Iqbal Mahmud Commission also suggested for setting up a new fertiliser factory named "Shahjalal Fertiliser Factory" on NGFF premises. Some initial works for the purpose have also been done. Setting up of the new factory would raise the production capacity to 1750 tonnes per day.

The annual fertiliser production capacity would be 5.6 lakh tonnes, the source added saying that gas consumption would also come down at 22 MCF against the present 59 MCF. The project would be a joint venture. In response to an international tender, four companies have shown their keenness to set up the factory. These interested companies are Foster Wheeler and ABCD of USA, Technimont of Italy and Nagarjun of India.

UK inflation rate dips

LONDON, Aug 19: British inflation dipped to an annual rate of 2.6 per cent last month, drawing close to the government's thus-far elusive target of 2.5 per cent, officials said Tuesday, says AP.

The underlying inflation rate in July compared with an annual rate of 2.8 per cent in June.

The chief secretary of the Treasury, Stephen Byers, said the latest numbers show that the Labour government of Prime Minister Tony Blair is on course for lowering inflation to the target level.

"At a time of instability in the international economy, our own economy is on track for economic stability which will see inflation at its target level and sustainable growth," Byers said.

But opposition lawmakers pointed out that the inflation target has not yet been achieved.



Stock traders on the floor of the Tokyo Stock Exchange stare at a computer screen as share prices rebound during Tuesday afternoon session. The 225-issue Nikkei Stock Average surged 269.13 points, or 1.82 per cent, to close at 15,063.79. —AP/UNB photo

Asian stocks rebound on stronger yen, Wall Street gains

HONG KONG, Aug 19: After days of lackluster performance, most Asian markets closed higher on Wednesday, buoyed by a stronger yen and a 1.6 per cent gain on Wall Street overnight, reports AP.

Tokyo stocks extended their rebound from a string of recent tumbles with the Nikkei 225 average gaining 342.55 points, or 2.3 per cent, to close at 15,406.34.

A stronger yen, which had fallen to an eight-year low against the dollar last week, and a 139.8-point overnight surge in the Dow Jones Industrial Average helped pull up Japanese stocks.

In Seoul, share prices closed sharply higher on a stronger

yen. The KOSPI index was up 10.75 points, or 3.5 per cent, to close at 301.90.

In Hong Kong, stocks ended sharply higher on continued government intervention made easier by Wall Street's gain.

ELSEWHERE: BANGKOK: Thai stock prices ended higher on lower domestic interest rates and a recent government announcement of measures to eliminate falling banks. The Stock Exchange of Thailand index gained 7.69 points, or 3.3 per cent, to end at 2433.7.

MANILA: Philippine shares staged a strong technical rally, spurred by overnight gains on Wall Street and stronger Asian

currencies. The PSE index was up 41.42 points, or 3.1 per cent, to close at 1,364.59.

SINGAPORE: Shares closed mixed as a wave of late selling knocked many shares off their highs. The STI Index was down 4.58 points to close at 923.04.

SYDNEY: Australian share prices were stronger after Wall Street's overnight climb and improving Asian markets. The All Ordinaries Index was up 70.6 points, or 2.8 per cent, to close at 2,636.1.

TAIPEI: Shares rode the rise in major global stock markets, though the increase wasn't enough to erase falls in previous sessions. The Weighted Price Index surged 111.81 points, or 1.6 per cent, to close at 7,293.40.

BA yellow card for hooligans

CANBERRA, Aug 19: British Airways will issue hooligan passengers with soccer-style yellow warning cards to combat "air rage," the airline said Wednesday, reports AP.

The notices warning offenders they face arrest on touchdown unless they cease their disruptive behavior will be issued from Sept. 1.

British Airways said the crackdown, triggered by a 400 per cent rise in air rage incidents in the past three years, was aimed at drunk and abusive passengers and passengers breaking the worldwide smoking ban on flights.

The notices would also warn recipients they would be liable for costs if their behaviour forced the captain to divert to the nearest airport.

"We hope the yellow card system will prove the ultimate deterrent which, if ignored, can be used in court to ensure a successful prosecution," British Airways' director of safety, security and environment, David Hyde, said in a statement.

British Airways' guidelines state ground staff and crew have the power to prevent drunken passengers from boarding flights and can refuse to serve alcohol to intoxicated passengers or those believed to be under the influence of drugs.

British Airways air crew last year dealt with 260 disruptive passengers, but the airline said they were rare among the 40 million passengers carried on 300,000 British Airways flights each year.

Asian crisis cuts Assidomaen pre-tax profits by 3 pc

STOCKHOLM, Aug 6: The Swedish forestry and paper group Assidomaen reported a three per cent drop in pre-tax profits in the first half of the year to 827 million kronor (104.6 million dollars), owing to the impact of the Asian crisis, the group said today, reports AFP.

Net profit dipped to 593 million kronor from 618 million kronor, and earnings per share fell to 5.0 kronor from 6.5 kronor at the end of 1997.

Western trade sanctions threat 'won't work to end Myanmar crisis'

MANILA, Aug 19: Threats of western trade sanctions against Myanmar will not work to resolve the conflict in Yangon, Philippine Foreign Secretary Domingo Siazon said today, reports AFP.

Siazon said getting involved at the moment would only be senseless "political posturing" that would heighten the tension in Myanmar, where Nobel peace laureate Aung San Suu Kyi Monday began the sixth day of a roadside standoff with the country's junta.

He said the problem in Yangon was "a test of wills" between the opposition leader and the ruling junta that could be best solved by an "internal domestic process."

"You don't really want to get in there and be involved (because) you are not going to solve it," Siazon told foreign

journalists here.

"This time it's a different phase of the game... we want to be involved in a serious attempt to bring national reconciliation not in political posturing exercises," he said.

He said "economic sanctions do not work" and the best way to deal with Myanmar was through negotiating with its government through ASEAN, citing the release of 18 activists last week as an example.

"Someone has to deal with them, talking with them all the time," Siazon said. The non-ASEAN countries are not inside the house so they have to shout to be heard, ASEAN countries are inside and we just whisper to each other and we know our problems."

The junta has said it was doing everything possible to maintain Aung San Suu Kyi's health and security after bar-

ring her from travelling to meet supporters in a provincial centre last Wednesday.

A foreign correspondent visiting Myanmar told AFP he had been stopped at a checkpoint near the site of the stand-off, a small bridge linking a highway to adjacent rice paddies about 15 miles from Yangon.

A similar standoff at the same bridge last month ended when she was forcibly driven back to Yangon.

The Association of South-east Asian Nations groups Brunei, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

He said Washington's sending of a special envoy to lobby for the release of the foreign activists never would have worked if ASEAN members had not interceded.

better ability to engage (Myanmar) and to have very good talks and make constructive suggestions," he said.

"If Myanmar had not been a member of ASEAN today, you would still have 18 people serving five years of hard labour there. I guarantee you that," Siazon said.

The activists were rounded up while handing out pamphlets urging people to remember the 10th anniversary of a bloody military crackdown on pro-democracy demonstrators on August 8, 1988.

The detainees, six US nationals, three Thais, three Malaysians, three Indonesians, two Filipinos and one Australian, were sentenced to five years hard labour last week but the sentences were immediately suspended and they were deported.

Thai move to allow more foreign business

BANGKOK, Aug 19: In the latest in a series of economic reforms, Thailand's cabinet has approved draft legislation to remove decades-old prohibitions on foreign participation in certain business sectors, says AP.

The move, meant to attract foreign investment, shows that "realism is beginning to set in" in dealing with the country's economic crisis, the brokerage Seamco Securities said in an analysis Wednesday.

On Friday, the government announced a sweeping restructuring of the country's debt-laden banking system.

"There will still be criticism that the latest actions have not gone far enough, but our 'ground feel' is that the crucial issue of Thai business attitude is changing," said Seamco.

The law proposed Tuesday would still restrict foreign participation in some businesses, but even in those cases permission could be granted on a case-

by-case basis, government spokesman Akapol Sorasuchart said.

Under current regulations, there are three categories of businesses in which foreign participation is limited, including one where it is totally barred. This off-limits group of businesses includes farming, forestry, fishing, handicrafts, cement production, and publishing.

In the new draft, there are two categories, neither of which completely bars foreign participation.

The first group comprises businesses essential to national security, or which may impact on indigenous cultures or natural resources and the environment. Agricultural work, handicrafts and publishing fall into this category, and foreigners who want to enter these sectors must seek permission from the commerce minister who in turn needs authorisation from the cabinet.

Business Briefs

Jakarta to open 2 rice import tenders

JAKARTA: Indonesia will open two rice import tenders as the country struggles to meet demand in the wake of a recent drought, the government said Wednesday.

Food Minister Saefuddin said the state food distribution organisation, Bulog, would open a tender on Aug. 26 for the importation of 600,000 tons.

Another 600,000-ton tender would be offered in September, he said.

Until recently, Indonesia had prided itself on being self-sufficient in rice production.

However, the minister said it would have to import a total of 3.1 million tons by the end of the current fiscal year on March 31, 1999.

He said 1 million tons had already been imported. More would be brought in under aid deals with various donor countries and organisations as well as soft loan arrangements with Japan and Taiwan.

KL car co to export parts to West

KUALA LUMPUR: Malaysia's national car distributor is trying to export car parts to Europe and North America, the company's managing director said Wednesday.

"We have already submitted quotations to the Rover and Lotus groups, both renowned UK-based firms," said Edaran Otomobil Nasional's managing director, Adzmi Abdul Wahab, in an interview with the national news agency, Bernama.

EON is the distributor for all models of the Malaysian national car, Proton. More than half the cars sold in Malaysia each year are Protons.

Lower Proton sales in the last one year because of the economic crisis have forced the car maker to lower production, creating huge inventories of car parts.

"Previously, due to the high demand for Proton cars, the components were needed at home but with the lower demand now in view of the economic crisis, the components can be exported," Adzmi was quoted as saying.

Japan isn't in a deflationary spiral

TOKYO: Two Japanese economic officials on Wednesday downplayed fears that the recession-bound country was headed towards a devastating round of deflation.

The head of Japan's Economic Planning Agency, Taichi Sakaiya, said prices may drop, but the trend was not out of control.

"I can't say there is no risk at all of deflation, but the economy isn't in a deflationary spiral now," he told Parliament.

Some economists fear that stagnant consumption in Japan could lead to price slashing. That in turn could reduce production, bring layoffs and further depress consumption in a dangerous cycle.

Also speaking in Parliament, Bank of Japan Governor Masaru Hayami also said that the Japanese economy will likely avoid falling into a deflationary spiral.

Savings, loan scheme for Spore workers

SINGAPORE: The national labour movement plans to set up a savings and loan cooperative to help workers borrow cash if they fall short during the economic crisis, it was reported Wednesday.

The National Trades Union Congress and the Singapore Labour Foundation have raised almost 15 million Singapore dollars (\$8.5 million) for the new NTUC Thrift, according to a report in The Straits Times.

Rates will probably be in line with those offered by savings and loan agencies based in workplaces, said Chng Hee Kok, director of NTUC Thrift. After saving for a period of time, members will be allowed to borrow according to their ability to repay, he said.

No start-up date was given.

DPJ flexible on reform bill

TOKYO: A top official of Japan's largest opposition party offered Wednesday to be flexible on crucial financial reform legislation - but only if the ruling party makes concessions first.

Yukio Hatoyama, deputy secretary general of the Democratic Party of Japan, urged the ruling Liberal Democratic Party to be more aggressive on financial system restructuring.

In a luncheon speech, Hatoyama called for deeper disclosure of bank finances and penalising managers of failed financial institutions for missteps.

"When and if the government shows flexibility in adopting all of the above in principle, I believe the DPJ will adopt a flexible response," Hatoyama said.

Parliament is now considering a package of bills proposed by Prime Minister Keizo Obuchi's government aimed at cleaning up Japan's massive bad loan problem. — AP reports