The Daily Star
BUSINESS

DHAKA, SATURDAY, SEPTEMBER 19, 1998

Polash Fertiliser Factory suspends urea production

Polash Urea Fertiliser Factory suspended its urea production on Wednesday due to a sudden leakage of carbamate solution in stuffing box cover of carbamate pump, says a BCIC press release.

As a result of the leakage, a fire broke out inside the pump house. Immediately after the incident, the fire was put under control within half an hour by the local fire brigade.

Eight working personnel have received minor injury, out of which seven persons have been released after first aid. Only one person having light burn was under treatment at the factory's medical centre.

Production of ammonia is, however, continuing.

Earlier the factory resumed production after a long closure of 14 months in two phases due to non-availability of gas supply.

At present, the factory has a stock of more than 11,000 MT urea fertiliser. Moreover, there is a combined stock of over 176000 MT urea in the adjacent Ghorasal Urea Fertiliser Factory and Zia Fertiliser Company's own godowns as well as buffer godowns.

Supply of urea fertiliser from the Polash Urea Factory is continuing and there would be no shortfall in the supply of urea due to suspension of urea production under its command area.

Meanwhile BCIC authority has constituted a high-powered committee to investigate the incident as well as to ascertain damages.

Necessary repairing work is also underway and the BCIC expected that the urea production will be restored soon, the release added.

Handloom-weavers facing hard times in Kushtia

From Our Correspondent

KUSHTIA, Sept 18 : Handloom-weavers in the district are facing hard times because of high prices of yarn, dyes, chemicals and other raw materials.

Smuggling is also taking toll on their business.

A total of 21,000 handlooms are lying idle in six thanas of the district. As a result, about 80 thousand people engaged in the profession have become jobless.

According to Handloom Board, there are 38,000 handlooms in Kushtia district of which 28,000 are Pitlooms and 1000 Chittaranjan looms.

In Kumarkhali alone, there are 14,000 handlooms where 1,14,000 people are engaged in these factories. About 76,000 people are also connected with this trade.

Free trade of smuggled Indian saris into the country, import of old garments and abnormal prices of raw material are also adding miseries to the weavers.

Meanwhile, a large number of them have changed their trade.

According to local experts, it will be a great relief for the weavers if the government adopts favourable policy for the development of the handloom industries here and gives attention to check smuggling.

4-day workshop on unemployed youth begins on Sunday

A four-day national workshop on unemployed youth in Bangladesh will be held in the city from Sunday.

The workshop is jointly organised by the Department of Youth Development, Ministry of Youth and Sports and the International Labour Organisation.

Obaidul Quader, Minister of State for Youth, Sports and Cultural Affairs, will inaugurate the workshop, says a press release.

ASM Shahjahan, Secretary of Youth and Sports, will chair the inaugural session.

Other speakers at the opening ceremony are: M A Hassanein, Director of ILO Office in Dhaka, Md. Fazlul Huq, Director General, Department of Youth Development and Habibullah Bahar Gulandaz, Deputy Director of the Department of Youth Development and Coordinator of the workshop.

The workshop will deliberate on the key issues involved in addressing youth unemployment in Bangladesh and review the successful initiatives.

It will identify the constraints related to promotion of youth employment and recommend measures for strengthening the existing youth employment and training programmes in Bangladesh.

The workshop will be divided into nine business sessions.

About twenty-six people from various government agencies and departments, UN and international agencies, and NGOs and employers and workers' representatives will attend the workshop.

UNGA conference told

No country is safe from globalisation hazards

UNITED NATIONS, Sept 18: No nation is immune from the economic turmoil that brought down an Indonesian president and prompted some of the worst riots in that country's history, the Indonesian foreign affairs minister said Thursday, reports AP.

"The threat of a worldwide recession, even possibly a global depression, is real," Ali Alatas told members of the General Assembly gathered to discuss the pros and cons of global economic interdependence. "In the ultimate analysis, no country is safe from the hazards of globalisation."

The two-day conference that began Thursday on the special and economic impact on the world's increasingly intertwined and interdependent economies.

Many speeches from UN officials and representatives of poorer countries urged industrialised nations to remember that they shared responsibility for the crises hitting the developing world. The industrial world reaped the benefits of developing nations' initial quick growth, they said.

"The contagion effect of every financial and economic crisis in every country and in every region will always threaten the financial and economic stability of every other country and region," Alatas said.

The collapse of Indonesia's currency last summer was part of an Asian financial crisis whose effects have spread across the globe, sparking riots in Indonesia and causing stock markets to gyrate wildly in Asia, Europe and the Americas. The latest victim has been Russia, where the plunging value of the rouble has rocked the government.

"As the world contemplates these events, some are questioning the desirability of free markets, and the increasing interdependence of national economies," said Brian Atwood, administrator at the US Agency for International Development.

However, he cautioned, the problems of the day shouldn't be allowed to define globalised economies. "The benefits still vastly outweigh the costs," he said.

Echoing those sentiments, Alatas said lessons can be drawn from financial crises, but solving the problems takes teamwork.

"Globalisation is by no means an evil force but it is a blind one," he said. "Like the winds of change in the ocean of history, it can shipwreck us or carry us to our intended destination.

"The developed and developing countries are all in the same boat. Our fate depends on how well we work as a team in trimming the sails," he said.

Rolando Estabillo, Philippine Airlines Vice President for Corporate Communications, answers a question from the media on Thursday in Makati City regarding the announcement of the company's closure next week. Airline officials said efforts to rebuild the ailing carrier were no longer feasible following a decision by its largest union to reject a proposal aimed at helping the company survive. — AP/UNB photo

2 more Filipino airlines grounded

MANILA, Sept 18: While the government tried to broker a last-minute deal to keep Philippine Airlines in business, two smaller carriers were grounded Friday in another severe blow to the country's airline industry, says AP.

Regulators said they suspended the operating certificate for Air Philippines, the country's second-largest airline, for failure to comply with safety standards. Grand International Airways, a smaller carrier, cancelled its flights because of unpaid insurance and fuel bills, employees said.

The shutdowns and the scheduled closure next week of Philippine Airlines pose a potentially devastating threat to the country, leaving many areas of the sprawling archipelago of 7,000 islands without air service.

The president of PAL's flight attendants' union, Roberto Anduiza, called PAL's decision Thursday to close down "an economic disaster of national proportions." he said the union would be willing to make sacrifices to prevent a closure.

PAL, Asia's oldest airline, said it decided to shut down next Wednesday because its rebuilding efforts were no longer viable following it unions' refusal to accept a management-proposed rescue plan.

President Joseph Estrada met Thursday night with union officials, who said they will consider his request that PAL workers be allowed to vote directly on the rescue plan.

"I will try my best to settle this problem," Estrada said. "I am keeping my fingers crossed."

Estrada planned to talk Friday to Lucio Tan, PAL's main stockholder and chairman, and then meet with union leaders again on Monday.

Tan has offered airline employees 20 per cent ownership of the company in exchange for a 10-year suspension of their collective bargaining agreement — a condition which officials of all three PAL unions say is unacceptable.

"If you try to take away the soul of the union, we will have to uphold our principles," said Abel Capili, a board member of the ground workers' union. "We may have to accept the closure of PAL."

But a PAL executive held out hope Friday that the airline may still survive.

Asked if PAL would reverse its decision to end its 57-year history if it reaches a settlement with the unions, executive vice president Manolo Aquino replied, "Yes, we will try to put on the brakes."

But he added, "As we come close to the deadline, the possibility of stopping the closure becomes dimmer."

Aquino said Tan, who holds an estimated 70 per cent of PAL's stock, is still hopeful the unions will accept the management-proposed rescue.

Tan's proposal would give workers three board seats, and each worker would receive 60,000 shares of stock worth 300,000 pesos (about 6,900 dollars).

PAL has been devastated by a series of strikes and by Asia's currency crisis, which hit just as the airline was launching an ambitious 4 billion dollars expansion and reflecting plan.

In June it was crippled by a 22-day pilots' strike. It fired the pilots, cut most of its routes and laid off 5,000 of its nearly 14,000 workers. But the layoffs triggered a strike by ground personnel.

Bangladesh could be forgotten : Cairn

By Suzanne Goldenberg

When the American oil giants descended on Bangladesh, all raring to do business, government officials were stunned. The oil executives came because Bangladesh has gas — enough for itself and to export to India, transforming the economic prospects of one of the world's poorest countries. The government was also eager to attract foreign investors to its largely uncharted geological terrain, and invited bidding for exploration licences on 15 gas blocks. "When the bidding was announced all the companies were falling over each other to bid for the blocks on offer," said Ton van der Helm, Shell's general manager in Bangladesh. "It took the government by surprise." The oil companies were attracted by a seemingly clear-cut tender process. But a year later, the government has awarded only some of the blocks, and, crucially, has reserved its verdict on three of the best properties. In two of these, Tullow, a small Irish exploration firm, came up with the winning bid, angering its powerful rivals. Some of the major firms are so disgruntled they are on the verge of leaving, again emphasising that Bangladesh's problem is not just poverty, but governance.

With the delay have come charges that the rules were changed to favour some companies — especially those who had deployed Bangladeshi agents to ease their passage through a notoriously corrupt society. "The scenario can be that the country is going to go the way of Nigeria, where resource wealth is misused by a small minority," said a local businessman. "Or the scenario could be like Malaysia, where the resources are used for building infrastructure and there is entrepreneurship." Officials at Petro Bangla, the state-owned oil company, say the government has proceeded slowly because it does not want to squander a golden opportunity.

They claim the government hopes to finalise contracts later this month. Meanwhile, public opinion is turning against the foreign firms. At the weekend, a conference of economists, politicians and technical experts called on the government to champion the state-owned oil firm, and to keep the best gas blocks for Bangladesh.

Underlying such nationalist sentiments is the question of what to do with the surplus gas. Selling to India's vast and hungry energy market is an explosive issue in Bangladesh.

The opposition leader, Begum Khaleda Zia, has made a career of haranguing the government for being pro-India. The prime minister, Sheikh Hasina Wazed, is so afraid of provoking her rival that the question of gas exports has yet to be broached. Much of the controversy centres on Tullow. Its beaten rivals claim the Irish company's bid was "outrageous, totally unsuitable". Tullow promised to drill 10 oil wells on its plot, spending a reported $58m, some $13m more than its closest competitor. The government has tried to induce Tullow to team up with such giants as Chevron and Mobil. However, the major firms are unenthusiastic, and Mobil has scaled back its operations in Bangladesh.

The winning bidders are prepared to wait for the government to open negotiations on a final contract. But not indefinitely. "If things don't happen very quickly, there will be a missed opportunity," said Richard Heaton, general manager in Dhaka of the Scottish firm Cairn Energy. "The oil industry is in the doldrums. Bangladesh could be forgotten."

(The article was published in the Guardian newspaper on September 11)

Bribery, corruption threaten developing countries: UN

UNITED NATIONS, Sept 18: Bribery and corruption threaten developing countries, destabilise governments and discourage badly needed investments, a UN report said Thursday, reports AP.

"When corruption is associated with organized crimes, legitimate business and private sector development are discouraged and a government's political legitimacy is compromised," the UN Development Programme said.

The report, drawn from case studies, was prepared by the UNDP and the Organisation for Economic Cooperation and Development. It is aimed at creating global and national strategies that can be used to fight corruption.

"Corruption really attacks the very root of political legitimacy. It also negatively affects the perception in terms of foreign investments", said G Shabbir Cheema, director of the UNDP's management development and governance division.

There are no precise estimates on the amount of hard currency diverted by corruption, the UNDP said.

The report also listed successful anti-corruption programmes and gave information on the latest policies followed by OECD members to control corruption in their own countries.

DPRK to stick to its isolationist economic policy

SEOUL, Sept 18: Despite its massive economic difficulties and widespread famine, North Korea declared Friday that it will stick to its isolationist economic policy, says AP.

In an article in its official organ, the ruling Workers' Party reaffirmed that juche, or self-reliance, will continue to be the backbone of the communist country's economic policy.

"It is a foolish daydream to try to revive the economy by introducing foreign capital, not relying on one's own strength," said the article in Rodong Sinmun.

Rodong Sinmum described the article as the policy of Kim Jong-il, who was installed as North Korea's supreme leader earlier this month.

The article, also published by Kuroja, or the Labourer, a party publication, warned that capitalistic economic reforms would only cause catastrophic results as shown in former Soviet-bloc countries.

Lankan GDP up 5 pc

COLOMBO, Sept 18: Sri Lanka's gross domestic product (GDP) grew by 5.1 per cent during the first half of this year, the central bank said yesterday, reports Xinhua.

The GDP in real terms went up by 4.4 per cent during the second quarter of 1998 in contrast to the 5.8 per cent growth in the first quarter.

During the second quarter of the year, bank sources said, the services sector accounted for 51 per cent of the overall growth while the manufacturing sector grew by 25.6 per cent, construction 13.8 per cent and the agricultural, forestry and fishing sector 4.1 per cent.

The transport services and communication sub-sector increased by 37 per cent. The factory industry which accounts for 80 per cent of the manufacturing industry grew by 8.1 per cent. The impetus was mainly from the textile and wearing apparel industry which achieved a 10.9 per cent growth.

The food and beverages sector also grew by 4.1 per cent.

External trade in July recorded a surplus of 9 million US dollars, with exports standing at 511 million dollars and imports 502 million dollars, according to the sources.

The bank earlier said Sri Lanka's economic growth in terms of GDP was expected to be in the range of 5 to 5.5 per cent this year. Sri Lanka enjoyed a growth of 6.4 per cent last year from 3.8 per cent in 1996.

Thai minister new chairman of WB-IMF body

BANGKOK, Sept 18: The Development Committee of the International Monetary Fund and World Bank appointed Thai Finance Minister Tarrin Nimmanhaeminda its new chairman, reports AP.

Tarrin will replace Malaysia's former Finance Minister Anwar Ibrahim, who was sacked by Malaysian Prime Minister Mahathir Mohamad in August. Without his official post in Malaysia, he couldn't keep his position in the Committee.

Asian currencies steady

SINGAPORE, Sept 18: Asian currencies were steady in line with the firm Japanese yen today as the sharp fall in the US and Latin American stock markets undermined the dollar, dealers and analysts said, reports AFP.

"The dollar-yen is being weighed down by the Dow's overnight crash which spilled over to Latin American markets as well," said economist Maya Pinto of British financial research house IDEA in Singapore.

The yen was trading midmorning here at 131.80 to the dollar, up from its close in Asia trading hours Thursday of 133.65.

Other Asian currencies were firm and stayed in a tight range even as regional stock markets posted declines in early trade.

the Singapore dollar was trading around 1.7190 from its close of 1.7175 to the US unit the day before, the Thai baht at 40.60 from 40.65, and the Taiwan dollar at 34.50 from 34.541.

The Philippine peso was at 43.80 from 43.78, while the South Korean won was mildly weaker at 1,390 from 1,383. The Indonesian rupiah was holding around its close on Thursday of 11,200 per dollar.

Credit rating firm Standard and Poor's said Friday that it did not expect Indonesia to impose capital controls in the near term, but said Jakarta may seek debt forgiveness and reintroduce some form of exchange rate band.

"In the near term, the most important dates to watch are September 22-23. On those two days, the Indonesian authorities are scheduled to meet with Paris Club bilateral creditors," said John Chambers, Managing Director of Standard and Poor's rating service.

"It is possible that the Indonesians could ask for debt reduction, which, if granted, could be conditional upon similar forgiveness of sovereign external commercial debt," he added in a statement.

Standard and Poor's does not expect Indonesia to move in the immediate future to impose capital controls, but Chambers said that "on the other hand, it is possible that Bank Indonesia could reintroduce some form of exchange-rate band".

The Indonesian central bank abandoned the band last year after the rupiah came under attack in the wake of the Thai baht's collapse in July 1997, which triggered the still ongoing financial crisis in East Asia.

HK unemployment rate climbs to 15-year high

HONG KONG, Sept 18: Hong Kong announced Thursday that its unemployment rate climbed to a 15-year high of about five per cent in the three-month period ending August 31, reports AP.

A slowdown in retail and the restaurant and construction trades accounted for most to the job losses, officials said. The entry of new graduates in the labour market also aggravated the problem.

The five per cent jobless rate, up from 4.8 per cent for the three months through July, was the worst since it hit 5.2 per cent in 1983.

Analysts said the problem is unlikely to be solved as the 14-month financial turmoil in Asia shows no signs of abating But the figure was lower than the expected 5.2 per cent.

"The overall trend is that things will deteriorate even further," said Anthony Chan of HSBC Securities Asia in Hong Kong. Chan said the unemployment rate may reach seven per cent by May next year.

"As Hong Kong is still in the midst of difficult economic adjustment ... high unemployment will inevitable remain with us for some time," Joseph Wong, secretary for education and manpower, said in a statement.

Although Wong later told a new conference the increase in unemployment has been slowing down, he refused to say whether that meant better times ahead.

"Although there is stabilization in the unemployment rate, it is too early to draw any conclusions," government economist Tang Know-yiu said.

Hong Kong's once-robust economy shrank five per cent in the second quarter, and is expected to shrink four per cent in 1998.

High interest rates — the government's main tactic in defending the territory's currency link to the US dollar — is stifling the property sector, responsible for one in 10 jobs here.

About 175,000 of the 3.3 million work force are unemployed, according to government figures.

The latest figure came as more companies announce massive layoffs.

On Wednesday, two investment banks, Nikko Securities and Warburg Dillon Read, said they were cutting almost 100 jobs.

Late Thursday, Hong Kong Telecommunications said it will impose 10 per cent pay-cuts on all its employees beginning November 1, Dow Jones Newswires reported.

"I think we haven't seen the worse yet," said T S Chow an executive at the quasi-government Employment Retraining Programme.

On Thursday, dozens of people were flipping through job notices on boards at a government employment service office.

Men a women, from their 20s to 60s, wrote down contract number for jobs offering as low as 5,000 Hong Kong dollars a month (645 US dollars) — much lower than the median income of 9,000 Hong Kong dollar (1,154 US dollars) before the Asian financial crisis hit.

Indian oil giant boasts 21 pc surge in profits

NEW DELHI, Sept 18: India's largest oil refiner and fuel supplier, Indian Oil Corp (IOC) announced Thursday a 21.2 per cent increase in net profits to 17 billion rupees (405 million dollars) for the fiscal year to last March, says AFP.

Sales were up 6.8 per cent from the previous year to 591 billion rupees, while the state-run firm's gross fixed assets rose 22 per cent to 173 billion rupees, IOC Chairman M A Bathan told reporters.

While describing the past year as "one of the most turbulent periods" for Asia, Bathan said the company had still managed to "set new standards of performance and scale new heights."

IOC secured deals to become the fuel supplier for four additional international airlines in fiscal 1997-98.

Refinery and pipeline capacity utilisation reached record levels during the year, which saw refinery production top 27.5 million metric tonnes.

IOC operates six of India's 14 refineries, with a total annual capacity of 31.7 million metric tonnes.

The government has a more than 80 per cent stake in the company, which employs 33,403 people.

Business Briefs

Huge Japanese trade surplus worries US

TOKYO: Washington is "deeply concerned" about a huge Japanese trade surplus that threatens to raise "a protectionist backlash" in the United States, US Undersecretary of State Stuart Eizenstat said Friday.

Eizenstat, visiting Tokyo with Trade Representative Charlene Barshefsky, said the United States' deficit with Japan is likely to hit a historic high this year and urged the government to move quickly to boost the economy and make the nation less dependent on overseas markets.

"It is critical that Japan's recovery be, as the government of Japan itself has insisted, domestic demand-led, not export-led," he told reporters in Tokyo.

The US trade deficit with Japan was expected to soar to nearly $70 billion this year.

Bank bill: Obuchi bows to Opposition

TOKYO: Seeking to break an embarrassing deadlock ahead of his visit to the United States next week, Prime Minister Keizo Obuchi bowed to opposition party demands Friday on a crucial set of bills on how to bail out Japan's debt-laden banks.

They accepted our offer, "Naoto Kan", head of the Democratic Party, the largest opposition bloc in Parliament, told reporters after a meeting with Obuchi and top government and ruling party officials.

Kan refused to give details of that offer. Obuchi continued to hold talks with the leaders of other opposition parties and had no immediate comment.

The breakthrough follows marathon negotiations through the night Thursday, which were called off at 5 am local time after lawmakers failed to reach an agreement.

Under intense pressure from abroad and from the Japanese voters, Obuchi's Liberal Democratic Party desperately needs to pass the bills through Parliament to speed the cleanup of the banking industry's bad loans.

'Asian crisis may last for a decade'

ADELAIDE, Australia: The Asian financial crisis was set to continue for at least a couple of years and could last for up to a decade, Australian Labour Party opposition leader Kim Beazley said Friday.

Beazley told the South Australian Press Club that Australia must continue its dealings with the region despite the downturn.

"While I don't think the problems are going to go away anytime in the next couple of years, in the next five or 10 they probably will," Beazley said.

"Despite the difficulties in the region it is still a good region to have that relationship with."

$800m Mobil-S'pore joint venture

SINGAPORE: US-based Mobil Corp. announced Friday it will enter a joint venture with the Singapore government to construct a $800 million petrochemical facility.

The venture with the Economic Development Board — a division of the Ministry of Trade and Industry — is for a naphtha-based ethylene cracker facility to be constructed adjacent to the company's existing refinery complex.

The new facility will produce 800,000 metric tons (880,000 short tons) per year of ethylene and 440,000 metric tons (484,000 short tons) per year of propylene.

The company said in a press release that Mobil Oil Singapore will have an 80 per cent stake in the facility, while the Economic Development Board would take 20 per cent.

The statement added that the new facility is not expected to begin operations before 2003 because prolonged discussions on agreements with possible customers of the refinery's output are anticipated, due to Asia's economic slowdown.

Phone cos in India have time to pay fees

NEW DELHI: Some of India's struggling cellular phone companies will have five more years to pay licence fees they owe the government, the minister for information and telecommunications said Friday.

But the extension from 10 to 15 years will apply only to companies doing business outside the main Indian cities of Bombay, Calcutta, Madras and New Delhi, Minister Sushma Swaraj told reporters. And the companies may have to pay more, she said.

Licence fees vary widely and are based on the bids the company offered to win the contract.

Twenty-three cell phone companies, all of them Indian-foreign partnerships, entered the market with high hopes, estimating revenue per subscriber at around 2,500 rupees ($59) per month.

— Source AP