

MF prescription for Asia may not prove best'

TOKYO, Nov 22: Steps prescribed by the International Monetary Fund (IMF) for Asian nations following their economic turmoil since last year may not have been the best, Japan's Economic Planning Agency (EPA) said in a report released on Friday.

In its annual White Paper on the world economy, the EPA said although the IMF's economic programme of urging affected nations to follow a tight fiscal policy was effective for Mexico when it faced a crisis in 1994, it was "questionable" whether it was "appropriate" for the Asian crisis.

It said fiscal tightening worked for Mexico as a fiscal deficit was at the root of the problem, but added that in Asia, excessive private investment was the main cause of the crisis.

"It cannot be ruled out that (fiscal tightening) was questionable as being appropriate for the crisis-hit East Asian nations," the report said, referring to South Korea, Indonesia, the Philippines, Malaysia and Thailand.

The EPA also said the five nations were unlikely to get back on a recovery track soon, adding it may take until 2000 or 2001 for them to achieve a substantial recovery.

It cited the following as reasons why the countries will not achieve short-term recovery:

- Exports by the Asian countries are not showing strong growth as was recorded by Mexico following its 1994 crisis.
- The IMF's prescription of tight fiscal policy may not have been as effective as it was for Mexico.
- The problems faced by the financial sectors in the Asian nations will take some time to be solved.

-- Reuters Internet

State-owned banks disburse Tk 596 cr as agri loans

The state-owned banks and financial institutions have disbursed Tk 596.85 crore as agriculture loans to farmers during July-October period, reports UNB.

The amount is 62.84 per cent of Tk 229.95 crore higher than that of the loans disbursed during the corresponding period of last year when total agriculture loans stood at Tk 365.90 crore.

A press release of Bangladesh Bank yesterday said that of the agri loans distributed in the current financial year, 58.98 per cent or Tk 351.44 crore was in the crops sub-sector.

The sub-sectoral disbursement is 131.27 per cent higher than that of the corresponding period in last fiscal which was Tk 151.96 crore. It means, this fiscal's crop loans were Tk 199.48 crore higher than that of the corresponding period in last financial year.

Higher disbursement of agri loans, specially in the crops sub-sector, is taking place to recoup the damages caused by the flooding.

ICSMB course certificates awarded

The certificate awarding ceremony of two batches' professional training course on Shares Management conducted by the Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) was held at Panda Garden in the city recently, says a press release.

M A Syed, Chairman, Securities and Exchange Commission (SEC) attended the programme as Chief Guest and gave away the certificates.

A total of 42 participants, mostly from prominent public listed companies including banks and insurance, attended the programme.

The course was designed to orient, adapt and develop corporate executives in various functional aspects of shares management and to deal with the tricky and technical regulatory formalities involved in the process.

The SEC Chairman in his address lauded the activities of the Institute particularly in developing the profession of company secretaries.

The ceremony was also addressed by Muzaffar Ahmed FICS, President, K A Muqtadir FICS, Vice President, M S Alam Mia FICS, Secretary and Mohd Saanullah FICS, Treasurer of the Institute.

BB T-bill auction held

The 12th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year Treasury Bills were held in Dhaka yesterday, reports UNB.

Sixty-one bids for a total of Tk 728.00 crore, 4 bids for Tk 20.50 crore, 2 bids for Tk 15.00 crore, 15 bids for Tk 124.00 crore and one bid for Tk 5 crore were offered respectively for the 28-day, 91-day, 182-day, 2-year and 5-year bills.

Of these, thirty-one bids for a total of Tk 508.00 crore of 28-day bill and 5 bids for Tk 50.00 crore of 2-year bill were accepted.

UNDP Resident Representative says Flood takes \$2b toll on economy

Star Business Report

UNDP Resident Representative David Lockwood yesterday said the floods that ravaged the country this year had damaged crops and properties worth US \$2 billion.

"In the last six weeks, we have estimated the extent of damage at US \$2 billion. Of this, public sector losses which are repairable in the next 12 months, stand at \$1.1 billion. Private sector incurred the rest of the losses," said Lockwood at a luncheon meeting of France-Bangladesh Chamber of Commerce and Industry at a city hotel yesterday.

The finance ministry will now sit with the donors next week to apprise them of the latest estimate of losses, the amount of aid available now and the gap between needs and availability.

The meeting will also design and prioritise the rehabilitation works for the next 12 months.

The government was late in making calls to donors for international assistance to deal with the flood partly because it thought it could handle the situation on its own, said Lockwood. "The dilemma is that if you appeal too early and donors

do not respond, you face criticism from the opposition," he said at the meeting presided over by the chamber President Francis Dubus.

The government's appeal came a month after the flood began. The donors then sat with the government and tried to prioritise issues.

After this, the UN appealed for a US \$223 million emergency assistance which yielded 'successful response' because of the severity of the flood.

"The relief and rehabilitation operations are now underway," said Lockwood. "Since Bangladesh is a large country with having poor communication network, it is not easy to reach all who have been affected."

"But I can say that relief mechanism in Bangladesh is much better than in many developing countries because of its past experiences in dealing with such situations. This does not mean that the system is perfect," he added.

When asked to comment on the UNDP report that the government had exaggerated its flood loss estimates, Lockwood said the line ministries were supposed to follow some common criteria to assess losses.

"The main criterion for assessing damages was that it should be flood related and be repairable within 12 months. Some ministries and divisions followed the rules while others did not. As a result, there had been some elements in the first round of assessment which do not relate to flood rehabilitation," said Lockwood.

When asked to comment on the impact of the flood on the country's economy, Lockwood said that the flood was disruptive and deeply affect people. The donors highly hail the prime minister's no-hurtal call.

"It is sad that Bangladesh has to face one disaster after another, and before it can recoup from one disaster, a new one starts taking its toll. Bangladesh has to live with it."

"There is also the pending concern about the rise in the sea level which will threaten a part of Bangladesh. In the next century, its population will more than double without physical resources to deal with it. So, you will have to invest in human resources. If you look at other nations, you'll find that their turnaround was made possible by investing in education."



David Lockwood, UNDP Resident Representative in Bangladesh, speaks at the luncheon meeting of France-Bangladesh Chamber of Commerce and Industry at a city hotel yesterday. Rene Veyret, the French ambassador in Bangladesh (R), and Francis Dubus, president of France-Bangladesh Chamber, are also seen in the picture. -- Star photo

Electronics showrooms elbow out largest bazaar

Star Business Report

The fact that customers are the gods for any business is reflected in the present fallen state of city's Stadium electronics market, the country's largest electronics bazaar.

Buyers have lost their confidence in the market as they have, many a times, been deceived with second hand electrical and electronic goods passed for new ones, and without guarantees.

Ever since many brand names started opening shops in the city offering reliable electronic goods, sales at the Stadium and Baitul Mukarram markets have been on the wane.

"People from across the

country used to come here to buy these products a few years back. But their number is going down day by day as the distributors of different brands are opening showrooms at the district level," said a trader at the Stadium market.

While talking to this correspondent, a number of consumers who had recently bought some common electronic products from these two leading markets, said they preferred buying TV sets, refrigerators, audio sets or other electronic items from showrooms as these ensure reliability.

"I wanted to take no risk because the sellers at these mar-

kets don't give warranty," said a government official who bought a colour TV from a showroom recently.

"He said that he had received a five-year warranty and one year free servicing facility for his TV. I could easily buy the TV from the Stadium market for at least Taka four thousand less than what I paid to the showroom."

The facilities offered by the showrooms include scopes for paying in instalments in addition to three to five years of warranty.

"About 60 per cent of the total sales, which constitutes the bulk of our total turnover this

year, have been made on instalments and the rest in cash," said a manager at a showroom.

Discount offers on different occasions help showrooms increase their sales. "In fact, it is one of our marketing strategies," he said, stating that though sale was not up to our expectations this year, it was more or less increasing every year.

Some said different models and varieties of products are available at the Stadium or Baitul Mukarram markets which is an attraction for customers.

"But the problem is you have to do a lot of haggling at stadium market and you are never sure whether you are a winner or a loser. So, it is better to go to a fixed price showroom and pick your item."

A salesman at the Stadium market said, "Most sellers don't provide correct information regarding products to their customers. Some sellers have started assembling black and white TV sets to keep their businesses rolling, but they would never admit the truth in front of their customers."

"We used to sell only TV sets and refrigerators a few years back. But now we have added air conditioners, washing machines, fans and phones to our list."

Another shopowner said they used to sell only audio sets of different models and brands. Now calculator, camera and phone have joined the product list. He, however, admitted that they often buy different types of products from the repatriates.

The owners have good links with some brokers who usually procure products from informal channels. That gives them good profiteering opportunities, he said.



AN EMPTY SHOW: A salesman at city's stadium market looks at a TV screen as he waits for customers, who are now-a-days attracted more towards showrooms. -- Star photo

Indian cabinet defers patent law changes

by I Gopalakrishnan

NEW DELHI, Nov 22: Lack of consensus among cabinet ministers has forced the Indian government to defer consideration of changes in its patent law of the World Trade Organisation (WTO).

The bill to amend the 1971 law is listed on the agenda for a cabinet meeting slated for this week, but a decision is unlikely until the Assembly elections in four states, also slated for later this week, are out of the way.

New Delhi has made a commitment to the WTO to amend its law on patents by April 19 next year and introduce a mailbox facility for new patent applications along with Exclusive Marketing Rights (EMR) for foreign companies seeking patents.

New Delhi does provide EMR at present under executive fiat, but the WTO has insisted on legislative protection for EMR.

The main conflict between the Indian Patents Act and the WTO prescription is that this country does not give product patents on pharmaceutical products and agricultural chemicals, but only process rights.

Under the WTO rules incorporated in the trade-related intellectual property agreement, India has time till year 2005 to allow product patents on these items.

While Commerce Minister Ramakrishna Hegde is keen to amend the patents law in line with WTO requirements, others such as Human Resources Development Minister Murli Manohar Joshi are opposed to any changes in the law. If at all any amendment is needed, it is better to allow product patent rights straightaway, instead of taking the EMR route, Joshi feels. Grant of product patent rights involves investigation, which is a time-consuming process, while EMR would allow foreign companies to sell their products instantly in the Indian

market under certain conditions.

The cabinet had last considered the prickly issue in July and decided to remit the subject for consideration by a group of ministers. The group could not come to a consensus, and returned the matter to the cabinet without any decision. Even if the cabinet approves of the amendment and the government brings forward an amending bill in the winter session of Parliament, beginning November 30, the odds are stacked against the contentious legislation getting through both Houses. The chances of the government fulfilling its commitment to WTO, therefore, appear bleak at the moment.

Meanwhile, Attorney-General Soli Sorabjee has told the Supreme Court that the government would try to get the patent on Basmati rice given in the US to the American firm RiceTec Corporation. He told the court during submissions on a public interest writ petition that the government was in the process of framing laws.

A Plant Variety and Farmers' Rights Protection Bill, along with a Geographical Indicators Bill and one on biodiversity are likely to be introduced in the winter session of Parliament, Sorabjee informed the court.

The petition, by non-governmental organisation (NGO) Research Foundation for Science and Technology, had sought the court's direction to the authorities to challenge the patenting of Basmati rice in the name of "Texmati" rice by the American company.

The biodiversity bill envisions prohibition of biopiracy and the geographical indicators legislation is aimed at protecting products known by the names of the places where they are grown -- such as Darjeeling tea -- from being patented by outsiders.

— India Abroad News Service

Poor copper price shackles Zambian economy

Hastings Nyasulu writes from Lusaka

The Zambian government is trying to prop up its reserves by selling the state-owned copper mines that earn the vast bulk of the country's foreign exchange. Gemini News Service reports on how the low price of copper is driving down the value of the mines and taking the country's economy with it.

Zambia's economy is to copper like a fish is to water: it cannot survive without it.

That's why there's so much concern over the news that Zambia Consolidated Copper Mines (ZCCM), has almost collapsed. The latest official figures show it lost close to US\$ 70 million in the quarter ending June 1998. ZCCM earns 90 per cent of Zambia's foreign exchange and little is expected from the unpredictable exports that earn the other 10 per cent.

Worse still, the donor community has for almost two years maintained a freeze on aid to the Frederick Chiluba Government, squeezing the Zambian economy to an extent that belt-tightening has literally reached the last hole.

Finance Minister Edith Nawakwi managed to garner a pledge of \$ 530 million in May from the Paris Club, which reschedules debts owed to international bilateral donors. But the money won't be released until the mines are sold and the chance of securing buyers is seen to be next to impossible, particularly after the collapse of talks between the government negotiating team and the once-promising Kafue consor-

tium — Phelps Dodge of the US, Avmin of South Africa, Noranda of Canada and the Commonwealth Development Corporation.

While the consortium was offering about \$ 150 million, the government was insisting on a price of nearly \$ 500 million. The importance the government attaches to the sale of ZCCM can not be doubted," President Chiluba argues, "but Zambians must get a full value of the assets."

However, Chiluba is getting little support for his stance. Potential buyers feel the asking price is unrealistic in view of the low price of copper, which has fallen to 70 cents per pound from almost 95 cents in January. Even Jackson Shamenda, the President-General of the vocal Zambia Congress of Trade Unions describes the government's insistence to sell the mines at astronomical value as nonsense.

"Our interest now as a nation is to ensure that the mines are sold and the price does not really matter," he said. "What we need now is recapitalisation of the mines. This will benefit a lot of other industries through multiplier effects."

About \$ 1 million is being lost in running the mines every day. Machinery has become almost obsolete and needs urgent recapitalisation. According to a ZCCM statement, annual copper production has dropped from 78,408 tonnes to about 67,207 tonnes. Cobalt sales also dropped by about 45 per cent from 1,604 tonnes to 878 tonnes.

"You cannot afford to lose \$1 million everyday. If we go on up to December, we would have lost \$ 90 million," Shamenda points out.

The chairman of the Zambia Association of Chambers of Commerce and Industry, George Chabwera, says as long as no credible buyer is immediately found for the financially troubled mines, investor confidence in Zambia will not just wane, but die.

"We are not happy at all with the continued delay in the sale of the mines," Chabwera said. "The economy is sinking. Zambia is sinking."

Continued job losses are slowly breeding anxieties and insecurity. There is a likelihood that the mines could grind to a halt within the next six months forcing over 28,000

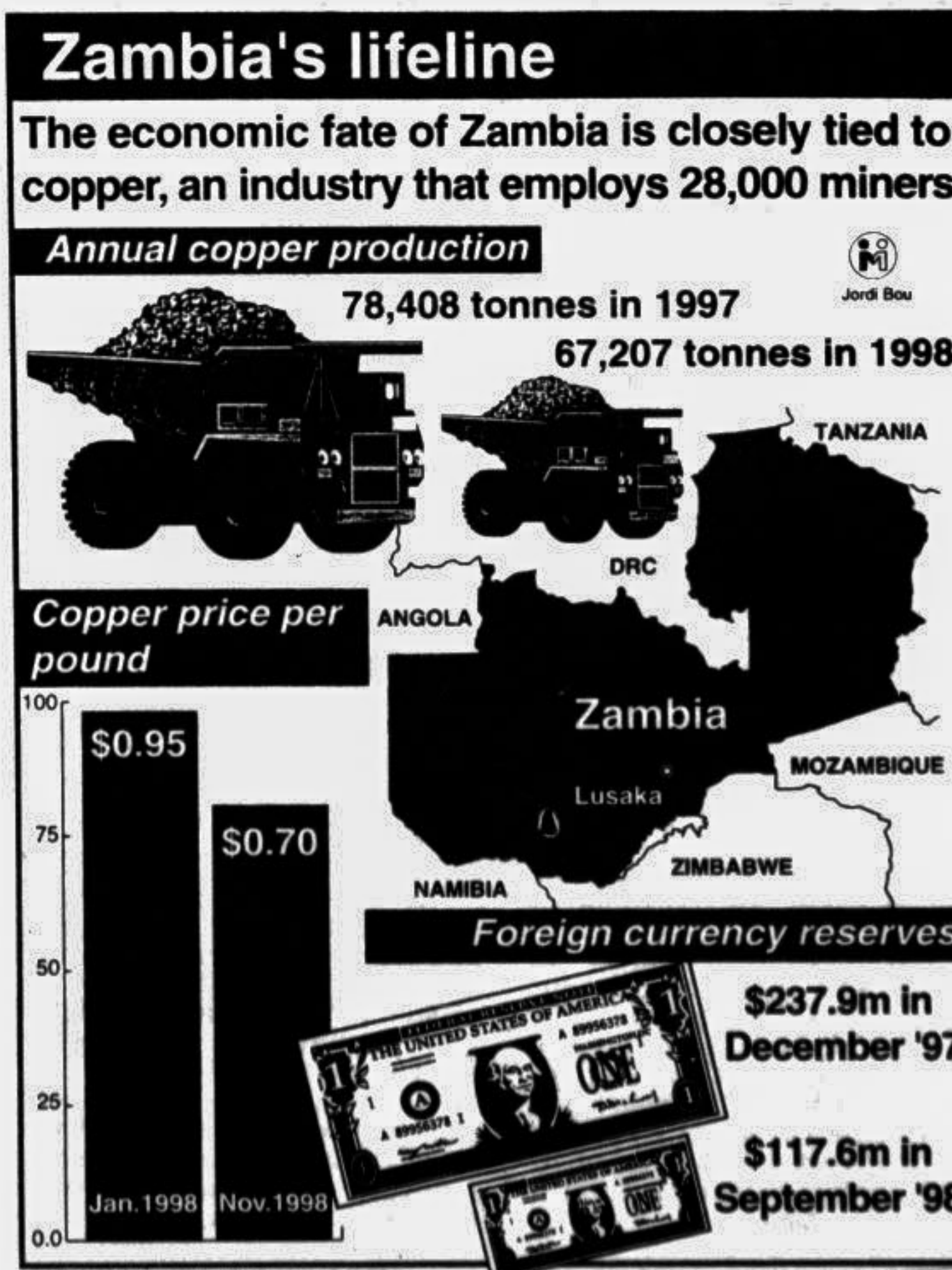
miners into the streets and eliminating another 20,000 jobs supplying the mines.

Muna Nakalongo, chief executive of the Economic Association of Zambia, says the effects of falling to sell ZCCM has already spread to other productive sectors.

The mines' failure to pay suppliers could simply mean that the entire economy, so much dependent on the mines, grinds to a halt. Already the Zambia Electricity Supply Corporation is owed over \$70 million, resulting in serious operational problems.

But Mines Minister Dr Syamukayumbu Syamujaye says the government is coming up with a new plan to keep the mines running until a buyer is found. He says his ministry wants the involvement of local banks to pump in money and keep the machinery running until the buyers are found. "If we cannot find outright buyers, we have no choice but to continue running the mines," he says.

Hastings Nyasulu is a former Zambia Daily Mail chief reporter.



SIDA ADG due in city today

Assistant Director General and head of Asia Department of SIDA, Klas Markensten, arrives in the city today during his stay on a five-day visit to Bangladesh, says APB.

He will review the Swedish-Bangladesh development cooperation programme in the areas of health, education, rural uplift and promotion of democracy, officials said.

During his stay here, Markensten will call on Secretaries of different ministries and other senior officials of the government.

He will also visit different project sites and review the situation and progress of the post-flood rehabilitation programme aided by Swedish International Development Agency (SIDA).

The Nordic country provided Bangladesh with a grant of 250 million Swedish Kroner equivalent to Tk 1,500 million during the fiscal 1997-98.

Sweden also gave an amount of Tk 17 million as flood aid following 1998 deluge.

Bangladesh has been opened for Swedish Concessional Credits with a number of projects in the pipeline, the officials said.

OPEC ministers to discuss price crisis this week

VIENNA, Nov 22: It has been a truly horrible year for OPEC, and bets are it will continue that way.

As oil ministers from the Organisation of Petroleum Exporting Countries began heading to Vienna on Sunday for a meeting later in the week, Algeria's oil minister Yousef Yousefi went on a four-nation Gulf tour to brainstorm on how to boost prices, reports AP.

OPEC has a "price crisis" on its hands, Yousefi said Saturday in Kuwait, his first stop.

Also on Yousefi's itinerary were Qatar, Saudi Arabia and the Arab Emirates, all OPEC members.

"We're studying all ways and solutions that would boost the prices," Yousefi said, calling for "collective measures to favour all (oil) countries," without elaborating.

Oil ministers from the 11-member organisation will meet in Vienna on Wednesday with oil prices hovering around 9 dollars below their group's target of \$21 a barrel.

Non-OPEC Russia, Mexico and Oman have also been invited.

Most analysts say the choice facing OPEC is whether to agree to more output reductions in an effort to boost prices, or opt to extend current cuts.

OPEC is split on the issue, and analysts are betting they won't agree on further cuts, but instead extend present cuts through to the end of 1999.

Indicating just how bad things are, December crude oil closed in New York on Friday at \$12.14 a barrel, nudging 11-year lows again after hitting a 12-year low in June.

An ill-judged decision last winter to increase oil production fed into Asia's financial crisis, which slashed demand from there by about half and had a knock-on effect in world economies. The result — a global oil glut.

Faced with oversupply and slipping demand, OPEC agreed to cut production in June, keeping 2.6 million barrels a day from the market. The agreement is set to run for one year.

OPEC output totals about 24.3 million barrels a day.

But the effect on prices has been negligible, with some analysts pointing out there's just too much oil around for cuts to make a short-term difference.

OPEC has been split into factions over the last few months. Kuwait and Algeria keen for more cuts, but Saudi Arabia, Venezuela and non-OPEC Mexico opposing them.

Trade mark infringement Two Chinese cos asked to pay Hitachi Maxell

BEIJING, Nov 21: A Beijing court has ordered two Chinese companies to pay 4.58 million yuan (\$540,000 US dollars) in damages to Japan's Hitachi Maxell Corp. for infringing its trademark, a report said yesterday, reports AFP.

The overseas edition of the People's Daily said Beijing No. 1 intermediate court found Shenzhen Wanliyan Electronics Co. Ltd. and Shenzhen Wansheng Office Automatic Co. Ltd. had engaged in "improper competition" against Hitachi Maxell.

The report said Wanliyan had since 1994 produced a floppy disc which had a similar packaging and the same trademark as Hitachi Maxell's which was marketed by Wansheng.

In addition to the damages, the court ordered the two Chinese companies to stop violating Hitachi Maxell's trademark and make a public apology to the Japanese firm.

The report said it was the first time a case of infringement of the packaging of a well-known foreign product had been accepted by a Chinese court.