Indo-Lanka free trade accord gives rise to apprehensions

By Sugeeswara Senadhira

COLOMBO, Dec 21: The new free trade agreement to be signed by President Chandrika Kumaratunga and Indian Prime Minister Atal Behari Vajpayee in New Delhi this week has given rise to apprehensions in some quarters.

Critics caution that the accord, finalised at the Indo-Lanka Joint Commission meeting in New Delhi, could swamp the island nation with Indian imports, hurting domestic industry. However, Trade and Commerce Minister Kingsley Wickremaratne described the new agreement as a landmark in bilateral trade ties.

"It will be mutually beneficial," he told IANS. Asked if it would have an adverse effect on Sri Lanka's commitment to South Asian regional cooperation, the minister said that the bilateral agreement would complement the South Asian Preferential Trade Arrangement (SAPTA) and the proposed South Asian Free Trade Agreement (SAFTA).

But the English language daily The Island demanded that the details of the draft agreement be published so that a debate could take place before it is signed. "Given the huge trade deficit in India's favour, it is important for details of the proposed agreement to be made public," the newspaper said in an editorial.

"It has to be studied in great detail because even though tariff agreements have been reached, the Sri Lankan experience, on many occasions, has been that they come up with invisible barriers set up by the Indian bureaucracy," it added.

A senior official of the Agriculture Ministry pointed out that the flow of Indian farm products under the free trade agreement could harm the Sri Lankan farmer. "Free flow of goods from Sri Lanka to India would not even make a dent on Indian markets, but Sri Lanka could be swamped with Indian imports," he said.

Recently, the large-scale import of potato and chillies from India led to a sharp clash between Agriculture Minister D.M. Jayaratne and Trade Minister Wickremaratne. Jayaratne had asserted: "Sixty-three per cent of our people are employed in the agriculture sector and it is the duty of the government to protect them." Wickremaratne, however maintained that such imports keep down escalation of prices when there is a shortfall in production.

Undeterred by the Trade Minister's arguments, Jayaratne had got cabinet approval for levying an import tax on Indian potato, onion, chilies and rice to protect local producers. Lal Jayawardena, Economic Adviser to the President, who played a key role in drafting the agreement, dismissed such fears as "baseless and unfounded". He said that Indian free market access will ensure a stable market for Sri Lankan agricultural products.

"Sri Lankan spices like cloves, cardamom, cinnamon will be very competitive in the Indian market because our exporters will get the advantage of duty free facility," he said. Former Federation of Chambers of Commerce and Industry (FCCI) president Patrick Amarasinghe has welcomed the agreement, but cautioned that "the asymmetry that exists between India and Sri Lanka should be of special consideration."

He expressed the hope that the officials who drafted the agreement would ensure that it is in line with World Trade Organisation (WTO) rules.

In 1996, India became the main supplier of Sri Lanka's imports by exporting goods worth Rs. 31 billion or 10.4 per cent of the total imports by Sri Lanka. Japan, with exports worth Rs. 27.4 billion, was pushed to the second place after more than a decade. Ten years ago, India's share of Sri Lankan imports was only 3.8 per cent of the total. In 1986, Japan led the table with 14.2 per cent with the U.S. taking second place with 6.5 per cent.

"India's rise as major supplier of imports to Sri Lanka is dramatic," said leading economist Jayantha Kelegama. Between 1990 and 1996, imports from India increased over six-fold. "Imports from India would be even larger if the unrecorded imports are also taken into account," he said.

However, Sri Lankan exports to India did not record significant growth. "While India has increasingly diversified her exports to Sri Lanka, shifting from foodstuff to manufacturers, Sri Lanka has continued to export more or less the same primary commodities such as rubber and spices," Kelegama said.

The new agreement would help Sri Lanka to increase export of primary and industrial products and reduce the widening trade deficit, he said.

— India Abroad News Service

Ministry proposes spending boost

Japan to slash its growth forecast

TOKYO, Dec 21: Japan's government is to cut its forecast for economic growth for the year to next March to minus 2.2 per cent from minus 1.8 per cent as the country battles its worst post-war recession, a report said, reports AFP.

The government will approve the downward revision, the second in two-and-a-half months, along with its economic growth target of 0.5 per cent for the next financial year to March 2000, the Nihon Keizai Shimbun said.

The figures will be approved at a special cabinet meeting Sunday, the Economic Daily said, adding a contraction of 2.2 per cent in gross domestic product (GDP) would be the worst in Japan since World War II.

The growth of 0.5 per cent is also the lowest for an initial growth target.

Private-sector thinkthanks predict worse figures.

US investment bank Merrill Lynch in October slashed its forecast for growth in Japan, saying the world's second largest economy will contract 2.5 per cent in the year to March 2000.

Its forecast for the year to March 1999 is a 1.7 per cent contraction.

The economic planning agency on October 6 slashed its forecast for the year to next March to a contraction of 1.8 per cent from an earlier forecast of a 1.9 per cent growth.

The agency said this month Japan's economy shrank for a record fourth straight quarter in the three months to September, with GDP falling 0.7 per cent in the quarter.

Meanwhile, AP adds: The Finance Ministry revealed a national budget plan on Monday that would boost overall spending by a record 5.4 per cent next fiscal year in an effort to jump-start the nation's flagging economy.

Allocating 81.860 trillion yen ($710.6 billion) in government outlays, the expansionary policy is a turnaround from last year's austere budget of former Prime Minister Ryutaro Hashimoto.

In the new budget, public works spending would jump over 10 per cent to about 10 trillion yen ($ 86.8 billion), the Finance Ministry said.

Tax revenues are expected to plunge 19.5 per cent next year to 47.119 trillion yen ($409.0 billion), reflecting massive tax cuts planned for 1999 and the weak economy, the Finance Ministry said.

Japan's budget deficit, already one of the highest in the industrialised world, would surge as a result of the proposed spending.

Exchange Rates

American Express Bank Ltd foreign exchange rates against the Taka to clients.

Currency	Selling TT & OD	Buying TT Clean	Selling BC	Buying OD Sight Exp Bill	Buying OD Transfer
USD	48.7050	48.7450	48.3100	48.1570	48.0850
GBP	82.2822	81.0835	82.3498	80.8267	80.7059
DEM	29.4166	28.9854	29.4407	28.8938	28.8504
SFR	36.3389	35.7508	36.3687	35.6375	35.5843
JPY	0.4246	0.4172	0.4250	0.4159	0.4152
NLG	26.1602	25.6654	26.1817	25.5841	25.5459
DKk	7.7734	7.5857	7.7798	7.5661	7.5503
AUD	30.6842	29.4449	30.7094	29.3517	29.3078
BEF	1.4203	1.4051	1.4215	1.4006	1.3986
CAD	31.8125	30.9283	31.8387	30.8303	30.7843
FRF	8.8397	8.5796	8.8470	8.5524	8.5396
HKD	6.3000	6.2239	6.3051	6.2042	6.1949
ITL	0.0315	0.0277	0.0318	0.0276	0.0276
SGD	29.9171	28.9455	29.9416	28.8538	28.8107
SAR	13.0175	12.8362	13.0282	12.7975	12.7784
AED	13.2976	13.1167	13.3085	13.0751	13.0556
SEK	6.0820	6.0064	6.0870	5.9874	5.9784
QAR	13.4192	13.2302	13.2302	13.4302	13.1686
KWD	167.1184	155.0684	167.2557	154.5773	154.3462
THB	1.3441	1.3285	1.3452	1.3243	1.3223
ECU	58.2755	56.3295	58.3234	56.1511	56.0671

Bill Buying Rates:

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6667	45.8945

US dollar London Interbank Offered Rate (LIBOR) as of December 21, 1998

Buying	Selling	Currency	1 Month	3 Month	6 Months	9 Months	12 Months
48.0850	48.7050	USD	5.56	5.22	5.06	5.03	5.00
48.0850	48.7050	GBP	6.5625	6.375	6.05	5.81	5.75

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.542/42.547	52.15/52.27	36.11/36.18	3.7997/3.8003	7600/7700	1192/1196

Amex notes on Monday's market

USD/BDT market was moderately active on Monday. Most of the USD/BDT transactions was done at 48.6500-48.6510 level in the interbank market.

Call money market was steady. Payments for government accepted Treasury bills worth Tk 4.5955 billion was made on Monday. Maturity of T-bills was also on Monday worth Tk 5.08 billion of 28 days and Tk 50 million of 91 days. As a result of matching between T-bills payments and maturity, the market had enough liquidity to match its requirements and remained stable. Average call rates ranged between 7.00% and 7.50%.

In the international market on Monday, the US dollar was dragged below 115 yen by late Tokyo trade. The greenback was pressured by a sharp rise in Japanese Government Bond (JGB) yields. The sudden rise in JGB yield supported the already bearish tone of the US dollar. The trend was depressed by news of the impeachment of US president Bill Clinton by the House of Representatives on Saturday which set the stage for only the second Senate trial in US history to determine if a President should be removed. The dollar opened in European trade on a softer tone, already negative sentiment which can be attributed to Clinton's impeachment.

At 9.48 GMT in the international market the USD traded at 1.6640/8643 DEM, 115.31/115.36 JPY, 5.5815/5825 FRF, 1.3494/3504 CHF, and GBP at 1.6833/6838 USD.

Dr Jamilur Reza Choudhury of BUET inaugurates an Aptech Computer Education Centre at Banani in the city on Friday.
—Aptech photo

Briddhi, Marie Stopes sign MOU

Star Business Report

Briddhi and Marie Stopes Clinic Society have signed a memorandum of understanding (MOU) to provide healthcare services to the garment workers in Bangladesh.

Md Akbar Hassan, Managing Director and CEO of Briddhi, and Dr Yasmin H Ahmed, Country Director of Marie Stopes initialled the agreement on behalf of their organisations in the city recently, says a press release.

The senior officials were present at the signing ceremony.

Briddhi Industrial & Marketing Consultants, a Bangladeshi counselling organisation is presently confined in the garments sector. Its main aim is to look after the "organisation development" of a company.

Briddhi is working to develop the professional expertise for increasing the organisational capacity.

Presently it is working to develop the local garments industries to achieve an international standard. Currently, Briddhi engaged in the development of some reputed garments manufactures in Bangladesh.

Marie Stopes Clinic Society is basically a health service oriented who has clinics all over Bangladesh. The main recipients of their services are the poor, helpless, and needy segments of the population.

A memorandum of understanding was signed between Briddhi — Industrial & Marketing Consultant and Marie Stopes Clinic Society to provide healthcare services to the garment workers. Md Akbar Hassan, Managing Director and CEO of Briddhi and Dr Yasmin H Ahmed, Country Director of Marie Stopes, initialled the agreement.

US cos set to invade European fibre optics network market

NEW YORK, Dec 21: US companies are poised to invade the European fibre optics network market for high speed transmission of voice and data while offering Internet access, reports AFP.

The acquisition last week of the British Group Esprit by Global Telesystems (GTS), a US corporation, is typical.

Together they will generate a 9,200 kilometre (5,700 mile) fibre optic network called Hermes, that now links 12 countries in Europe and will join 16 countries and 45 cities by the end of 1999.

GTS is not the only US business to court profits from liberalisation of telecommunications in Europe by developing transborder fibre optic networks.

Using changes in the wavelengths of light, fibre optics networks allow very high-speed transmission of huge chunks of information (some 20 gigabites per second in some cases). Bits are the smallest unit of transmission.

In early October, MCI Worldcom announced it would double its fibre optic networks in France, Britain and Germany, expanding from 3,200 kilometres (1,984 miles) to 7,150 kilometres (4,400 miles).

In November Qwest signed an agreement with Dutch operator KPN Telecom for a 700 million dollar joint venture to build and run by January 1999 a European fibre optic network linked to quest in North America.

New York based Viatel also built a 5,500 kilometres (3,400 miles) network called "circe" which, in March 1999 will link France, Germany, the Netherlands, Belgium and the United Kingdom.

"Deutsche Telecom and France Telecom have announced that they were going to build a Pan European network but we don't see much," Sai Glen Avidson, Viatel vice President.

"US companies have understood that Europe will need the same system as in the United States," he added.

The development of Europe-wide fibre optics networks will multiple re-sellers of transmission capability, Avidson said.

The Internet communications explosion requires communications networks with much higher capacity than the classical cable network fibre optics allow the use of internet protocols for all needs from a single communications platform.

Italy okays '99 budget

ROME, Dec 21: The Chamber of Deputies on Sunday gave final approval to the 1999 budget, reports AP.

The Senate, the Italian Parliament's upper legislative chamber had given its final nod on Saturday.

Passage of the budget could speed up the Italian central bank's final discount rate cut, from 3.5 per cent to 3.0 per cent.

Pak economy to suffer on cotton shortfall

KARACHI, Pakistan, Dec 21: A Pakistani government body decided to trim further the projected output of its main cotton crop, source of 60 per cent of export revenue, says Reuters.

"The ex-farm production, it appears today, could be between 9.6 to 9.8 million bales," a government-appointed cotton crop assessment committee said in a statement on Saturday.

Earlier this month Pakistan scaled down its estimate of cotton production for fiscal 1998-99 to 10.0 million bales from an earlier 10.2 million bales, the farm output in 1997/98 was 9.2 million bales, officials said, each bale weighs 375 pounds.

The committee, which includes government officials and nominees from the private sector, revised the output estimates after assessing damage due to pest attack and rains.

But cotton traders and textile industry sources say the output may be even lower in view of data released by the Pakistan cotton ginners' association which shows a nine per cent shortfall in arrivals over last year.

The committee however expressed doubts about the accuracy of the arrivals at ginneries because of sales tax at the ginning stage.

"We feel there will be a difference of 700,000 bales this year between actual arrivals shown (in ginneries) and farm output," he said.

Farming experts say around 500,000 bales of cotton are consumed for domestic purpose annually and do not reach the ginneries.

A total of 8.35 million bales cotton arrived in ginneries country-wide in 1997/98, down from 8.7 million in the previous year.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 21.12.98

Berth No	Name of vessels	Cargo	L Port call	Loal agent	Date of arrival	Leaving
J/1	Banglar Maya	Wheat(G)	-	BSC	R/A	21/12
J/2	Royal Pescadores	RSeed/GI	Sing	Litmond	29/11	21/12
J/3	Yasmina GI	Yang	SMSL	7/12	22/12	
J/5	Sea Phonix	Wheat(P)/GI	Vans	AASS	14/12	25/12
J/6	Hai Nan No 1	C Clink	Sing	MBL	9/12	25/12
J/7	Ken PanWheat(G)	Norf	OWSL	9/12	25/12	
J/8	Marine Union (48?	GI	Sing	RML	19/12	22/12
J/9	Yong Jiang	GI	Col	Bdship	12/12	24/12
J/10	Banlgar Moni (Flag)	Cont	Sing	BSC	17/12	21/12
J/11	Golden DWheat(G)	KDIA	Frank	R/A	25/12	
J/12	Kota Cahaya	Cont	Sing	Pil(BD)	14/12	21/12
J/13	NazligWheat(G)	Tilb	SSST	16/12	22/12	
CCT/1	Makassar Express	Cont	Col	Baridhi	11/12	21/12
CCT/2	HibiscusCont	Col	QCSL	11/12	22/12	
CCT/3	Acacia Cont	Sing	RSL		30/11	22/12
RM/14	AL Swamruz	C Clink	CICA	ASLL	30/11	22/12
RM/15	Viva Ocean	Urea	Sing	Seacom	13/12	-
OCJ	Al QuamarC.Clink	Taje	PSAL	12/12	28/12	
GSJ	Aghia Sophia	Wheat(G)	Leba	OWSL	10/12	23/12
TSP	Suithathip Naree	Repair	Ham	Move	10/12	25/12
Doj	Pranedya Dwitya	F.Oil	Sing	ECSL	18/12	23/12
DDJ/1	Tanary star	Idle	Para	PSAL	-	31/12
RM/8	Al Muztuba	Repair	-	Cla	R/A	28/12
RM/9	Banglar Mamata	Repair	-	BSC	RA	24/12
CUFLJ	Minzgou-3Urea	Sing	Seacom	13/12	28/12	
KAFCO(U)	Jiang Yang	PSSP	Sing	TMIL	1/12	21/12
KAFCO(A)	Zee Brugee	Ammonia	Pra	ANCL	17/12	21/12

Vessels due at outer anchorage

Name of vessels	Date of	L Port arrival	Local call	Cargo agent	Loading port
Min Jiang	25/12	-	BDship	GI	-
Martina	23/12	-	USTC	Cement	-
Banglar Shikha (Cont)	25/12	Sing	Pil (Bd)	Cont	Sing
Bunga Mas Lapan (Cont)	24/12	Sing	EOSL	Cont	Sing
Asean Jumbo	22/12	-	Oil	GI	-
Sea Gallant (Cont)23/12	Sing	Pil(Bd)	Cont	Sing	
Kota Berjaya (Cont)22/12	Sing	Pil(Bd)	Cont	Sing	
Diligence Cont(Cont)	23/12	Sing	QCSL	Cont	Sing
Jaami	23/12	CAL	Royal	Rice(G)	-
AA Venture	23/12	-	CLA	Rice(P)/GI	-
Orion Glory	23/12	-	Prog	GI	-
Iman	24/12	Cana	SSST	Wheat(G)	-
Pulau Mawar	25/12	Sing	QCSL	Cont	Sing
Xing Ye	25/12	-	-	Rice(G)	-
Maple Aries (48)	25/12	-	-	GI	Cal Sing
Chalkidon	25/12	Mumb	OWSL	GI	-
Xpress Padma (Cont)	25/12	Sing	RSL	Cont	-
Banga Birol (Cont)10/12	28/12	Sing	Bdship	Cont	Sing
Kota Naga (Cont)27/12	Sing	PIL(Bd)	Cont	Sing	
Mary bay	26/12	-	Lamps	Wheat(G)	-
Fu shan	26/12	-	Baridhi	Cont	Sing
Abuja	26/12	-	Baridhi	Cont	Sing
Golden Rose	26/12	Kemb	Ancient	Wheat(G)	-
Orange Moon	27/12	Sing	RSL	Cont	-
Sin Hai (Cont)	27/12	Sing	RSL	Cont	-
Bonga Mas Enam	27/12	Sing	EOSL	Cont	Sing
Qc Pintail	28/12	Sing	Qcsl	Cont	Sing
Banga Biraj 17/12	28/12	Sing	Bdship	Cont	Sing
Great Fortress	29/12	Turk	Owsl	Vehi	-
Vishva Kaumudi	25/12	-	SSSL	Rice(G)	-
Qc Teal 20/12	3/1	Sing	QCSL	Cont	Sing
Oscar Venture (Roro/24)	4/01/99	-	BBA	Vehic	-

Tanker due

Uznadze	20/12	-	Malt	Lube Oil	-
Belgallantry	23/12	Sing	MSTPL	HSD	-
Cielo Di Salerno25/12	-		Seacom	CDSO	-

Vessels at Kutubdia

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Seabulk Command	-	-	IBS	R/A(30/11)
SS Juneau	Wheat(G)	USA	SSST	(2/12)
Cosmic	-	Mong	-	13/12

Vessels at outer anchorage

				Ready on
Xia Men	GI	Sang	BDship	11/12
Jiang Chuan	GI	Tiang	Bdship	11/12
Arktis Grace	GI	Sing	Seacom	16/12
Banglar Shobha	Wheat(G)	K Dia	BSC	R/A(16/12)
Meghna (Cont)	Cont	Sing	BDShip	17/12/
Banglar Robi	Cont	Sing	BSC	18/12
Ranginui	GI	Sing	Ipl	18/12
Socofl Lake	GI	Wall	AASS	17/12
Prosrich	Cont	Sing	QCSL	18/12
Ocean-1	GI	Yang	SMSL	18/12
Kota Singa	Cont	Sing	Pil(BD)	18/12
Dong Long-1	Rice(P)	Cal	MSL	19/12
Jurong Balsam	Cont	Sing	Nol	20/12
Lynx	Wheat(P)	Mars	Rainbow	15/12
Sea Bird	Wheat(G)	K. Dia	Frank	R/a(20/12)
Richmond	Cont	P.Kel	QCSL	20/12
Manaslu	Cont	Sing	RSL	21/12

Movement of vessels for 22.12. 98

Outgoing	Incoming		Shifting
J/1 Yasmina	J/13	Yick Hua	J/7 Ken Pan to J/8
J/8 M. Union	J/7	Xia Men	
J/13 Nazli-G	J/1	Jiang Chuang	
CCT/2 Hibiscus	CCT/1	B. Robi	
CCT/3 Acacia	CCT/2	Prosrich	
CUFLJ Mingzhou	RM/3	B Jyoti	
	J/13	B Shourabh	

The above are today's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by **HRC Group, Dhaka.**

The prize giving ceremony of Lux-Annyadin Eid Fashion Competition '99 was held at Sonargaon Hotel in the city on Sunday. State Minister for Youth, Sports and Culture Obaidul Qader distributed prizes among the winners. Prothom Alo Editor Matiur Rahman, Deputy Managing Director of Asiatic Marketing Communications and TV personality Asaduzzaman Noor and Senior Brand Manager of Lever Brothers Bangladesh Ltd Asif Iqbal attended the function which was presided over by Annyadin Chief Editor S M Mizanur Rahman.
—Annyadin photo

Call for boycotting US goods gathers pace in Malaysia

KUALA LUMPUR, Dec 21: A Malaysian opposition leader's call for boycotting US goods to protest air strikes against Iraq gathered pace yesterday with the Muslim consumers Association of Malaysia throwing its support behind the idea, reports AFP.

Maamor Osman, the associations secretary, called on consumers, social groups, religious organisations and political parties to boycott US goods and services for three months, the official Bernama news agency reported.

He specifically mentioned oil, clothes, food, movies, travel and insurance, the report said.

The initial appeal was made by NIK Abul Aziz Nik Mat, Chief Minister of Kelantan, the only Malaysian state ruled by the Islamic opposition party.

"When they bomb Iraq or other countries, they do not lose any-thing because it is not a sin to them," Nik Aziz was quoted as saying in the Sunday Star.

He reportedly said that a boycott would be the most effective weapon to protest the strikes and that it was pointless to engage the United States in any meaningful dialogue as it was intent on destroying Islamic countries.

In a related development, Bernama reported that a research group known as Teras called on the government Sunday to suspend ties with the United States and Britain in areas such as business, tourism and administration.

"Something concrete must be done," Teras Chairman Mohamad Azmi Abdul Hamid said, it was not clear if he was also referring to diplomatic ties.