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WTO members for finding new DG by March 12

GENEVA, Feb 23: With time running out to find a new leader for the world trade body, members suggested an informal target of March 12 to reach a decision, trade officials said Monday, reports AP.

None of the four candidates to, take over from director-general Renato Ruggiero has an outright majority. The two largest members, the United States and the European Union, have yet to express an opinion.

Ruggiero steps down in April.

The WTO has already missed its original deadline of the end of December to make a decision. It also has missed a target of the end of January for all countries to express a preference.

Delegates are still hoping to avoid a long and damaging battle over the post.

The post of director-general is regarded as a key one at a time when the liberalised trade system championed by the 134-nation WTO faces growing pressure because of global economic turmoil.

Thai Deputy Prime Minister Supachai Panitchpakdi is leading the race. He is followed by Moroccan trade ambassador Hassan Abouyoub, former New Zealand Premier Mike Moore and former Canadian Trade Minister Roy Maclaren.

Bonn weekend meet

G7 makes no mention of weak yen

TOKYO, Feb 23: The Group of Seven nations failed to discuss the weak yen at their weekend meeting in Bonn, Japanese Finance Minister Kiichi Miyazawa said today, reports AFP.

G7 finance ministers and central bank governors agreed in Saturday's meeting to work for global exchange rate stability, he said, but the depreciation of the yen was not a topic.

"The communique doesn't refer to the weak yen and there were no discussions of it," Miyazawa told a news conference.

"Foreign exchange rates should reflect (economic) fundamentals and I suppose there was nothing in particular to talk about" at the weekend meeting, he said.

The Japanese yen dropped from 114 against the dollar to as low as 122.55 in just one week, raising concerns cheaper Japanese goods would flood the United States and Europe.

Figures released from the finance ministry Monday said Japan's trade surplus in January rocketed 87.0 per cent, with imports dropping 22.1 per cent due to slack domestic demand.

Blair to outline steps to join euro

LONDON, Feb 23: Prime Minister Tony Blair has worked out a strategy for Britain to join the new euro currency, though his government is still putting off a decision on whether to take the plunge, reports AP.

Blair planned to outline the changeover plan in a statement to the House of Commons Tuesday, his office said.

Sir Leon Brittan, European Commission vice-president, said the statement was "a political move of the first order."

However, "it would be better if it was also accompanied by an acceleration of the political pace, and the prime minister made it clear that we had in effect decided" to join the currency, Brittan said in a British Broadcasting Corp. radio interview.

Blair has moved cautiously on the single currency, which faces strong opposition in Britain from voters and from newspapers. The government's position is that it will wait and see how the euro works before deciding whether to join. Any decision to join would be subject to a referendum.

Eleven members of the European Union, led by France and Germany, launched the currency this year.

Conservative lawmaker Francis Maude accused Blair of trying to force Britain to join the single currency. Maude's party opposes British entry for the foreseeable future.

Malaysia boycotts three leading publications

KUALA LUMPUR, Feb 23: Malaysia's Education Ministry has stopped subscribing to the Far Eastern Economic Review, Asia Week and International Herald Tribune citing criticism of the government, it was reported today, says AFP.

Deputy Education Minister Fong Chan Onn accused the three foreign publications of Biased reporting on Malaysia, The Star newspaper said.

"These publications are blatantly giving one-sided coverage on the political and economic situation in Malaysia and putting us in bad light in the eyes of the world," Fong said.

The Deputy Minister said the publications continued to attack Malaysia on its capital controls measures introduced last September to check rouge speculators.

Dhaka's liberalisation policies hailed

PM seeks WTO help for boosting farm exports

Prime Minister Sheikh Hasina said her government gave priority to agro-based industries and sought WTO support for expediting export of these products to world markets, reports UNB.

She made the request when the visiting Director-General of World Trade Organisation, Renato Ruggiero, called on her at the Secretariat office yesterday.

The chief executive of the global trade watchdog had a word of praise for the government's current policies of economic liberalisation that, he said, would help exploit Bangladesh's great potential for trade and business.

Renato congratulated the Prime Minister on the country's "impressive achievement" during the rule of her government.

He recalled that Prime Minister's father, Bangabandhu Sheikh Mujibur Rahman, was a source of inspiration not only for Bangladesh but also for other developing nations.

"I am delighted to see the progresses made towards realisation of Bangabandhu's dream of a Sonar Bangla under the leadership of his daughter," the WTO chief was quoted as saying during the meeting.

The Prime Minister gave him a brief view of various programmes and projects of her government to achieve economic growth, poverty alleviation and removing illiteracy from the country.

About her government's success in eliminating illiteracy she hoped that her government would be able to eliminate illiteracy by year 2006.

"We have already freed three districts from illiteracy during last two and a half years and we have increased literacy rate by nine per cent to 56 per cent now," said the Prime Minister.

"We have given special emphasis on women empowerment and education through participation of women in the local government," she told the DG, adding that 14,000 women were directly elected in the last Union Parisad elections.

Among others, Bangladesh Ambassador to Geneva Iftekhar Ahmed Chowdhury was present on the occasion.

Meeting with FM

Another report adds: Foreign Minister Abdus Samad yesterday said economic diplomacy is the main thrust of Bangladesh's external policy.

"We have updated some outdated economic laws to meet the demand of the time," he said while talking to the visiting WTO Director General Renato Ruggiero at his office.

The Foreign Minister appreciated WTO's efforts to establish "zero tariff" access for the LDC's goods to developed countries and hoped that progress can be made at the third ministerial meeting of the WTO.

Ruggiero said his organisation is trying to narrow down the gap of trade imbalance between the developed and developing countries.

"Trade is the part of political life and relations, people and economy," he said adding that it is the part of globalisation and capital movement.

"So, trade matter should be dealt with caution," he said.

Bangladesh Permanent Representative in the UN office in Geneva Dr Iftekher Ahmed Chowdhury was present in the meeting, said an official handout.

Tofail for more global market access

Accord on 'conflicting issues' by yr-end, hopes Ruggiero

Visiting WTO director general in the city yesterday focused on "conflicting issues" like subsidy in agriculture, investment and competition, regional trade imbalance, market access and trade liberalisation process, reports UNB.

"The world is interdependent as far as trade is concerned . . . All issues could be resolved through effective negotiations," Renato Ruggiero said at a meeting with Commerce and Industries Minister Tofail Ahmed at the latter's office.

He hoped that a consensus would be reached on the conflicting issues before the third WTO ministerial meeting in USA in late 1999.

Tofail has said the country has liberalised its import regime quite early with a hope to get more market access, but is deprived of getting extra benefit from the developed and developing world.

Bangladesh is getting market access by its own capacity as "we have done lots of initiatives to expand export destinations and diversification of export basket," he said.

He said the country, as coordinator and spokesman of the 48 LDCs, is preparing itself to reap maximum benefit from the multilateral trade negotiations before the third WTO ministerial meeting.

"We are setting up backward linkage industries to restore our markets of textile products even after quota-free export from 2005. We have taken steps to improve the infrastructure facilities with the financial assistance from donor countries and agencies."

The minister said Bangladesh has taken trade globalisation and liberalisation as a challenge and is exploring all avenues to earn maximum benefit from the gradual integration of the economy towards global economy.

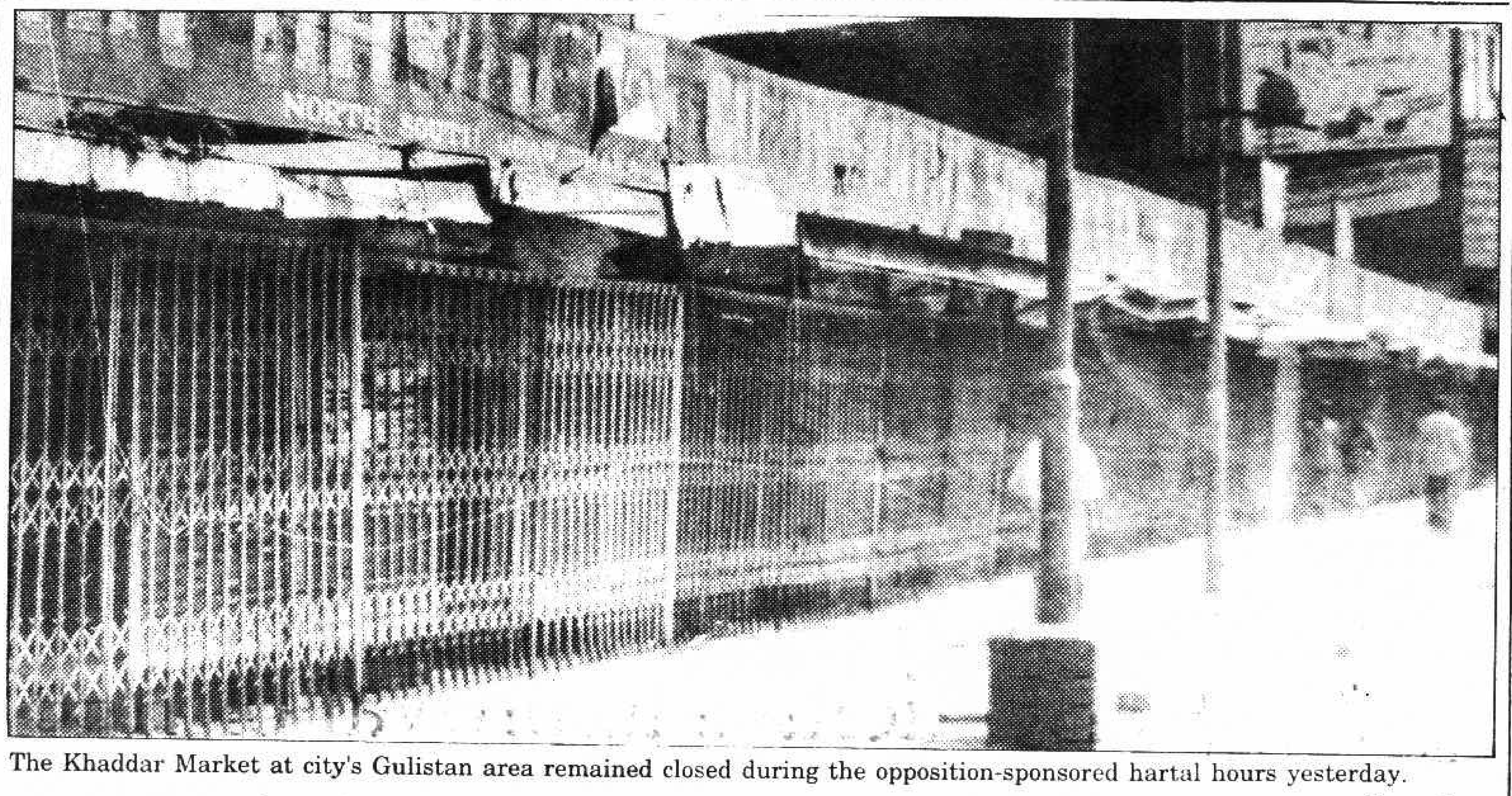
"We want to expand our industrialisation in small and medium scale sector. WTO could provide us with technical help and assistance in this process."

Referring to the new issues of barring export from the underdeveloped countries, Tofail said, "we are pursuing strict rules in maintaining quality of the products and environmental obligations."

He said Bangladesh has created a model in eliminating child labour from the textiles sector. "After all these initiatives, if our products face new restrictions then it would create much worry to us."

Tofail requested the WTO Director General to look into the matter for ensuring unhindered exports of LDC's products.

Commerce Secretary Sayed Alamgir Farrouk Chowdhury, Bangladesh's permanent representative in Geneva Dr Iftekher Ahmed Chowdhury and officials concerned were present in the meeting.



The Khaddar Market at city's Gulistan area remained closed during the opposition-sponsored hartal hours yesterday.
— Star photo

Leading European buyer says

Poor-quality knitwear supply puts Dhaka's image at stake

Bangladesh's image is being threatened due to supply of poor quality knitwear to the European markets in the last few years, a European buyer said, reports APB.

"Suppliers should not accept low prices for large quantities by compromising on quality and thereby downgrading the image of the country," said Abby Jamal, International Trade Director of JT's Corporation in UK.

JT's Corporation, which has been doing business with Bangladesh since 1980s, is considered a pioneer buyer of knitwear. It played a key-role in promoting the industry in the initial years.

Talking to APB, Jamal said Bangladesh had a "well restricted image" in the European markets for its quality T-shirts and other garments. But it is being threatened now as some manufacturers are compromising on quality for short-term profit, he said.

On the eve of his departure on Monday, Jamal, who was leading an 8-member business team, said suppliers should not feel "complacent" but become more "aggressive and dynamic" to hold the image high abroad.

It is be very difficult to restore the image once it is lost, he said adding, many importers are turning to other countries which are coming up with quality products.

In this context, he suggested that Bangladeshi manufacturers could seek external consultancy to ensure quality and improve management. Strict quality control on all raw materials, especially yarn, is necessary, he added.

Jamal said quick delivery is essential to compete in the European market and the producers must also conform to international ethical standard.

He also underlined the need for upgrading the manufacturing units with improved technology.

Jamal suggested that Bangladesh Knitwear Manufacturers Association (BKMEA) could take appropriate measures so that supplies do not compromise on quality for short-term benefit.

The JT's executive observed that Bangladesh's knitwear and garments industries are yet to be ready to face the challenges after 2005 when there would be no quota and GSP facilities.

"Bangladesh's RMG sector will have to face a catastrophe if it does not take preparation right now to face the quota-free regime," he said, adding that the government should take care to develop backward linkage industries to nurture the ready-made garments sector.

When contacted later, BKMEA President Monjurul Haq said Bangladeshi suppliers produce both low-priced and high-quality T-shirts as per buyers' demand.

"But the problem is that buyers are very much reluctant to offer appropriate prices for quality products," said Monjurul Haq.

He, however, admitted that some knitwear manufacturers lack the machinery they need to produce international standard T-shirts and other garments.

About preparations to face the quota-free regime, he said that government would have to come up with monetary assistance for setting up backward linkage industries. "It is a gigantic task, which the business community alone will not be able to do," he added.

Ruppur N-Power Plant still remains a dream

NATORE, Feb 23: The proposed Ruppur Nuclear Power Plant (RNPP) is yet to be implemented due to various reasons including lack of fund and initiative, reports UNB.

The 600 MW RNPP at Ruppur village in Pabna district, the ambitious plan, is still a dream for few enthusiastic scientists working in the Atomic Energy Commission.

Keeping in view the economic condition of the country and the sustainable developments, the project was proposed to meet the demand for power of the country as well as creating opportunities for entrance into the atomic era.

Environmental aspects especially the impact of power produced from it was taken into consideration while proposing the project. The operation of CAS-3, B-121 MW Nuclear power plant was thought to neutralise the chemical substances released in the water of Ganges.

Sources said, the RNPP project was conceived by the Atomic Energy Commission in 1961. It was set up on 292 acres of land in the area.

The idea of the 600 MW nuclear power plant was however being reviewed in view of the chronic power shortage which remained a big hurdle to the industrialisation in the northern region of the country.

During the last 37 years, feasibility studies were conducted five times and the study results supported the idea of establishing the power plant.

The feasibility studies were done thrice before independence of our country while twice by Bangladesh government so far, said the sources.

In 1970, the then Pakistan government signed an agreement with Belgium for implementation of the scheme. The agreement, however, did not come into effect after the independence of our country.

Successive governments have allocated a total of Tk 20 lakh every year for maintenance of the project establishment.

A source in the Bangladesh Atomic Energy Commission (BAEC) told UNB that it would cost about Tk 900 million US dollars for implementation of the project.

He added that at least 300 people would get job opportunities with the implementation of the project. It is also estimated that generation of power from nuclear energy will half the average cost of electricity now being produced in the country.

A reliable source informed that a number of foreign companies were interested to implement the project. Some of them have already submitted their proposals to the government.

The source said that if the 600 MW Nuclear Power Plant is implemented, demand for power in 16 northern districts would be fulfilled and Bangladesh would get an opportunity to enter into the atomic age.

A source of the Ministry of Power, Energy and Mineral Resources told UNB that a five-member high powered expert team, headed by BAEC Chairman Dr Wazed Mia, visited the project site in December last year for preparing a report for the implementation of the project.

The then Pakistan government sought cooperation from Russia, USA, UK, France, Canada, Germany and Switzerland for the implementation of the project. The delegation from those countries visited the site.

An initiative was taken by the government in 1992 but that also failed to see the light of the day, said the sources.

A senior scientist of the BAEC preferring anonymity said Bangladesh like other developing countries must have the optimum power generation through various sources including coal, gas, oil and nuclear energy.

But today gas is responsible for 80 per cent of power generation, he said. "What will happen when the gas resources will be exhausted," he asked.

In the meantime, he suggested to explore alternative energy sources to reduce dependency on natural gas resources.

Bangkok Bank cuts lending rates to 30-year low

BANGKOK, Feb 23: Thailand's largest commercial bank, Bangkok Bank, said Tuesday it will cut its prime rate by 75 basis points to 9.75 per cent, effective March 1, the lowest prime rate offered in Thailand in 30 years, reports AP.

Finance Minister Tarrin Nimmanahaeminda has been pressuring banks to lower their lending rates. A high level of non-performing loans resulting from Thailand's economic crisis has triggered a severe liquidity crunch.

Rahimafrooz holds seminar for tyre dealers

Rahimafrooz (Bangladesh) Limited organised a seminar for its tyre dealers at Dhaka Sheraton Hotel recently, says a press release.

The seminar included a technical training workshop on tyre.

The workshop was conducted by N. Hashimoto, Senior Manager (Tyre Technical Service) of Dunlop, Japan.

More than 100 Rahimafrooz tyre dealers from all over the country participated in the workshop.

The seminar was followed by a Performance Award presentation and dinner.

Rahimafrooz is the only tyre distribution house in the country providing technical training to enhance dealers' technical competence.

Ailing S'pore witnesses drop in exports

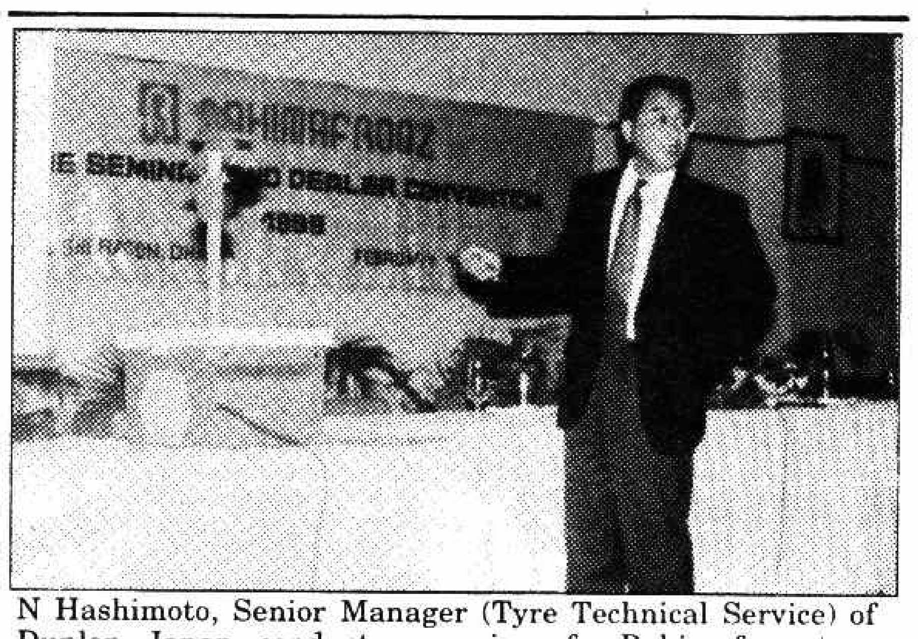
SINGAPORE, Feb 23: Recession-hit Singapore's key exports surprisingly fell 2.2 per cent in January from a year earlier, government figures showed with analysts saying recovery was still elusive, says AFP.

The Trade Development Board (TDB) said the value of the island state's non-oil domestic exports last month dropped to 7.11 billion Singapore dollars (4.18 billion US) — the fourth consecutive monthly dip.

Most analysts had expected exports to be in positive territory due to weak trade numbers in January last year which contained both the Lunar New Year and Muslim Ramadan-end festivals.

The Singapore stock market also jumped on Friday on expectations of a stronger set of trade figures which punters thought would carry the market even higher on Monday.

A poll among six investment houses by Singapore's business Times newspaper on Friday showed an average growth of 3.4 per cent non-oil exports due to the low-base effect even though they felt export recovery was till some distance away.



N Hashimoto, Senior Manager (Tyre Technical Service) of Dunlop, Japan, conducts a seminar for Rahimafrooz tyre dealers at Dhaka Sheraton Hotel recently.
— Rahimafrooz photo

Jamuna Fertiliser Factory resumes production

Production at the Jamuna Fertiliser Factory in Jamalpur resumed Monday night following repair of mechanical faults, a release of Bangladesh Chemical Industries Corporation (BCIC) said yesterday, reports BSS.

All the six fertiliser factories under BCIC are operating in full swing and there are over three lakh tonnes of fertiliser in the company warehouses and other 23 buffer godowns, the release added.

Vietnam: From likely eldorado to investment backwater?

HANOI, Feb 23: To many businessmen, Vietnam has gone from being an el dorado to an investment backwater in less than a decade despite the nation's industrious people and vast natural resources.

Indeed, the short-term outlook looks even bleaker as reforms stall under a hesitant communist leadership and the risk of tighter economic regulation appears the favoured solution to a growth•slowdown and lack of hard currency.

Vietnam specialist Ari Kokko from the Stockholm School of Economics said there was no compelling reason for foreign firms to invest in the country at the moment if they were risk averse.

"The uncertainty about the future direction of Vietnamese development is too large, Kokko told Reuters.

"The main risk for foreign investors is broad re-regulation of the economy. If the government is unwilling to enter into phase two of Doi Moi and the supply of foreign capital keeps shrinking there is no other way to keep the economy afloat."

Vietnam insists it will deepen the landmark Doi Moi (renovation) reforms adopted in the late 1980s that revived a moribund economy and lured investors in the first place.

But those assurances do not stack up for investors tangled in bureaucracy. Many operating costs priced in US dollars and now strict foreign exchange rules.

A number of foreign firms have laid off staff and scaled back operations in Vietnam. Although complete details are not available, officials have said 19 foreign banks closed their representative offices last year, although they have attributed that mainly to Asia's economic crisis.

Executives say foreign business activity in construction, property and banking has slowed in the past 18 months.

Analysts said re-regulation of the economy was already apparent in new currency rules enacted late last year that require many foreign-invested firms to immediately convert 80 per cent of dollars held in current accounts into the local dong currency.

Mark whitehead, chief representative at Jardine Pacific (Vietnam) in Hanoi, said a key risk would remain the threat of devaluation and non-convertibility of the dong.

Vietnam has adopted a policy of incremental devaluations to ease pressure on the dong. But with foreign currency reserves believed to be less than 2 billion dollars most economists expect the local unit to stay under the hammer amid flat export growth and a big slowdown in foreign investment inflows.

Whitehead said few investors doubted the ultimate potential of Vietnam to be a success but added that in the near term the country would suffer from a poor reputation.

"One of the greatest problems is that investors here are not about to go away and praise Vietnam as a great place to do business, others will listen to this sober assessment and are unlikely to jump in," he said.

Businessmen added that there was little concern about social unrest in the near future.

"I don't have to tell my customers to be afraid about politics over the next five years at least and that is actually a very good argument to invest," said Gerrit Thissen, Country Manager at ABN-Amro Bank in Hanoi.

"Vietnamese society is quite homogenous and I don't see anything upsetting that balance. It took 30 years for things to unravel in Indonesia," he said, referring to violence and instability racking the world's fourth most populous country.

Vietnam's communist party also maintains a tight grip on political expression through an extensive public security network and tolerates little dissent.

But while bullish long term. Thissen expressed concern over short-term economic problems, especially the lack of hard currency and the heightened potential for bad bank loans as the economy slowed.

The international monetary fund has predicted economic growth of three per cent or less this year. Hanoi says the economy grew 5.8 per cent last year although many economists believe the figure was closer to between three and four per cent.

Kokko said hard currency reserves would be insufficient to pay for necessary imported consumer goods, machinery and other items, leaving some companies holding their breath.

"The decisions about how to allocate available resources will not be take by the foreign investors, that's not a nice scenario for any foreign company operating outside really strategic sectors," he said.

Kokko and some businessmen doubted Vietnam would ride the wind of an eventual Asian recovery because neighbouring countries implementing sweeping reforms would emerge leaner and meaner. Investors burnt during the regional crisis would also be aware of risk more than ever before, they added.

Thissen said Hanoi needed to pay attention to investors that had sunk roots in the country and understood the risks.

"These companies will be easier to convince to stay or expand," he said in an interview.

Analysts cited other risks as weak central control over economic decisions in the provinces, or as Vietnamese are fond of saying: "The king's rule stops at the village gate".

In addition, there was risk of policy changes that made little sense, such as the recent move to increase tariffs on US goods by 50 per cent while Hanoi and Washington are negotiating a trade agreement.

Then there was the perceived attraction of 79 million people — whose annual per capita incomes are just above 300 dollars.

"Investors had convinced themselves they needed a foothold in this market, but how long will it take before all these people have any money to spend?" asked Jardine's whitehead.

—AFP feature