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ASEAN takes common stand on global financial reform

HANOI, Mar 20: Southeast Asian finance ministers said Saturday they are confident the region's economic crisis has bottomed out, but that more reforms are needed in each country and in the world's financial system to ensure continued growth, reports AP.

For the first time, the Association of Southeast Asian Nations adopted a common, though general, stand on a restructuring of the international financial system.

The common position, which the ministers called a milestone in ASEAN cooperation, calls for better monitoring of speculative investments and increased disclosure of financial information by both public and private institutions.

Large outflows of speculative capital are widely believed to have contributed to Asia's crisis.

The finance ministers said they also agreed that ASEAN should be more aggressive in expressing its views in international organisations, particularly in discussions of global financial reforms.

"It's important to show that ASEAN has a common understanding so we can speak with one voice," said Thai Deputy Finance Minister Supit Lee Ahtam.

But he and other finance officials acknowledged that a communique issued at the end of their two-day meeting was very general in its recommendations for revising the global financial infrastructure.

"Given that this is the first statement by ASEAN ministers it doesn't go beyond general principles," said Malaysian Second Minister of Finance Mustapa Mohamed.

"We are being careful because we want to be seen as a serious organisation with a market-friendly approach," added Indonesian Finance Minister Bambang Subianto.

Earlier Saturday, the finance ministers were told by officials from the International Monetary Fund, World Bank and Asian Development Bank that their economies are likely to improve this year, but that growth will probably be limited because of weak worldwide demand and low commodity prices.

The ADB recommended that ASEAN countries focus as a result on expanding domestic demand and trade within the region.

The finance ministers said they are concerned the region's recovery might also be slowed by rising protectionism, a plunge in the US stock market, a sagging Japanese economy, and any slowdown in their own reforms.

"We recognise that the pace of recovery will be determined to a large extent by further progress in economic and financial restructuring," they said. "We, therefore, reaffirm our commitment to expediting reforms in these areas."

The ministers spent much of the day Friday conducting an unprecedented review of each other's economies and policies. The ADB called the review the "first authentic system of economic monitoring based on peer review among developing countries."

The initial review included only of publicly available economic data, descriptions of each country's recent policies, and analysis from the ADB, but ASEAN says subsequent ones will be more comprehensive.

ASEAN hopes the mutual "surveillance" will unearth any economic problems before they might trigger another regional crisis. However, there was little criticism of other countries' policies, participants said.

"It was the first time so I think we were a bit gentle," said Singapore Finance Minister Richard Hu. "It was hard questions asked softly."

"It's got a long way to go but there's great enthusiasm, and that's the crucial thing," added ADB vice-president Peter Sullivan.

Vietnam outlines measures to boost rice exports

HANOI, Mar 20: Prime Minister Phan Van Khai has outlined measures to boost rice exports, a Trade Ministry official said Saturday, reports AP.

In an instruction sent to relevant agencies and local governments, Khai said companies which are not among the 43 government-designated rice exporters will be allowed to make direct exports under certain conditions, the official said.

The conditions included prices as good or better than those offered by designated companies and exports to new markets.

The government last year allowed non-designated rice exports companies in the north to carry out direct exports.

The prime minister also urged local governments and the Trade Ministry to increase rice export quotas to companies which have used up their quotas, the official said.

Khai also assigned the Trade Ministry and the Foreign Ministry to seek new markets in Africa, the Middle East and Latin America.

Vietnam has exported 422,000 tons of rice in the first two months, down 17 per cent compared with the same period last year, the official said.

Vietnam, which a decade ago was a rice importer, shipped 3.8 million tons last year, becoming the world's second-largest exporter after Thailand.

The country's export volume recorded almost no growth last year after a decade of annual 25 per cent growth.

Drought in China threatens wheat production

BEIJING, Mar 20: A drought now in its seventh month has unleashed pests and withered crops across northern China's wheat basket, the official China Daily reported, says AP.

More than 12 million hectares (29 million acres) of winter wheat have been damaged in five provinces, the newspaper said.

In eastern Shandong, the drought is the worst ever in the 83 years that records have been kept, the newspaper said. It added that only 36 millimeters (1 1-3 inches) of rain has fallen on Shandong since September and provincial health officials are monitoring for outbreaks of epidemics.

The Yellow River, which now runs dry in its lower reaches every winter, has stopped flowing for 200 kilometres, worsening the threat to agriculture in the western part of Shandong, the China Daily said.

The lack of rain has been compounded by abnormally warm temperatures, allowing pests and plant diseases to flourish. In central Henan province, diseases and pests have struck 1.8 million hectares (4.4 million acres) of wheat, twice the usual damage, the China Daily said.

While parts of water-scarce northern China suffer from drought every year, southern China has a surplus of water. A plan to divert water from the Yangtze River, China's largest, northward to the Yellow River has been discussed periodically since the 1950s.

Members of China's highest government advisory body, now holding its annual session in Beijing, have called for speeding up the diversion project.

"Putting an end to the water shortage in the north is of strategic significance to the sustained social and economic development of our country," Han Yingxuan, a delegate from Qinghai province, was quoted by the China Daily as saying.

Riyadh to reduce oil output by 585,000 bpd

LONDON, Mar 20: Saudi Arabia is spearheading a price rescue pact with a whopping 585,000 barrels per day (BPD) cut that will take its OPEC output quota well below a cherished level of eight million BPD, delegates said, reports Reuters.

The kingdom's quota will fall to 7.438 million BPD from April 1, breaching the eight million-plus BPD quota it has enjoyed for almost all of this decade, they said.

The sacrifice by the world's biggest producer will earn rewards in terms of price rises because it is a strong signal of Riyadh's determination to help drain global oversupply, Saudi officials say.

Saudi Arabia agreed to the cut under the terms of an accord reached at secret talks in the Hague on Friday that embraces 10 OPEC and non-OPEC Mexico, Oman and Norway.

The accord stipulates cuts of 2.004 million BPD, representing about a 7.3 per cent reduction in supply for all producers except Venezuela, Mexico, Oman and Norway.

It details a 125,000 BPD cut from both Venezuela and Mexico, reductions of 4.4 per cent and about 3.6 per cent respectively.

Under the pact Nigeria would cut supply by 148,000 BPD, the United Arab Emirates would reduce by 157,000 BPD, Libya 96,000 BPD and Indonesia 93,000 BPD, the delegates said.

Air Commodore M Rafiqul Islam, Managing Director of Biman, and A G Ruzmetov, Director General, Uzbekistan Airways, sign a protocol in the city on Thursday to strengthen bilateral cooperation while other high officials of the two airlines look on.
— Uzbekistan Airways photo

Need for adopting modern technology

Glass industry counting on govt incentives

By Mustak Hossain

Glass, one of the most potential recycling industries, requires urgent attention of the government to help businesses in their bid to switch over to modern technology replacing the primitive mode.

"The government should act immediately and provide incentives for setting up plants for processing of recyclable materials like glass, polythene and paper," said a trader involved in the business.

"What we need from the government is help to set up burners and other necessary recycling resources," said another businessman.

At present, glass recycling is done in the most primitive manner where the workers are constantly exposed to dangers. Besides, recycling involves higher production expenses.

Glass-recycling industries are saving a huge amount of foreign currencies by using broken and damaged glasses as raw materials. The industry is at the same time generating jobs for thousands of unemployed people.

A huge number of unemployed youths, mostly without formal education, have been engaged in collecting broken and damaged house-hold glasses. They collect broken and damaged glasswares from houses paying very little amount of cash or in exchange of some sort of candies.

Usually, the collectors buy one kilogram of broken glass for only two taka and sell it at a rate of Taka 2.50 to Taka 3, depending on the quality.

There is a huge market of broken glasses in the capital's Naya Bazar area, where wholesalers purchase glasses irrespective of their quality and colour at Tk 100 to 120 per sack of 40 kg.

Later, a section of workers separate these broken glasses in different categories according to their quality. The separation process includes bottle manufacturers, churi (bangles) factories and lantern shade and glass sheet manufacturers.

Agents of big recycling industries buy bulk of broken glasses from the wholesale market and use them to produce fresh glasswares.

Bangladesh has to spend a huge amount of its hard-earned foreign currency to import raw materials for glass production. There is only a limited quantity of silica sand available for extraction in the southern district of Cox's Bazar, which is the basic ingredient for glass manufacturing.

Talking to this correspondent, one broken glass wholesaler at Naya Bazar said that the recycling glass industries needed government incentives to flourish. These enterprises, he said, has been helping the country to save huge foreign currencies by averting import of raw materials.

There is a vast potential for producing quality glasswares in the country if it is treated as a cottage industry as is done in many western states.

People are usually used to throwing away broken glasswares without knowing its harm to public health, especially by injuring people engaged in different types of maintenance works. But if people change their attitude towards broken glass and consider it a worthwhile commodity, then it might lead to a more positive impact on the country's economy, said Ramiz Ali, a leading broken glass trader at Naya Bazar.

Biman, Uzbekistan Airways to forge cooperation

Biman Bangladesh Airlines and Uzbekistan Airways have agreed to strengthen bilateral cooperation between them, says a press release.

A protocol to this effect was signed between the two airlines in Dhaka on Thursday during a brief visit of a delegation headed by Uzbekistan Airways Director General A G Ruzmetov.

According to the protocol, Biman has agreed to allow Uzbekistan Airways to increase its frequency from existing one flight a week to two.

Uzbekistan Airways has also been allowed to extend its flight to Kuala Lumpur, but with no traffic rights between Dhaka and Kuala Lumpur.

The two airlines formed a joint committee to examine the entire gamut of bilateral relations.

The committee will not only suggest ways to remove existing problems but also strengthen bilateral ties in general and in areas like code-sharing, cargo and maintenance of Airbus A310s.

Apart from holding bilateral talks with Biman and signing the protocol, Ruzmetov called on Minister for Civil Aviation and Tourism Engineer Mosharraf Hossain.

He also attended a dinner reception at Pan Pacific Sonargaon Hotel hosted by Airspan Ltd, the agent of Uzbekistan Airways in Bangladesh.

The reception was also attended, among others, by Air Commodore M Rafiqul Islam, Managing Director of Biman.

Euro forms most part of S'pore reserves

SINGAPORE, Mar 20: Singapore officials said Friday that the new euro currency is an "important" part of the country's reserves, but declined to give details on its euro holdings, says AP.

"The euro is an important component of our reserves, the other major components being the US dollar and the (Japanese) yen," the island republic's de-facto central bank, the Monetary Authority of Singapore, said in a written response to question.

The euro was officially launched worldwide on January 1, when authorities fixed conversion rates against the 11 participating European Currencies.

Smuggled, garments-imported items flood market

N'ganj yarn traders losing the fray

By Rafiq Hasan and Ehsanul Haque

Huge supply of smuggled yarn and items mostly imported by garments owners under duty-free facilities is hurting the country's largest yarn market in Narayanganj.

The wholesale traders at Tan Bazar and Nayamati in Narayanganj said the yarn market has been flooded with items from the two sources. The price of some categories of yarn have almost been halved within a month due to oversupply by these sources.

The garments owners import yarn and fabrics under the back-to-back L/Cs facility for making and exporting apparels to foreign countries.

But a section of garments owners import excess yarn under the facility and sell it in the local market for making advance profits, the yarn traders alleged.

Huge smuggled cotton yarn comes from neighbouring India. On the other hand, much of the polyester yarns are supplied by the garments owners, according to traders. They said garments owners, especially woven and knitwear producers, instead of weaving and knitting fabrics directly dump the imported yarn in the wholesale market, which affects legal importers and normal supply from local mills.

When one pound of polyester yarn under the 150 count category costs more than Tk 50 if imported, paying all duties and tariffs or manufactured in the local mills, the garments owners supply it at only Tk 24-27 per pound.

While visiting the market, the correspondents found that the different brands of polyester yarn like sunbrand, sun fluck and all beauty were being sold at Tk 27 to Tk 29 per pound.

"They cannot sell it at such low prices unless it comes from other sources," said Muhmmad Ayub, an Executive Committee member of Bangladesh Yarn Merchant Association.

Selling at such prices is possible only when the items are imported without paying any kind of duty or VAT, said Ayub Ali Chowdhury, a wholesale trader at Tan Bazaar.

He said it is almost an open secret that these yarns come from garments factories, which do not use it in making cloths but sell it in the local markets.

After paying all duties and taxes, the prices of yarn can never be so low, said an yarn importer at Nayamati.

He said that falling prices had forced him to put an end to yarn imports. "We are even facing tremendous difficulties in selling yarn that has been imported earlier," the importer said.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Manjurul Huq, however, denied the allegation that knitwear garments were importing yarn in excess and selling it at lower rates in the local market.

"Prices of some categories of yarn are going down by Tk two to three every week," said a trader. Yarn which was sold at Tk 40 per pound just a month before, is now being sold at Tk 30, he added.

Many traders complained that a section of wholesale traders were also engaged in importing yarn under the back-to-back L/Cs showing false garments documents and bonded warehouse licences.

The Export Promotion Bureau (EPB) have cancelled licences of as many as 319 garments factories over the last two years on charges of showing false documents of bonded warehouse.

A number of polyester yarn-producing spinning mills have already stopped production of some categories due to stiff competition from items imported under the duty-free regime.

The traders said that most of the local brand yarns -- Kader, Beximco, Maptex, Marhaba, Silver, Polytex and Camel -- were now almost out of the market.

"We have stopped producing polyester yarn under the 150 count category, as its price has come down to such a level that it is no longer cost-effective for us," said Zaheed A Khan, General Manager of Kader Synthetic Fibres Limited.

He said that the capacity of the local producers had increased significantly in the last seven years, but now the sector was under heavy pressure.

"If the situation does not improve in the near future, many local spinning factories will face closure," Zaheed said.

Just ten years back, the country used to import all sorts of polyester yarn, but now the local spinning mills are capable to meet almost 70 per cent of the total demand, he claimed.

Kader and Beximco Synthetics are the two leading polyester yarn producers, accounting for almost 60 per cent of the country's total production.

Ayub said that due to low price, a huge quantity of grey fabrics remained unsold at different power looms. "This is because the buyers are getting fabrics at much lower prices from garments owners," he said.

Insurance scheme for rape victims

NEW DELHI, Mar 20: Close on the heels of Home (Interior) Minister Lal Krishna Advani's advocacy of the death sentence for perpetrators of rape, the Indian government is now extending the reach of insurance schemes to rape victims.

Prime Minister Atal Behari Vajpayee on Friday dedicated to the nation the General Insurance Company's new "Rajrajeswari Mahila Kalyan Bima Yojna" (women's insurance scheme) which will provide insurance cover to rape victims between the age of 10 and 75 at an annual premium of only 15 rupees (35 cents).

On the occasion of his government completing its first year in office and in keeping with his government's programmes to cater to the needy, Vajpayee inaugurated the launch of the "Annapurna" food scheme for indigent senior citizens in the country.

As envisaged in this year's budget, under the "Annapurna" scheme, which is named after the Indian goddess of food, those senior citizens who have no one to take care of them and have no income of their own would be identified and provided 10 kg of free foodgrains (rice/wheat) from the public distribution system in the state every month.

The identification of the beneficiaries would be done by the village administration and they would be issued "Entitlement Cards".

About Rs 1.5 billion ($35 million) have been earmarked for the implementation of the scheme in the first year.

Speaking at the insurance scheme inauguration Vajpayee said, "What is important is that they (the state-owned insurance company) are providing a risk cover to the poor and the powerless by these schemes."

Vajpayee also hinted that his government was committed to the enactment of the modified insurance regulatory authority bill which would allow new insurance companies, apart from the existing public sector insurance companies — Life Insurance Corporation and General Insurance Corporation — to enter the country and provide competition.

The move, which would allow up to 26 per cent equity holding by foreign partners, would help to provide better coverage of risk to both the well off and poorer sections of society, he said.

The new scheme was however criticised by some women's organisations which saw it as a move to "make women pay in anticipation of being raped."

—India Abroad News Service

DCCI course on import-export shipping ends

The 5-day training course on shipping procedures in import and export has ended.

It was inaugurated by the Director of the Dhaka Chamber of Commerce and Industry, Ashraf Ibn Noor, on the 13th of this month, says a press release.

The seminar was organised by the Human Resource Development programmes in association with Business Advisory Service (BAS) project of DCCI.

The course aimed at familiarising the participants in the course with topics like: Banking Procedures for Import and Export; Customs Procedures for Export and Import; Air Procedures for Export and Import; Shipping Procedures for Export & Import (Containerised) and Shipping Procedures for Export & Import (Break & Bulk).

In all, 19 participants from government and private organizations attended the course.

DCCI Director Manwar Hossain distributed the certificates among the participants in the course on the concluding day.

Convenor of Human Resource Development Standing Committee of DCCI, AFM Obaidur Rahman, also spoke on the occasion.

S'pore's non-oil exports in Feb fall 7pc

SINGAPORE, Mar 20: February non-oil exports fell 7 per cent from the same period a year ago, mainly because of sluggish Asian demand for electronics products, the government said Saturday, reports AP.

The drop was considered nominal, but was higher than expected. January's year-on-year decrease was 2.2 per cent.

The Trade and Development Board said total trade declined because of "continued sluggish demand from key Asian markets and weakness in certain electronics segments."

Total non-oil exports in February were 6.58 billion ($3.825 billion), a fall from 7.12 billion ($4.14 billion) in January, the Trade Development Board said.

Exports of electronics products, a significant segment of Singapore's trade-driven economy, shrank 6.7 per cent from January to February. The biggest fall within the electronics sector was registered by printers, which plunged 23 per cent.

Disk drive exports, which have been showing mild signs of recovery, edged 2.6 per cent higher. Singapore accounts for about 40 per cent of the global supply of disk drives.

On a real or inflation-adjusted basis, February non-oil domestic exports fell only 2.9 per cent compared with a real 4.1 per cent increase in January, the board said.

Domestic oil exports in February plunged 19 per cent from a year earlier, after January's 6.4 per cent decrease.

Commodity: Weekly Roundup

OPEC output slashing campaign keeps oil rising

LONDON, Mar 20: World oil prices kept rising this week in anticipation of an OPEC campaign to slash production, while elsewhere on the commodities markets cocoa prices cooled off on gloomy forecasts, reports AFP.

Brent, the reference North Sea oil, managed to touch the 14 dollar level during the week, while in New York light sweet crude rose to 15 dollars a barrel as investors welcomed production cutting plans ahead of the March 23 OPEC meeting in Vienna.

Numerous major producers announced plans to cut production, the only way a dent can be made in the market's supply glut and demand deficit.

OPEC President Youcef Yousfi announced Tuesday that OPEC countries would be cutting production by 1.7 million barrels a day and non-OPEC countries by 400,000 barrels a day.

On the New York Mercantile Exchange (NYMEX), light sweet crude closed at 15 dollars a barrel for April up 69 cents.

The stimulus for the price recovery was the announcement in the Hague by several major oil producers — Algeria, Iran, Mexico, Saudi Arabia and Venezuela — of some two million barrels a day in output cuts starting April 1.

The cuts must be confirmed at the March 23 OPEC meeting in Vienna.

Even if past performance by the less-than-disciplined members OPEC suggests that these cuts will not made fully or quickly, the market is enthusiastic.

An oil expert at the centre for global energy studies, Leo Drollars, said "there's no doubt that a cutback of even one million barrels a day will strengthen oil prices on a long-term basis."

"Brent should reach an average of 15 dollar by the fourth quarter," he said, adding that the North Sea oil could go as far as 17 dollars if the true production cut reached 1.5 million barrels a day, and 18.5 dollars if two million barrels a day.

RUBBER: Snap. Natural rubber prices shot down this week after Thailand formally withdrew from the International Natural Rubber Organisation.

Kuala Lumpur's RSS1 Index closed at 2.36 ringgits a kilo, down from 2.47 ringgits the previous week.

The London rubber index closed at 427.50 pounds a tonne for April, down from 455 pounds, and at 432.50 pounds for May, down from 460 pounds.

Thailand is the world's biggest natural rubber producer and its departure from the cartel comes at a time of very poor demand for the commodity.

"Investors are concerned now with what could happen next," said an analyst at Lewis and peat brokerage.

"The only demand that there is for the fourth quarter and the beginning of 2000. Besides, there is a huge amount of stocks at the moment," he said.

Thailand has large stocks and was expected to try to sell off part of its reserves. A deal to sell to China fell through because of low Chinese demand, the analyst said.

COCOA: Weak. Cocoa prices fell to the lowest level since September 1993 ahead of an expected glut of beans from Cote D'Ivoire, the world's leading producer country.

Cocoa for July delivery on the London market fell by eight pounds per tonne to 838 pounds.

Arrivals at ports in Cote D'Ivoire prior to export reached 932,000 tonnes at the same time last year.

The International Cocoa organisation predicted that the market would see a supply surplus for at least the next three years.

COFFEE: Cold. Coffee prices fell sharply after Colombian truckers ended strike action that had hit supplies to ports in the country for more than a week.

On the New York market, Arabica contracts for May delivery fell by 3.70 cents a pound to 102.65 cents.

Robusta contracts on the London market fell by 37 dollars to 1,550 dollars a tonne in the wake of the US losses.

Robusta prices were hit by hefty supplies from Cote D'Ivoire and Vietnam and by predictions of a large crop in Indonesia in the 1999/2000 season, thought likely to be about 6.67 million tonnes.

TEA: Strong. Demand for high grade tea leaves in the Mombasa auction houses strengthened further this week, the London Tea Brokers Association said.

BP1 leaves rose by five to 10 cents per kg and PF1 leaves rose by four to nine cents a kilo.

SUGAR: Slip. Sugar prices fell to a 4-1/2 year low amid predictions that the 1998/99 harvest would be far higher than had been previously expected.

August contracts on the London market fell to 194.80 dollars a tonne from 204.80 dollars last week.

Czarnikow trading house said that global production in 1998/999 would likely rise to 130 million tonnes because of an increase in Thailand and Brazil.

The latest prediction from the International Sugar Organisation was that worldwide output would reach a record 128.573 million tonnes in 1998/99. The market was expected to shoulder a supply surplus of 1.622 million tonnes.

VEGETABLE OILS: Slip. US soya prices fell amid intense competition from South American beans, notably those from Argentina, where the harvest was expected to be a bumper 18.5 million tonnes.

March contracts on the Chicago Board of Trade (CBOT) fell by three cents to 4.75 dollars a bushel.

GRAINS: Stale. US wheat prices fell slightly this week in reaction to US Department of Agriculture figures showing weak export figures.

Wheat prices also fell on improved agricultural conditions in Canada, China and the United States. However, prices saw some support from speculation that the United States could lift an economic embargo against Iran, opening up a new grain market.

COTTON: Frayed. Cotton prices fell slightly this week in quiet trading and a lack of market-moving news.

The index on the cotton outlook fell to 56.45 cents a pound from 56.65 cents, while on the US market may contracts closed at 61.16 cent a pound.

Traders were waiting for next week's US Department of Agriculture estimates on cotton consumption and cotton cultivation in the United States for 1998-99.

WOOL: Soft. Britain's wooltops index was unchanged at 302 pence a kilo in an off-week for British auctions.

In Australia, demand for Merino wool remained firm, while supply fell slightly, pushing the eastern index up two cents to 5.30 Australian dollars a kilo.