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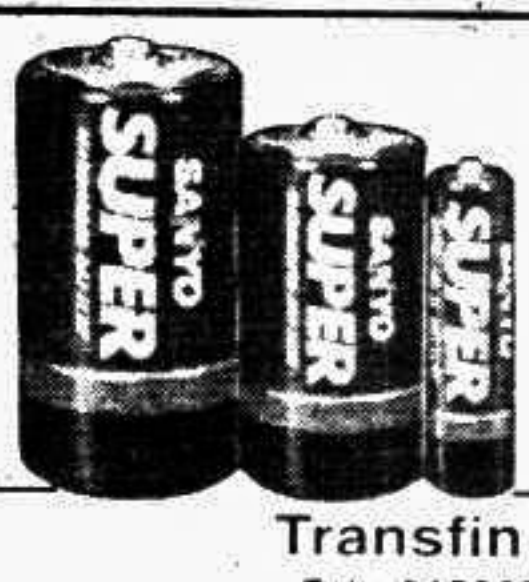
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Poor performance forces govt to scale down export target

The Commerce Ministry has scaled down this year's export target by US\$170 million to \$5.63 billion.

The fresh target was set recently as the ministry realised that it was 'difficult' to achieve the previously set mark of 5.80 billion dollars, as exports suffered a major setback during August to November last year due to floods, a Commerce Ministry source said.

Commerce and Industries Minister Tofail Ahmed at a press conference on August 5 last year announced the \$ 5.8 billion export target, which was

\$5.63 billion in the Fifth Five-Year Plan.

The target was propped up in August in view of a strong export growth in the previous fiscal year. But the prolonged floods upset the ministry's calculations forcing it to lower the figure to the original target.

In fiscal 1997-98, the export target was fixed at \$ 5.02 billion. But at the end of the year, the country's exports stood at \$5.161 billion, about 2.81 per cent higher than the target.

The country's exports fetched 2.56 billion US dollar in the first six months of the

current fiscal year, falling 11.70 per cent short of target and 1.5 per cent lower than the corresponding period of the 1997-98 fiscal.

Except for tea, export targets of the major earning sectors, which include readymade garments (RMG), knitwear, frozen food, leather, raw jute and jute goods, agricultural products, petroleum by-products, chemical products, engineering products, electronics and handicrafts, could not be achieved during July to December of the current fiscal.

Export by the RMG sector

earned \$1487.68 million during July to December of the 1998-99 fiscal, which is 4.94 per cent less than the target. The target of this sector for the period was \$1565 million.

Knitwear worth \$454.05 million was exported against the target of \$565 million during the period, which is 19.64 per cent lower than the earnings target and 9.17 per cent higher than the corresponding period of 1997-98.

Frozen foods worth \$154.32 million were exported in the first six months against the target of \$160 million.

Earnings from jute goods were \$139.5 million dollar against the target of \$150 million in the first half of the current fiscal, falling seven per cent short of the target.

Finished and crust leather exports fetched \$75.53 million dollar, which is 24.47 per cent less than the half-yearly target.

Tea worth \$25.36 million was exported in the first half of the current fiscal against the target of \$25 million, 1.44 per cent higher than the target of the current fiscal.

7 provinces urge Delhi to open up border trade

GAUHATI, Mar 21: The governments of seven northeastern Indian states are urging New Delhi to open up border trade with neighbouring countries to boost the region's underdeveloped economy that has been ravaged by years of insurgency, officials said Saturday, reports AP.

In a memorandum to the federal commerce ministry, the states have urged talks with Myanmar, Bhutan, Bangladesh and China for opening all border points for trade, said Mukut Mithi, chief minister of Arunachal Pradesh state said.

The other states in the northeastern region are Assam, Meghalaya, Manipur, Tripura, Nagaland and Mizoram. The regional governments

have already identified 20 potential border trading points. Currently, free border trade takes place only at Moreh in Manipur on the India-Myanmar border following a trade agreement in 1995.

Automobile spare parts, fruits, foodgrain, vegetables, textiles and cotton yarn are the Indian products most in demand in neighbouring countries while Indian traders are interested in foreign goods, including electronic gadgets, synthetic blankets, teak, gold and rubies.

The northeastern region could very well become the gateway to most important business centers in Southeast Asia," said Pradeep Hazarika, Assam's Transport Minister.

Though cross border trade is not legal, traders at the international borders along the northeastern states have for decades been doing brisk illegal trade valued at millions of dollars. Barter trade continues along Tibetan-Chinese and tribal from Arunachal Pradesh exchange items of daily use.

Local politicians predict opening of border trade would considerably dilute the dozen's of separatist movements that wrack the region.

"If the border trade is made open, then the regions' youth will leave their guns and do business," said Manipur Chief Minister Wahengbam Nipamacha Singh.

Dhaka Sheraton to launch new guest programme today

Dhaka Sheraton Hotel will launch Starwood Preferred Guest Programme today, says a press release.

Dhaka Sheraton is a brand hotel of the Starwood Hotels and Resorts Worldwide Inc.

The Starwood Preferred Guest has been introduced with a view to making it the best frequent guest programme in the world.

With the launching, Sheraton will become the only hotel in Bangladesh to offer guests a choice of Starwoods more than 600 hotels around the world and more than 20 international airlines.

All the Starwoods portfolio of six brands of distinctive hotels worldwide such as Westin Hotels and Resorts, Sheraton Hotels and Resorts, The Luxury Collection, Four Points Hotels, W Hotels and Caesars are participating in the programme.



San Amalan, General Manager, Dhaka Sheraton, welcomes the Director General of Uzbekistan Airways, AG Ruzmetov, who led a high-powered delegation to Bangladesh recently. Picture also shows Director PR of the hotel, Rashida Muhiuddin, and Wahidul Alam of AirSpn Ltd.

Filipino soft drink exports slump

MANILA, Mar 21: Soft drink sales declined in the Philippines in the first two months of the year, the first time since 1995, because of a slowdown in the economy and cooler weather, an industry official said Thursday, reports AP.

Cosmos Bottling Corp president Antonio Panajon told reporters that industry data showed sales in January fell 5 per cent from last year and further contracted by at least 10 per cent in February.

Panajon, who is also vice president of the Beverage Industry Association of the Philippines, said if the first two months set a trend, then beverage makers as well as sugar producers are in for a tough year.

Beverage producers account for nearly a third of domestic sugar consumption, he said.

Based on the first two months, it is not encouraging for the rest of the year. This is a volume industry and if you cannot meet the volume then you lose a lot of money," he said.

Warmer weather attributed to the El Nino weather phenomenon boosted sales of Philippine soft drink makers last year. Cosmos Bottling reported 10 per cent growth in net profit last year to 560 million pesos (\$14.4 million) as sales rose 27 per cent to 3.5 billion pesos (\$90 million).

Another problem that could hurt sales this year, Panajon said, is the government's plan to raise taxes on soft drinks and other beverages.

Efficient operation plan sought for workers-run enterprises

Speakers at a seminar here yesterday expressed the opinion that ways and means should be found out so that the workers could run the nine nationalised textile mills, offered to them by the government, with efficiency and open market competition, reports BSS.

The seminar titled "The Third Way for Bangladesh — a Strategy for Returning Economic Power to the People", was jointly organised by the Institute of Integrated Rural Development (IIRD), Economic Empowerment Board (EEB) and the Washington-based Centre for Economic and Social Justice (CESJ) at Hotel Abakash here.

President of CESJ Dr Noman G Kurland told the seminar that the ailing state-owned enter-

prises (SOEs) could be successfully reorganised by granting ownership right to the workers under a corporate system called "the third way" approach.

Dr Kurland who is now on a visit to Dhaka in connection with a project to explore ways and means of accelerating the country's stalled privatisation process said that the third way approach was neither a capitalist way nor a socialist one. It was a new idea that empowers the workers with ownership of the industries in which they work to make the restructuring and modernisations of the concerned units possible without resistance from labour organisations.

Speaking as the chief guest at the seminar State Minister

for Planning Dr Mohiuddin Khan Alamgir said that it would be a challenge for the government, the workers and the society to run the SOEs through the third approach.

He suggested preparation of a plan by incorporating the recommendations of the seminar and the proposals of Dr Kurland for effective operation of the nine textile mills offered to the workers. He said the plan should be submitted to the Privatisation Board through which it could be placed to the prime minister for final approval.

President of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Abdul Awal Minto, labour leaders Moshihuddin, Lutfur

Japan won't lower super-tariff on rice imports

CANBERRA, Mar 21: Japan expressed surprise Sunday at Australia's decision to lodge a formal protest over its 350 per cent super-tariff on rice imports and warned it had no intention of lowering the tariff, says AP.

Deputy Prime Minister Tim Fischer lodged the protest with the World Trade Organization (WTO) last week describing the tariff of almost 5 Australian dollars (3.15 US dollars) a kilo (2.2 pounds) as unsatisfactory.

Japan's powerful Minister for International Trade and Industry, Kaoru Yosano, who will meet Fischer in Canberra on Monday, said Japan did not understand why Australia had taken the action.

"Honestly, the Japanese government was taken by surprise by the position of the Australian government," he told Channel 9 TV.

The new tariff does not affect Australia's existing 70 million Australian dollars (44 million US dollars) a year in rice exports to Japan.

Japan needs to restore growth: ECB Dollar, euro, yen will dominate world economy

TOKYO, Mar 21: The dollar, the euro and the yen will dominate the world economy but only if Japan restores growth and lifts obstacles to prompting its currency, a European Central Bank official said, reports AFP.

"I don't think the world will be bi-polar, the yen has an international role already," Tommaso Padoa-Schioppa, a member of the ECB Board, told reporters here.

"What I see ahead is Japan emerging from its difficulties and removing obstacles to the internationalisation of the yen."

Padoa-Schioppa, responsible for the banks' international relations, has just completed an Asian tour, in which he travelled to China, South Korea and Hong Kong.

Before the arrival of the Euro in January, "we had two stars (the dollar and the yen)

and nebula," in world currency markets, he said. Now with European monetary union "Japan is third and may be declining because of the economic problems," he added.

"One of the aspects of the Asian crisis is the coming to an end of the dollar peg for currencies in the region, Padoa-Schioppa said.

"The anchor-role of the dollar in Europe ended in the 70s". Then it was replaced with the German mark, which opened the way to monetary union.

"In this part of the world the situation is completely different and the dollar had preserved its anchor role," he said. "Now many people are asking themselves what should be the role of the yen in the future."

For countries in Asia, the economic crisis forced them to think about the currency situation," he said.

"There is a disposition to in-

terrogate themselves about the role of the East Asian economies and particularly Japan, it was not the case when everything was going fine".

Now the euro "gives the impression that you don't have the US dollar only anymore and makes people reflect on how important regional cooperation can be," he added.

"Ultimately the role of a currency is consistent with the economic strength of the country. Since last summer important new steps have been taken in Japan. The question is to see how the implementation will proceed and what the results will be."

Japan's government has poured billions of dollars into stimulus packages.

"The international role of the currency requires obstacles to be removed but this is not a black and white situation," Padoa-Schioppa said.

India plans to privatise nat'l trading firm

NEW DELHI, Mar 21: An Indian government panel today called for the country's largest state-run trading firm to be privatised in the wake of mounting losses, reports AFP.

The State Trading Corp (STC) was established at a time when state trading was important. However, from 1992 onwards this has been opened to private participation. Disinvestment Commission Chairman GV Ramakrishna said.

"No public purpose will be served by STC remaining under government ownership and control."

The panel advised the government to sell its entire stake in STC and close down loss-making steel manufacturer Hindustan Steel Works Ltd (HSWL).

But the panel said in its report that before the sell-off the government should reserve five per cent of its stake for employees who opt for the voluntary retirement scheme.

It said that if the government did not find closure feasible for HSWL, then it should absorb its annual losses of nearly 700 million rupees (16.5 million dollars) after meeting statutory liabilities amounting to 1.36 billion rupees.

The steel ministry had earlier recommended restructuring HSWL, but the estimated price tag of 5.13 billion rupees kept the project on the backburner.

First year of Vajpayee govt Economy shows mixed results

NEW DELHI, Mar 21: The report card of the first year of the Atal Behari Vajpayee government on the economic front shows a mixed performance.

Whereas India's Prime Minister has cited the nuclear tests and the Lahore Declaration with Nawaz Sharif as the two most significant achievements of his regime, what has come somewhat lower down the list is the Union Budget for 1999-2000, presented by Finance Minister Yashwant Sinha in end-February.

Vajpayee has acknowledged that the sanctions imposed by the U.S. and Japan against India, following his decision to conduct nuclear tests in May 1998, have hurt the economy at a time when growth rates had decelerated.

Still, last week's decision to allow private companies, including foreign ones, to enter the country's government-owned insurance sector — after years of bitter debate — has indicated to some of the well-wishers the ruling coalition that the government is no longer going to adopt an excessively protectionist stance in the name of swadeshi or economic nationalism.

On the positive side, the government's management of the economy is appearing more resolute than before — that is, after suffering the ignominy of being repeatedly described as a "roll-back" government on accounts of the number of economic decisions which had to be suddenly withdrawn after these were announced, usually under pressure from the Bharatiya Janata Party's own allies and coalition partners.

On the negative side, the economy still shows no signs of significantly picking up. Growth rates of the manufacturing sector have come down drastically and the value of exports has declined for the first time since 1991. Agriculture has been the saving grace — but there are certain disquieting features of the country's farm sector as well, for instance, the slowing down of the rate of growth of foodgrain output. Services are growing. But there is no room for complacency on the government's ability to control inflationary pressures.

The country's stock markets have perked up after a long bearish phase and last week, Infosys, had its blue-chip share listed on the Nasdaq exchange in the U.S. — the first Indian company to do so.

Other infotech companies are expected to follow suit. Attempts are being made by the government to make the country more attractive to foreign investors. These efforts are taking place at a time when the flow of foreign direct investment (FDI) into India had come down.

Against a growth of over 18 per cent in 1997-98 (year ending March), the flow of FDI had fallen by as much as 38 per cent in the April-December 1998 period.

The decline has been sharper in the case of portfolio investments by foreign institutional investors (FIIs). There was a net inflow of \$3.3 billion from FIIs in 1996-97. This figure came down to \$1.8 billion the following fiscal and the April-December 1998 period saw a net out-

flow of \$700 million which is unlikely to be made up by the time the financial year ends on March 31.

Parliament's decision to pass the insurance regulatory authority bill allowing the entry of private Indian and foreign players in the field of insurance followed the government's decision to accept the recommendations of a committee of MPs which argued in favour of placing a 26 per cent cap on foreign equity holding in an Indian insurance company.

Earlier, the government had proposed that non-resident Indians, overseas corporate bodies controlled by them and FIIs be allowed to hold shares over and above this limit.

The government has also succeeded, once again, after years of acrimonious discussion, in amending the Indian Patents Act of 1970 to allow firms manufacturing pharmaceuticals and agro-chemicals to hold exclusive marketing rights before the country moves to a full-fledged product patents regime by 2005. This would enable India to stick to the April deadline set by the World Trade Organisation.

The passage of the insurance and patents bills became a formality after it was known that the two largest political parties, the BJP and the Congress, were by and large in agreement on these two issues.

Even as the government argued that it was in favour of continuing the process of integrating India's economy with the rest of the world, the authorities succumbed to lobbying by interest groups and imposed a floor price on particular im-

ported steel products.

The political opposition is accusing ministers in the government of unduly favouring domestic steel firms by overruling the suggestions made by bureaucrats.

Another development which has sent out wrong signals to foreign investors is Communication Minister Jagmohan's decision to "keep in abeyance" the decision of the Telecommunications Regulatory Authority of India (TRA) — which is supposed to be a statutory body — to revise telephone call charges and rentals.

At least one prominent Swiss telecom firm decided to pull out of its local joint venture after the public spat between the ministry and the TRA broke out.

On privatisation, the government has made a lot of loud noises. But its statements of intent have not yet been matched by actual action on the ground. The government has made a number of claims about its intention to downsize the bureaucracy. But in this respect as well, it is long on words and short on substance.

It remains to be seen whether the Vajpayee government would be able to sustain the momentum of economic reforms. Given the fragility of the 17-party ruling coalition and the tenuous majority it commands in the lower house of Parliament, few would be surprised if the government is able to celebrate its second anniversary. But then it is also true that few were willing to give Vajpayee's government one full year in office.

(India Abroad News Service)

Taiwan's exports rise 6.8pc in two months

TAIPEI, Mar 21: Taiwan's exports grew 6.8 per cent in the two months to February to 17.40 billion US dollars due to an increase in shipments to the United States, Europe and Japan, official data showed Monday, reports AFP.

But imports in the same period slipped 5.8 per cent to 15.81 billion dollars, the finance ministry said.

The resultant trade surplus of 1.59 billion dollars in the two months reversed a deficit of 490 million dollars a year earlier.

In February alone, the trade-driven island's outward shipments declined 12.5 per cent to 7.59 billion dollars, while imports dropped 29.8 per cent to 6.52 billion dollars.

The decline in February trade was due to fewer working days resulting from the lunar new year break, which last year fell in January.

But cumulative growth in the first two months was a positive factor, said Hsu Kuo, Director of the ministry's statistics department.

"The trade surplus in the two months could help improve our country's current account," Hsu said.

Hsu added Taiwan's exports this year may improve it a recovery in east Asian economies gathered momentum in the second half of 1999.

The United States remained the largest buyer of Taiwanese goods, importing, 4.59 billion dollar worth of products in the two months.

Exports to the US market accounted for more than a quarter of the island's total exports.

Hong Kong, the main conduit for indirect Taiwan-China trade came in second, buying 3.53 billion dollars worth of Taiwan made product.

Dubai shopping festival Emirates cuts inflight phone, fax charges

Emirates has reduced charges for inflight telephone calls and fax transmissions to US\$5 per minute during the Dubai Shopping Festival (DSF), says a press release.

This is the lowest rate charged by a commercial carrier for air-to-ground transmissions in international airspace.

The offer is valid only from March 18 to April 14 — the duration of the DSF — after which rates will revert to Emirates' standard of US\$6.50 per minute.

All telephone calls and fax transmissions on board any Emirates aircraft can be operated with major credit cards or the special prepaid phone cards available for sale on board.

However, the special promotional DSF price can only be paid for with credit cards.

All Emirates aircraft — including the just arrived A330-200 — have inflight phones and centralised fax machines. In the Boeing 777s and A330-200 phone sets are in all passenger seats, while in the Airbus A310-300s and A300-600Rs, each cabin has two wall-mounted phone sets.

Emirates is a major sponsor of the annual Dubai Shopping Festival and has launched various global campaigns to promote the event. The entire Emirates fleet features decals of the DSF logo on the aircraft's fuselage, literally flying the festival across the world.

All passengers flying with Emirates between February and March 18 were also eligible for an inflight competition focusing on the DSF, and a chance to

win a week's all expenses paid vacation in Dubai. Emirates is also making it easier for passengers to shop in Dubai by offering an excess baggage waiver of 10 kilograms above the usual allowance per class of travel per passenger on every outbound journey from Dubai during the DSF.

Most significant is the authority granted by the Dubai Department of Immigration and Naturalisation to Emirates to assist in entry visa processing for its passengers in more than 40 stations across the world. This has a direct impact on encouraging more people to visit Dubai during the DSF and across the year.

Indian shares end week lower

BOMBAY, Mar 21: Indian share prices are expected to move in a narrow range next week as this week's current correction is seen spilling over, brokers said, reports AFP.

The 30-share Bombay Stock Exchange (BSE) Sensitive Index was down 30.18 points, or 0.8 per cent, to 3,672.63 points at close of weekly trade Friday, over the previous week's close.

The national index, which tracks 100 shares, was down 1.79 points, or 0.2 per cent, to 1,671.29 points at close Friday, over the previous close.

There are a lot of over-bought positions in the market, and the next week is likely to see a continued correction.