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PERC report says

China, India Asia's dominant labour powers

SINGAPORE, Sept 3: China and India are set to be the dominant Asian labour forces, with their pools of highly skilled labour a relatively low cost attracting foreign investors, a report by Political and Economic Risk Consultancy (PERC) said, reports AFP.

"Such labour is a draw for foreign investors, especially when the supply of such labour is almost inexhaustible," the report, received here today, said.

A March-June survey of expatriate managers in Asia found the best quality production labour, irrespective of cost, was found in Japan, Taiwan and South Korea.

Highly developed economies such as the United States and Australia received only average grades, although they ranked second and third behind Japan when it came to perceptions of managerial and technically skilled labour.

But India and China were adding a new dimension to the Asian labour scene, PERC said, and their emergence "will pose a major challenge for virtually every other country in Asia."

The report singled out Malaysia, Thailand and the Philippines as being in the most difficult position.

The Philippines possessed a large pool of technically competent labour but other problems "prevented the country from taking anything close to full advantage of its human resource assets," PERC said.

It did not specify the problems facing the Philippines which is saddled with a militant Muslim separatist movement and a four-month hostage crisis.

The report said Malaysia and Thailand lacked a deep pool of technical talent and did not offer any production labour advantages in terms of quality and cost compared to China and India.

The main benefits of Malaysia and Thailand had been their willingness to accommodate the needs of foreign investors better than China and India, but that was changing.

Indonesia seeks to deepen IMF reforms

JAKARTA, Sept 3: Indonesia's new chief economics minister Rizal Ramli said today a revised deal with the IMF would involved deeper reforms of the embattled country's economy, not a rollback on pledges some analysts had feared, reports Reuters.

The International Monetary Fund has been providing critical cash support to the world's fourth largest nation, but in return has demanded tough economic, banking and legal reforms.

There have been delays in IMF loans in the past because of concerns the government had lagged on pledges, upsetting financial markets and unnerving donors who have pumped billions of dollars into the broken economy in the past three years.

"This is going to be a better programme, with a higher degree of effectiveness and it will mean a deepening of reforms, it is very pro-market," an ebullient Ramli said in an interview.

"Both sides, Indonesia and the IMF, are very enthusiastic, and I think everybody has the feeling that Indonesia will be able to stand on its own feet."

Ramli was commenting on several days of talks with senior International Monetary Fund officials over the most recent letter of intent to the Fund, signed by the previous cabinet on July 31, that concluded on Saturday.

Anoop Singh, the IMF's Asia-Pacific deputy director, arrived in Jakarta last week after Ramli gave conflicting signals over the July 31 pact. That letter of intent is part of a $ 5 billion loan programme agreed last January which runs over three years.

The IMF also led a massive international bailout of Indonesia's ravaged economy in the late 1990s.

Inflation in India falls

NEW DELHI, Sept 3: India's inflation rate fell below the six per cent level to stand at 5.73 per cent during the week ended August 19, an official release said here on Sunday, reports Xinhua.

The inflation rate fell to 5.73 per cent from the level of 6.03 per cent in the previous week mainly due to a decline in the prices of non-food articles, said the release.

However, the rate was still much higher than that in the corresponding week of last year, which was only 2.99 per cent.

The wholesale price index for all commodities stood at 153.2 during the week ended August 19 as against 152.9 in the previous week, showing a 0.2 per cent rise, the release added.

BRAC bid for self-reliance in micro-credit pays off

79pc self-support from January 2001

By Shahriar Karim

In the wake of dwindling foreign assistance to the country's non-government organisations (NGOs), BRAC's efforts to become self-sufficient in micro-credit programmes have no doubt paid off.

"We will be 79 per cent self-reliant from January 2001. We can run all our programmes, excepting the education and health projects, from our own funds. We will need foreign assistance for running our schools and healthcare activities, which account for 21 per cent of our total budget expenditures," said Aminul Alam, Deputy Executive Director of BRAC, adding that 75 per cent of this year's total project expenses are being met from their own sources.

Sensing that there would not be much foreign aid flow for the NGOs in future, BRAC took the initiative as early as in late 70s to set up some commercial ventures so that it doesn't face any difficulty once international development aid dries up.

The aim of BRAC's commercial ventures was also to render a range of services, which are not provided by the government or the private sector and unavailable to many in the country, the officials said.

With that in mind, BRAC has set up commercial ventures like BRAC Dairy and Food Project, seed processing factory, poultry feed mills, poultry hatcheries and printing press. It has also become a major stakeholder in Delta BRAC Housing Finance Corporation Ltd., a non-banking financial institution providing housing loans.

The Dairy and Food Project is one of the major success stories among BRAC commercial ventures. "The prime objective of this project is to provide support to thousands of our village members who do not get fair price for the milk they produce at their poultry farms," said BRAC Public Affairs and Communications Director M Tajul Islam.

He said some 100,000 women, aided by the organisation's micro-credit programme, raise cows and the majority of them do not to get fair prices. "Sensing that these women are getting disillusioned with the price, we thought that it would be better to set up a milk-processing factory to support them," he said.

Now the organisation collects milk from some 10,000 women in the remote areas of Manikganj, Pabna, Sirajganj, Bogra, Jamalpur and Tangail at Tk 14 to 18 per liter, depending on the quality.

However, the engagement of NGOs in business ventures has recently come under scathing criticism by business bodies who have leveled charges of uneven competition from these NGOs.

According to the business bodies, NGOs get concessional funds and are also exempted from income taxes which put private businesses at odds vis-a-vis the non-government organisations' business ventures.

But BRAC officials denied the allegations saying that they also have to borrow from banks at the same interest rate. "Moreover, we are paying income taxes for our Aarong and printing ventures from the month of July," they said.

BRAC currently runs its micro-credit programme through 431 area offices and some 90,250 organisations in more than 50,000 villages, covering some 3.4 million rural people. The organisation also has plans to increase the membership to four million by the end of 2000. In 1999, BRAC disbursed Tk 10.8 billion to its members at 15 per cent interest.

Mahbubur Rahman, President of ICC-Bangladesh, met the committee and some other members of the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) to discuss the progress of the arrangements made for the ICC-Bangladesh's Asia Conference due to be held in Dhaka on 10th-11th November. Seated on his right is Latifur Rahman, President of MCCI.
— MCCI photo

US Senate plunges into China trade debate tomorrow

WASHINGTON, Sept 3: US Senators will Tuesday finally embark on a marathon debate on a historic trade pact with China, in which election-year politics will add extra spice to the always explosive topic of Sino-US relations, says AFP.

Fresh from a summer break, and with an eye on presidential and congressional polls in November, Senators will cram the 36-hour debate into a tense four-week session before hitting the campaign trial.

The Clinton administration hoped the bill, granting permanent normal trading relations (PNTR) to China would pass in July before the recess.

But it was sucked into a legislative logjam as intense wrangling slowed the passage of crucial spendings bills – a delay White House officials charge was engineered by Republican leaders in the Senate.

"The debate will start at noon on Tuesday – Senators will work on PNTR in the afternoons in the next week and budget issues at night," said a spokesman for the office of Senate Majority leader Trent Lott.

PNTR, which has already been approved by the House of Representatives, is still expected to pass, but supporters are anxious that it could run into more trouble.

The White House has warned that a further delay could have serious implications for US foreign and security policy and would cost US businesses billions of dollars in lost commerce.

Looming as the biggest threat to PNTR's passage is a bid by Tennesse Senator Fred Thompson to punish China with sanctions over its alleged exports of arms to flashpoint states and US adversaries.

Thompson has warned that if he is not given a vote on his measure, he will use Senate procedure to add his bill to the PNTR legislation as an amendment – a move which could split the likely majority for the trade deal.

The senator has been locked in cross-party talks to make his bill palatable to the rump of Senate opinion, Congressional sources said.

Lott's spokesman said however that it was still to early to tell in what shape, and when Thompson's bill would come to the floor.

"They are having intense discussions about all of this," he said.

Support for Thompson may well have hardened in August, after a CIA report accused Chinese suppliers of stepping up support for Pakistan's missile programme and funnelling ballistic materials to US adversaries North Korea, Libya and Iran.

PNTR for China is a vital part of President Bill Clinton's programme as he nurtures his political legacy in the dying days of his administration.

BB T-bill auction held

The 104th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held here yesterday, says a press release.

Taka 721.00 crore, Tk 4.00 crore, Tk 35.00 crore, Tk 173.00 crore and Tk 32.00 crore were offered for the 28-day, 91-day, 182-day, 364-day and 2-year bills respectively.

Of these, Tk 706.00 crore, Tk 1.00 crore and Tk 20.00 crore, Tk 114.00 crore and Tk 32.00 crore in total of Tk 873.00 crore of 28-day, 91-day, 182-day, 364-day and 2-year bills were accepted respectively.

The range of the implicit yields of the bills were 6.01-6.15 per cent, 6.40 per cent, 6.90-6.95 per cent, 7.25-7.56 per cent and 8.38-8.50 per cent per annum respectively. No bids were offered for the 5-year bills.

Due to maturity of the bills, the total amount of Tk 625.50 crore will retire in the current week. So the net amount of the issuing bills will stand at Tk 247.50 (873.00-625.50) crore in this week.

Malaysians urged to invest in jt, 100pc ownership ventures

Visiting trade team meets Kibria

Finance Minister Shah AMS Kibria has called upon the Malaysian entrepreneurs to invest in Bangladesh on joint venture or cent per cent ownership basis, says UNB.

He was talking to a Malaysian private sector delegation led by Syed Razlan Jamalullai, chairman of International Automated Clearing House, who called on him at his office yesterday.

The Malaysian delegation showed keen interest to work together on bilateral trade and investment as the finance minister briefed them about the investment opportunities in Bangladesh.

"Bangladesh has become one of the best places in the world for investment," he said adding that any foreign investor can buy land for industry and transfer equity and profit easily to their countries.

The Malaysian delegation also informed the finance minister about the activities of International Automated Clearing House Inc, an offshore financial services company, said an official handout.

Malaysian High Commissioner in Bangladesh Dr M Yusof Ahmad was present on the occasion.

Team talks trade with BOI chief

Meanwhile, the visiting delegation also met Executive Chairman of the Board of Investment M Mokammel Haque at his office yesterday, says a press release.

They discussed matters of mutual interest.

During the meeting, the Malaysian High Commissioner was also present. Welcoming the delegation, Haque mentioned about the recent visit of the Bangladesh prime minister to Malaysia. He hoped that the existing friendly relation between Bangladesh and Malaysia would further strengthen and widen in terms of trade and investment.

Haque informed the delegation that Malaysian investment in Bangladesh ranks 3rd among the investing countries in respect of volume following USA and UK respectively. Till now, 34 projects with 100 per cent Malaysian investment or on joint venture has been registered with BOI. The total amount of the proposed project is US$ 1.32 billion.

The BOI chief stated with profound satisfaction that Malaysia has always prioritised the development of her infrastructure and it has now become one of the well-developed countries in Asia.

Explaining the present pace of industrialisation in the country and the investment scenario, Haque gave details of the incentives packages and other related facilities. He sought further Malaysian investment in Bangladesh, a specially in the field of power generation, oil, gas and mineral exploration, computer software application and IT, telecommunication, textile, tourism development and transportation.

In reply, Dato Seri Di Raja Razlan Jamalullai said they have come to explore possibilities of Malaysian investment.

Jamalullai deeply appreciated the policy framework, legal measures as well as fiscal incentives packages, structured by the government to attract FDI.

Exchange Rates

Following are yesterday's **Standard Chartered Bank** rates of major currencies against Taka:
Central Bank buying and selling rate of USD: BDT 53.85/BDT 54.15

Selling TT/OD	Selling BC	Currency	Buying TT Clean	Buying OD Sight Doc	Buying OD Transfer
54.2500	54.2800	USD	53.8150	53.6464	53.5779
49.3938	49.4807	EUR	47.6081	47.4247	47.3481
80.0901	80.1321	GBP	78.2659	77.9994	77.9448
32.4362	32.4608	AUD	29.3975	29.3051	29.2250
0.5192	0.5193	JPY	0.5005	0.5003	0.4993
31.6947	31.7192	CHF	30.9840	30.8894	30.8049
5.8560	5.8611	SEK	5.7575	5.7399	5.7239
37.1199	37.1444	CAD	36.2288	36.1352	36.0520
6.9916	6.9928	HKD	6.8680	6.8503	6.8329
32.050	32.0710	SGD	30.8747	30.8309	30.7163
14.8919	14.9095	AED	14.5023	14.5242	14.4838
14.5799	14.5983	SAR	14.2402	14.2035	14.1853

Usance export bills

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
53.7041	53.3727	52.9304	52.4217	51.8688	50.6303

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Mal. Ringit	Indo. Rupiah	NZ Dollar
45.70/45.90	54.70/55.00	40.90/ 40.95	3.7998/ 3.8001	8273/8293	0.4304/ 0.4311

The local market was dull and the demand for dollar was moderate. Most of the market-players were long in dollars. The money market was stable and the call rate ranged between 5.25 to 5.75 per cent.
The international markets were closed for the weekends

Syed Nurul Amin, Deputy Executive President of Al Baraka Bank Bangladesh Ltd, hands over a cheque for Tk 3.50 million to Salahuddin Imam, Managing Director of Electronic Transaction Network Ltd, as initiation fee at a function held at the bank's head office in the city on Monday. Md Solaiman, Executive Vice President, Rafiuddin Ahmed, Senior Vice President, and Zaheed Hussain, Vice President of the bank, are also seen in the picture.
— Al Baraka photo

Al Baraka Bank joins ETN shared ATM network

Al Baraka Bank Bangladesh Ltd has joined the Shared ATM Network organised by Electronic Transactions Network Ltd (ETN), says a press release.

Syed Nurul Amin, Deputy Executive President of the bank, handed over a Tk 3.5 million cheque as initiation fee to Salahuddin Imam, Managing Director of Electronic Transactions Network Ltd, at a function held at the head office premises of Al Baraka Bank on Monday.

The function was also attended by senior executives of the bank and foreign experts of ETN.

The ATM network is expected to be launched by December, 2000.

McDonald's toy supplier sacking child workers after expose

HONG KONG, Sept 3: A toy maker in southern China which supplies promotional gifts to fast food chain McDonald's has begun to lay off underaged workers following an expose by a Hong Kong newspaper, a local labour union said today, says AFP.

Children as young as 14 worked in sweatshop conditions in City Toys and its four affiliate factories in the special economic zone of Shenzhen, the South China Morning Post reported last Sunday.

They were manufacturing Peanuts and Hello Kitty toys for the hamburger giant.

Following the report the factories began an extensive check on identity cards and mass lay-off of underaged workers, said Hong Kong Christian Industrial Committee (HKCIC) researcher Monina Wong, who visited City Toys last week.

"Those who were underaged or who were working on borrowed IDs were fired. Those who were not underaged but worked on borrowed IDs or whose pictures did not look like them were also fired," she said.

"They basically fired anybody who looked suspicious.

Dismissed workers were paid their wages for August but no compensation, and dozens were being fired every day, according to Wong.

"They were told to pack immediately," she said.

"I saw a lot of them with their luggage, some hurring home and others hanging around in the hope of finding work at another factory," she added.

Workers who were not fired were told to say that they worked eight-hour days at 24 renmenbi day (2.90 US dollars), that they did not have to pay to see a doctor and they had access to entertainment facilities, Wong said.

A HKCIC study published earlier found that youngsters regularly worked 15-hour days, seven days a week, earning a fixed amount of 24 renmenbi a day at the City factory.

They could not leave the plant until they had met a quota and their work days could stretch to 20 hours during peak seasons, it said.

While they had one to two days off a month, they could not leave the district where the factory was located because they could not afford the 350 renmenbi temporary residence card required for them to stay in Shenzhen.

Neither Jack Lam, who heads City Toys' parent company, Hong Kong-based Pleasure Tech Holdings, nor McDonald's were available for comment on Sunday.

McDonal's said in a statement last week it had no reason to believe its supplier had breached its code of labour practice, which banned child labour, but the Post said on Sunday that the fast food chain had begun investigating City Toys.

The company had interviewed more than 500 workers at the factory and inspected staff dormitories and personnel record following the newspaper's report last week, and planned to interview at least another 300, the newspaper said.

"McDonal's takes these issues very seriously, which is why we took immediate action to get all the facts," the newspaper quoted Walter Riker, the company's spokesman in its Illinois headquarters, as saying.

"Our code of conduct for suppliers makes clear that we will not tolerate any substandard practice...the inspection is ongoing and will continue for as long as it takes to get every piece of information needed," he added.

Ailing currency a challenge for NZ central bank

WELLINGTON, Sept 3: New Zealand's ailing currency, coupled with a weak domestic economy and high oil prices, poses a challenge for the central bank as it tries to keep a lid on inflation, the chief economist at Deutsche Bank NZ said, reports Reuters.

The currency hit its lowest ever level of $0.4208 on Friday, driven mostly by the strong US dollar but also by concern about New Zealand's high current account deficit, which weighed in at 8.2 per cent of gross domestic product in the year to March.

The Reserve Bank of New Zealand is charge with keeping inflation within a zero to three per cent range, with an ideal midpoint of 1.5 per cent. It also has a policy of non-intervention in the foreign exchange market.

"I don't think the bank can do much to defend the currency, short of stepping in to raise short rates to 10-12 per cent, which would of course be unacceptable from a domestic standpoint," Ulf Schoefisch of Deutsche Bank NZ said.

He said there was now little else it could do but sit back and let it all blow over.

"Certainly the bank has not got the tools. Currency intervention does not help and it's not realistic to raise interest rates to double digits.

IT demand to increasingly underpin Asian growth

Salomon Smith Barney report says

SINGAPORE, Sept 3: Global demand for information technology goods and services will increasingly underpin Asia's economic growth, a report by research house Salomon Smith Barney said, reports AFP.

But for several countries in the region, leadership problems as well as separatist rebellions in Indonesia and the Philippines would remain a concern for investors, it said.

Surging productivity in the United States, largely related to technology investment, and a sharp increase in electronics and IT orders in Japan bode well for the region – a key producer of these products.

The report received at the weekend said global growth has been dominated by the IT sector and its impact is likely to benefit the region substantially.

Singapore, Taiwan, South Korea, Malaysia and Taiwan have been among the major contributors to the IT boom.

"The traditionally strong correlation between Asian and global growth is still there," Salomon Smith Barney said.

"Global tech does not have more influence than non-tech on Asian growth but it is faster growing.

"More importantly, the tech up-cycle still has further to run, into at least 2002, providing important support for Asia's growth," it added.

The IT sector has been growing more rapidly than the non-tech sector, Salomon Smith Barney said.

It cited the United States where IT expanded at an average annual rate of 30 per cent in the 1990s compared to 2.5 per cent for the non-IT sector.

The research house said it had raised its gross domestic product projection for Asia next year to 6.7 per cent from 6.6 per cent.

"At an industry level, our analysts remain confident that the IT cycle will persist into 2002, driven by among other things the diffusion of telecoms," Salomon Smith Barney said.

"With tech growth the dominant force in IP (internet protocol) growth globally and within much of Asia, this is crucial to our demand view," it said.

IT also sparks growth by lowering the costs of information and coordination as well as easing uncertainty, which is important to increasing global trade.

"Investment in technology is an increasing feature of Asian investment, boding well for gains in productivity and growth, especially in North Asia," it said.

But, with the risks from external shocks diminishing, domestic political conditions are likely to take on greater weight in determining growth prospects, the report added.

"Within Asia, the general lack of macroeconomic imbalances should mean that either politics or policy shifts are likely to take centre stage," it said.

"This is especially true in Indonesia, the Philippines and Thailand, but also China and Taiwan.

Leadership problems as well as separatism in Indonesia and the Philippines remain a concern.