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BGMEA polls seem headed for a four-forked fight

Efforts also on for consensus leadership

By Shahriar Karim

If the early indications are anything to go by, then there is a possibility of a four-way fight for the top post of Bangladesh Garment Manufacturers' and Exporters' Association (BGMEA) in its upcoming elections.

However, efforts are also there for a consensus leadership with the combination of young and experienced garment manufacturers as the next two to three years are very crucial for the industry in the light of globalisation, business sources said.

Election to the 21-member BGMEA executive committee is expected to be held on February 22, 2001.

Four leading garment manufacturers and exporters have already started groundwork to win the top post of the country's biggest trade body. They are incumbent Vice-president Anisul Huq, Directors Engineer M Abu Taher and Tipu Munshi and another garment manufacturer Qazi Munir.

However, BGMEA sources said that it is too early to say who would ultimately remain in the fray till January 21, the last date for filing nomination papers. "At the last moment, there could be some dramatic developments leading to a straight fight between two panels," said a competent source.

The usual trend in the BGMEA election is a straight fight between two panels under the banner of Forum Group and Sammilito Parishad. Last time, Forum Group filed a joint panel with a breakaway group of Sammilito Parishad led by Nurul Haque Shikder and Tipu Munshi, both directors of Association.

Ending a two-year honeymoon, Nurul Haque Shikder and Tipu Munshi severed their relations with the Forum Group. On the other hand, Engineer M Abu Taher, a Forum stalwart, recently resigned from the group to form a new one, Progressive Forum, with a view to contesting the elections.

Anisul Huq, the incumbent Vice-president, is almost certain to lead the Forum Group, while Tipu Munshi will lead a fraction of the Sammilito Parishad.

There are also indications that Qazi Munir might lead the Sammilito Parishad panel led by former BGMEA President Mostofa Golam Quddus. However, Tipu Munshi said that he is having talks with the Quddus-led group for a joint march to the elections.

"Anisul Huq will lead our panel this year," said incumbent BGMEA President Anisur Rahman Sinha. When asked about the possibility of a four-way fight, Sinha said, "It is too early to comment on this." However, he didn't rule out the possibility of a patch-up with the breakaway fractions of other groups.

However, Abu Taher and Nurul Haque Shikdar while talking to The Daily Star shrugged off the possibility of any understanding with the Forum Group as they think the existing leadership of the group has failed to 'deliver any good' to the industry. They didn't rule out the possibility of any understanding with other groups.

Euro enjoys Xmas cheer in Tokyo

TOKYO, Dec 25: The euro enjoyed Christmas cheer in Tokyo currency trading Monday as investors fretted over the bleak midwinter outlook facing the US and Japanese economies, reports AFP.

The common European currency held steady after breaking the 92 US cent threshold on Friday for the first time since August 1.

It bought 0.9250-53 dollars at 5:00 pm (0800 GMT) in Tokyo, up from 0.9230 dollars in New York and 0.9179-82 dollars in Tokyo late Friday.

"The euro could rise to the 0.93 dollar level tomorrow or the day after tomorrow as overseas markets resume trading after the Christmas break," Bank of Tokyo-Mitsubishi dealer Kiyoshi Kuzuhara said.

"Investors are buying back the euro as they are worried about the uncertainty facing the US economy," he said.

Against the yen, the euro was quoted at 104.41, up from 104.20 in New York and 103.41 in Tokyo Friday afternoon.

"Investors are favouring the euro as they think the Japanese and US economies are growing more unsteady than euroland's," said Fuji Bank dealer Hideyuki Tsukamoto.

The euro has gained more than 12 per cent against the greenback since October 26 when it plumbed 0.8230 dollars, its lowest point since its January 1999 launch.

The yen derived no benefit from a surge in the Tokyo Stock Exchange's Nikkei-225 index, which erased some of the steep Wall Street-led losses of last week.

"The Nikkei rose just because the Nasdaq did. There is no particular lead which would encourage currency players to favour Japan," Tsukamoto said.

Bill Gates top donor in '99

WASHINGTON, Dec 25: Microsoft founder Bill Gates, in conjunction with his wife Melinda, donated some 300 million dollars more to charitable causes in the past year than the US government, according to a newspaper report published yesterday, reports AFP.

In moves aimed primarily at reversing the health crisis among the world's poor, Gates targeted global health threats such as AIDS, malaria and tuberculosis, often donating tens of millions of dollars at a time, according to the Boston Globe.

A pivotal figure in the computer software revolution, which formed the basis for his billions, Gates now contributes more than 25 per cent of the total figure given by industrialised nations on health needs in underdeveloped nations.

The Bill and Melinda Gates Foundation made 60 separate grants in the year from November 1, 1999 to October 30, 2000, representing some 1.44 billion dollars. This compares with five billion dollars given by industrialised countries.

US government figures were based on its fiscal year beginning October 1, 1999.

"The world hasn't been allocating its resources properly at all in global health," he told the Globe from his Redmond, Washington base. "Rich governments should be doing more."

The Gates contributions underline the increasingly important role wealthy private individuals are having in international affairs.

Last week, Ted Turner, founder of Cable News Network, offered to give 34 million dollars to bridge the shortfall in US dues payments to the United Nations, after giving the UN one billion dollars three years ago.

Gates, 45, said he traces his interest in helping the poorest of the poor to the days when he would "travel internationally in my 20s, to Brazil and see the favelas right next to the rich city, or to Mexico," he told the Globe.

Only seven health staff are employed at his health foundation which he has endowed with 21.8 billion dollars, earmarking, since late 1997, just over two billion dollars for global health.

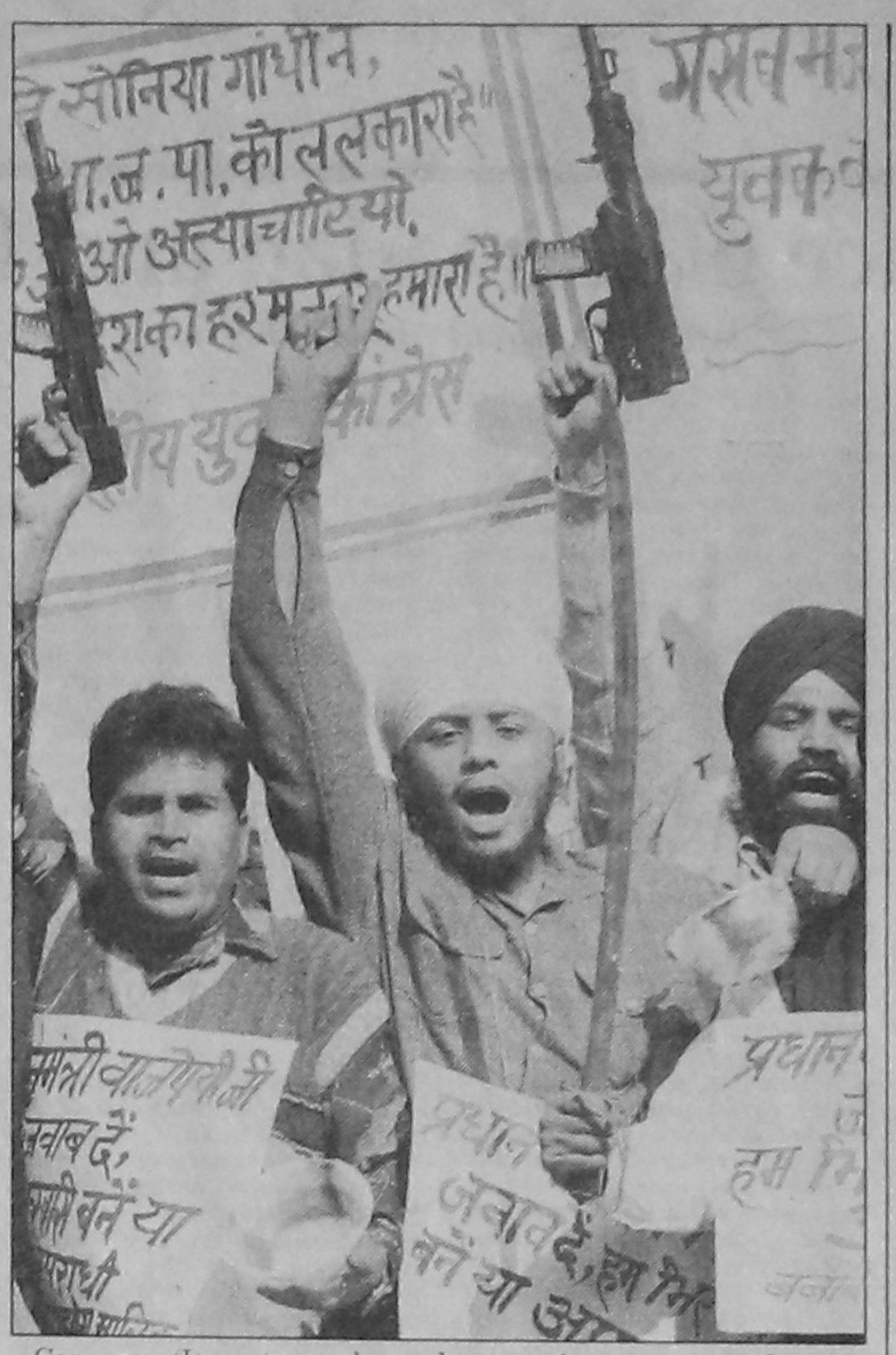
Russian GDP up 7.7pc in first 9 months of 2000

MOSCOW, Dec 25: Russia's gross domestic product (GDP) rose 7.7 per cent in the first nine months of 2000 compared to the same period a year earlier, the Interfax agency reported Monday, citing final figures by the state statistics committee, reports AFP.

GDP rose to 4,908.8 billion rubles (around 175 billion dollars) from January to September.

According to the most recent estimates of the ministry of economic development, the Russian economy has continued to grow at the same rate, posting a GDP increase of 7.7 per cent over the first 11 months of the year.

The Russian government has forecast a seven per cent increase for the year, after 3.2 per cent in 1999.



Congress (I) party workers shout anti-government slogans as they hold aloft dummy guns and mock begging bowls during a demonstration in New Delhi yesterday to protest a recent order by Supreme Court to shut down thousands of polluting factories in Delhi. The demonstrators said that if the order was implemented, the workers employed in those factories will either be forced to beg or take up arms to earn a living after the closure of the units. – AFP photo

Venezuela urges OPEC 'to go to battle' over price

CARACAS, Dec 25: Venezuelan President Hugo Chavez called on the OPEC oil cartel yesterday to "go to battle" to defend the price of its main export, which has slumped by 30 per cent in the past month, reports Reuters.

The former paratrooper insisted that the South American country was trying to achieve price stability in world markets, and said he wanted to speak to the leaders of Saudi Arabia, Iraq, Libya and Algeria to coordinate a reduction in output, if necessary, to defend a "fair price".

OPEC's export price has plummeted by a third in month – from near its highest level in a decade of $31.63 on Nov 24 to $21.64 per barrel on Thursday – as fears of a heating oil shortage in the United States this winter subsided.

Chavez, who has assumed a leadership role in the cartel after hosting the first OPEC summit in 25 years, said he wanted to talk by telephone with Saudi Crown Prince Abdullah, Iraq's Saddam Hussein, Libya's Muammar Gaddafi and Algerian President Abdelaziz Bouteflika.

"We have to go to battle to defend the price of our oil.... to avoid a collapse in prices, because there are those who want us to give (oil) away," Chavez said.

Last week, US President-elect George W. Bush called on OPEC to "open the spigots" to cut energy costs for consumers.

Chavez, in his weekly radio show, said on Sunday many OPEC members wanted to push the oil price up to $50 per barrel, while other countries were playing a "dirty game," trying to push them back down to $8 to $10 per barrel, the level where they were in early 1999 when Chavez took office.

"Just as we don't want prices at $50 per barrel, we demand that those countries playing a secret and unfair game, play clean, because, if not, we have our resources and our leadership within OPEC and some countries outside OPEC to drive prices much higher", Chavez said, in typical combative style.

The Organisation of Petroleum Exporting Countries blames speculation on financial exchange in New York and London for the extreme volatility of world oil prices.

OPEC agreed informally this year to a price target mechanism, under which it lifts or restricts output to the world's 76 million barrels-per-day (bpd) market by 500,000 bpd-if prices move outside its target range of $22 to $28 per barrel.

After prices moved below $22 on Thursday, that could trigger a cut of 500,000 bpd on Jan. 5, just a week before OPEC ministers plan to meet in Vienna.

OPEC has raised its production four times this year, by 3.7 million bpd, in an effort to cool a price spike that threatened to dampen world economic growth.

Industry analysts expect world oil supply to exceed demand over the next few months, which could provoke a further collapse in prices early next year as inventories grow and demand eases.

Iran, Kuwait and Indonesia have all called for a output cut of 1.0 million bpd to be agreed in next month's cartel meeting.

Student Takahiro Tsuji (C) smiles next to the face of a robot (R) and its naked model (L), developed by Hiroshi Kobayashi, Associated Professor of the Science University of Tokyo yesterday. The robot is a fourth generation model, able to express human feelings of happiness, sadness, surprise, fear, anger and disgust on its face with shape-memory alloy (SMA) muscles. – AFP photo

China announces major cuts in int'l phone call charges

BEIJING, Dec 25: China Monday announced plans to cut charges for international telephone calls and Internet access by more than half, starting January 1, Xinhua reported, says AFP.

The reduction covers all telecommunications businesses except mobile phones and local calls, the official agency said.

International call charges will fall by more than 50 per cent, to 0.80 yuan (under 10 US cents) for six seconds. Calls to Hong Kong, Macau and Taiwan will have a flat rate of 0.20 yuan for six seconds, Xinhua said.

Currently, international calls out of China are expensive. For instance, a phone call from Beijing to New York costs 18.4 yuan (2.2 dollars) per minute, about three times the charge to make the same call out of New York, Xinhua noted.

Mad cow disease fears

Japan imposes total ban on EU beef

TOKYO, Dec 25: Japan had decided to impose a total ban on beef imports from the European Union as it campaigns to keep out deadly mad cow disease, an agriculture ministry official said today, reports AFP.

"This is a large-scale measure," said Kazuo Ito of the ministry's farming hygiene division. "Like the measures taken within the European Union, the ban is based on the idea of prevention."

The ban was officially posted on Friday and will take effect on January 1. It will target beef and beef products produced in the 15 EU member countries as well as in Switzerland and Liechtenstein.

It also prohibits the use of ingredients derived from EU cattle, sheep and goats in animal medical products and animal feed.

Also on the banned list are EU imports of cattle sperm and ova, which are used in farming for fertilisation.

"It is designed to serve as an extremely precautionary measure," Ito told AFP, adding the agriculture ministry had yet to decide how long the ban would stay in place.

The EU countries account for just 0.1 per cent of Japan's annual beef imports, with the United States Australia making up an overwhelming 95 per cent.

But Japan now joins a growing list of countries, most recently Iran, in suspending EU beef imports for fear of the disease formally called bovine spongiform encephalopathy (BSE).

The World Health Organisation on Friday warned other nations, notably developing ones, that the economic impact could be enormous if BSE entered their farming industries.

Also on Friday a Paris court opened an investigation to determine whether British, French and EU officials should face charges for failing to take steps to contain BSE.

On December 13, Japan announced a total ban on animal feed made from EU meat and bone meal, and a ban on the use of medical ingredients derived from cattle from 29 nations.

Argentine pension reform seen by mid-Jan

BUENOS AIRES, Dec 25: Argentine Economy Minister Jose Luis Machinea has said a controversial but key set of reforms to the country's pension and retirement system would be ready by mid-January, indicating it may be passed by decree, reports Reuters.

"The reform to the retirement system will be ready by mid-January," Machinea told the Sunday edition of Clarin newspaper.

When asked if this meant it would be enacted by presidential decree, since Congress is not expected to be in session until February, Machinea replied: "It is necessary and urgent to approve it, because it improves our mid-term fiscal solvency. Multilateral lenders are backing our economic plan, which includes the pension reform."

Malaysia deports 1000 illegal Indonesian workers

KUALA LUMPUR, Dec 25: More than a thousand illegal Indonesian workers boarded an Indonesian battleship for deportation back to their country, the national news agency Bernama and news reports said Monday, reports AP.

The 1,200 workers, arrested nationwide in recent months, boarded the ship Monday from the southern province of Johor under a joint Malaysian-Indonesian operation.

Aseh Che Mat, the national immigration chief, was quoted as saying by Bernama that another 3,000 Indonesian illegals remained in detention centers. He did not say when they would be deported.

The deportation was agreed upon by both countries following talks between Prime Minister Mahathir Mohamad and Indonesian President Abdurrahman Wahid in October, The Star daily quoted Aseh as saying Monday.

Aseh did not reveal the cost of the operation but said it will be borne by both governments.

Malaysia has more than 700,000 foreign workers and more than 1 million illegal immigrants, mainly employed in the construction sector. Most are from Indonesia.

Japan seeks to downplay impact of stock debacle

TOKYO, Dec 25: The Japanese government on Monday sought to play down the impact of the recent slump in Tokyo share prices on the country's sluggish economic recovery, reports AFP.

The stock market debacle could lead to a credit crunch because of a decline in the ratio of net worth on the part of financial insitutions, the Economic Planning Agency said in an annual review of the Japanese economy.

But the report added: "It is highly possible that downward pressure on the overall economy stemming from downturns in stock prices is not strong for now."

The report deemed it "necessary" to keep a close watch on "possible effects of the movements of stock prices on the economy."

The key Nikkei average of 225 leading issues on the Tokyo Stock Exchange rallied back after slipping below 14,000 last week for the first time in 21 months.

But gloom on Wall Street about the faltering US economy was seen likely to overshadow Tokyo share trading as the market winds down for the New Year break, brokers said.

The report said the linkage between Tokyo and New York share prices was "getting stronger."

The decline in Tokyo share prices has been largely due to plunges in the technology-laden US Nasdaq composite index, the report said.

It noted that share prices had been declining even though the Japanese economy was gradually improving and corporate earnings were at a high level.

Top Japanese automakers save Mitsubishi post higher sales

TOKYO, Dec 25: Japan's top two carmakers posted higher sales and production last month but scandal-hit Mitsubishi Motors Corp. continued to suffer from a customer boycott, new company figures showed Monday, reports AFP.

Third-ranking Nissan Motor Co. Ltd., which is being restructured under the control of France's Renault SA after years of losses, saw its Japanese sales dip 0.2 per cent to 57,579 and domestic output fall 13.5 per cent to 105,893.

But Toyota Motor Corp. consolidated its position as Japan's biggest car company by selling 6.3 per cent more vehicles year-on-year in November to reach 160,185. Its domestic output rose 4.0 per cent to 311,561 units.

Honda Motor Co., the second biggest in global production terms, performed even better last month with Japanese sales rising 18.8 per cent to 71,026 vehicles. Its domestic output, however, fell 1.9 per cent to 109,300 units.

"Individual consumption in Japan still remains weak, but we have been fortunate enough to receive strong support from our customers," said Honda spokesman Yoshio Ito.

Honda's new Stream minivan, introduced in October, had sold well along with revamped versions of the best-selling Civic passenger car, he said.

Mitsubishi in contrast suffered a 24.7-per cent slump in November sales to 34,110, while its domestic passenger car production dived by 14.2 per cent to 55,639.

Remittances: Constraints, issues, policies

By Khandaker Aftab Jahan and Sonia Aftab

For the last two decades, Bangladesh has experienced a massive outflow of Bangladeshis migrating to other countries for job. The trade in human capital generated significant financial flows, in the form of remittances to Bangladesh. The remittance sent by Bangladeshi have become a valuable and inexpensive source of foreign exchange available for economic development of the country.

It has been experienced in Bangladesh that a significant portion of remittances in spent on unproductive and personal investment such as real estate and housing implying that it has not been used in capital formation which is essential for growth.

As a result, for a great majority of the migrant families the surplus generated out of overseas remittances is very low. Use of remittances for consumption purposes results from the failure of the migrants or concerned families to appreciate the need for productive use of remittances.

The observed low level of use of remittances for productive purposes could further be related to the lack of adequate investment opportunities in the country capital or portfolio. Opportunity for investment is seen here in relation to the expectation and managerial qualities of the migrants or of the respective family members. Even with respect to the simple forms of investment in assets such as Saving certificates, Postal Savings Schemes, Prize Bonds, Wage Earner's Development Bond, etc. very few of the migrant families are aware of these schemes, let alone to make use of them. In the case of capital investments, official requirements are so stringent that it takes years before any investment plan can actually be realised.

It is generally accepted that policies are needed to encourage the use of remittances to promote longer-term growth and income security in migrant sending economies. The major policy issue is the need to regulate, facilitate and encourage remittance, and utilisation of the worker's earnings from abroad in such a way that the countries concerned could derive the maximum economic benefits out of them. The belief is that policies can be effective in encouraging migrants to channel more remittances through official, rather then informal channels, to increase their levels of remittances by encouraging them to hold their savings in financial assets in the migrant sending country rather than keeping them abroad (or spending their savings on consumer goods), and themselves to become investors in productive assets in the domestic economies of the labour-exporting countries.

In this context Bangladesh has also taken some policy measures to encourage the inflow of remittance through official channels and their productive use. Bangladesh allowed remittances to be held in foreign exchange accounts in the home country. Interest was often paid in foreign exchange at a rate comparable to or above that available on local currency accounts (with the central bank compensating commercial banks when the exchange rate depreciated). Bangladesh offers incentives through a preferential exchange rate applied to conversions of foreign exchange from the RFCA (repatriable foreign-currency accounts) to local currency, and it's WES (Wage Earners' Scheme) which enables migrants to sell their foreign exchange to importers on daily auctions (Mahmud, 1989).

The followings are some suggestions to improve the remittance system with a view to ensuring better and productive use of the remittances:

* Generation of awareness among the migrants or the respective families about the need for utilising a part of their overseas remittances for productive purpose is very important. As a method of raising awareness, publicity campaign would seem quite useful.

* Research on remittance flows has shown that remittances and investment are sensitive to policy and political uncertainty. We should try our best to create a good macro-economic environment where domestic investment opportunities can develop. Political stability also seems to be important if funds are to flow to the home country.

* Extension and deregulation of financial system would encourage remittances and investment. This would involve the deregulation of bank lending and deposit rates and the creation of new monetary instruments. Remittances are more likely to flow through the banking system if branches exist in areas other then the capital cities.

The main problem of unproductive use of remittance is the lack of profitable investment opportunities to attract remittances. The privatisation of public enterprises may provide investment opportunities.

* A special financial institution may be established initially at the instance of the government with active participation and also the ownership of the migrants. Setting up of industries and other welfare institutions involving the migrants may be initiated by that institution so that wide scale socio-economic activities are generated through deployment of the funds of the migrants.

* If remittances are viewed as regular income they should be taxed accordingly. Although remittances probably should be taxed like business return (labour is an export) this is probably too difficult in practice. Tax receipts from remittances are thought to be low because of avoidance. Improved taxation administration and collection may help but continued tax reform should be pursued.

* Restrictions on holding of foreign currencies by migrants may be lifted altogether. Then the remittance inflow in the country rather increases after withdrawal of restrictions.

* Special efforts may be taken by the banks to link the bank branches located in these areas with the modern communication arrangement including setting up of computers so that very quick transmission of remittances are ensured. Wide publicity regarding the availability of these facilities should also be made.

* The information base on migration and remittances needs to be improved there is relatively little information on migration flows. Household surveys should be carried out, ideally interviewing individuals in the home and host county, or at least collecting information on both the remitter and the receiver. Surveys would also provide information on the extent of return migration and the acquisition and the use of skills acquired overseas.

(The authors are Assistant Chief of Planning Commission and Lecturer of School of Business at Asian University of Bangladesh respectively.)