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# Star BUSINESS

DHAKA SATURDAY MARCH 10, 2001

US-S'pore free  
trade deal by  
year-end

REUTERS, Washington

By concluding a free trade agreement with Singapore, the Bush administration will send a strong signal to Asians that it is engaged and supports trade pacts. Singapore's envoy to Washington said on Wednesday.

Singapore Ambassador Chan Heng Chee told Reuters she expected the US-Singapore Free Trade Agreement (FTA), stalled by the transition of power in January from former President Bill Clinton to President George W. Bush, to be signed by the end of the year.

Trade Minister George Yeo is scheduled to visit Washington next week to lay the groundwork for the resumption of trade talks in April in Singapore. It will be the third round between the two countries but the first for the Bush administration.

"We ... think strategically the US-Singapore FTA is important to show US interest in the region," Chan said in an interview at the embassy of the city state.

The Bush administration is talking about Latin America, is strong with Europe, but we would like to see and Asians would like to see, the United States also engaged with Asia ... It (also) does show that the US is interested in free trade agreements and you just have to find the right terms."

The FTA would keep the momentum in trade liberalisation going in the Asia Pacific Economic Cooperation (APEC) forum, created to come up with a common agenda for trade among its 21 economies, she added.

**UK manufacturing  
output falls**

REUTERS, London

British manufacturing output recorded its sharpest month-on-month fall for nearly three-and-a-half years in January as mobile phone production fell back from high December levels, National Statistics said Friday.

Mobile phone manufacturers cranked up output in December to satisfy heavy Christmas demand. But production by electrical and optical equipment manufacturers dropped back 4.8 per cent in January, pushing manufacturing into its largest monthly fall since August 1997.

Economists said the figures did not reflect a widespread slowdown in manufacturing activity and should not be cause for alarm.

"The figures are dreadful at first sight but I don't think this is due to inventory build-up or global outlook," said Geoffrey Dicks of Royal Bank of Scotland.

"If the mobile telephony sector is stripped out, the number's aren't so bad," he added.

Annual production by Britain's manufacturing sector, which accounts for about a fifth of the overall economy, rose 1.5 per cent of the year.

**China's industry  
output up 10.2 pc**

REUTERS, Beijing

China said Friday its industrial output rose 10.2 per cent in the first two months of 2001 from a year earlier, off the blistering pace of 11.4 per cent for all of last year as exports slowed.

Value-added industrial output was 362.9 billion yuan (\$43.8 billion) for the two month period, the State Statistical Bureau said, but gave no figure for February alone.

An official said the bureau would not release a figure for February because of distortion from the Chinese Lunar New Year, which fell in January this year but February last year.

The holiday for Chinese New Year shortens the number of working days, curbing industrial output. That implies growth in February this year was probably strong because of the low base of comparison, analysts said.

The 10.2 per cent rise in January-February combined was slower than the 10.4 per cent jump in the same period of 2000 and below the 11.4 per cent surge for all of last year.

Analysts said the relatively weaker growth was caused by a slowdown in exports as the US and world economies faltered.

"Slowing exports had an adverse impact on industrial production," said Liang Youcui, senior economist at government think-tank the State Information Centre.

Exports of industrial products rose 11.7 per cent year on year in January-February to 197.8 billion yuan, the bureau said in a statement. In comparison, firms exported industrial goods worth 1.41 trillion yuan last year, up 24.6 per cent year on year.

## Tea sale at Ctg auctions up on supply glut this season

NURUI ALAM, Chittagong

Glut at auctions here boosted the sale of tea by five million kg in the current season compared with figure of the previous one, concerned market sources said.

They said 43 million kg of tea was sold in 43 auctions of the current season, up from 38 million kg disposed of at the same number of auctions in the previous season.

The current season is scheduled to end later this month after holding auction No. 46, the last one of the season.

"We have witnessed a huge supply of tea in the auctions that helped increase sale and meet the demand of the buyers from home and abroad," said Rafay Nizam,

director of a leading broker house here.

"Crop was better in 2000 due to favourable climatic conditions which allowed the tea growers to supply more tea to the auction markets," he said adding that "as a result, good-liquoring teas fetched better prices."

According to official reports, tea output was recorded at 54 million kg in 2000, an increase of 8 million kg when compared with the year 1999, which witnessed production setback due to draught.

President of Tea Traders Association of Bangladesh (TTAB) Feroz Ahmed informed that there was strong demand for the tea put on offer. "Pakistan and Afghani-

stan were the main export buyers while the CIS countries operated selectively," Ahmed said, adding "internal traders were also pretty active opting for their own types of tea."

Pakistan dominated the market this season with its offtake of 9.2 million kg in 2000 as against 3.5 million kg offtake in the year 1999.

Poland, once a major buyer of Bangladesh tea, lent a poor support with an offtake of less than one million kg in 2000, though it imported about 4 million kg of tea in the previous year, market sources said. This time, the Polish buyers moved to south India with a view to availing themselves of less-priced tea, market sources informed.

Despite poor support from the Polish buyers, tea export from Bangladesh went up this time, sources said.

Official reports said that 18 million kg of tea was exported in 2000 as against 15 million kg in 1999. Afghanistan bought 3.3 million kg of Bangladesh tea in 2000 while in '99 it bought only 67,000 kg, market sources said.

The price of tea was however lower this time with the average in the auctions recorded at Tk 58.04 while in the previous year, the average price was recorded at Tk 59.05, market reports show.

But the good-liquoring teas were sold at over Tk 70 per kg during the current season, brokers said.

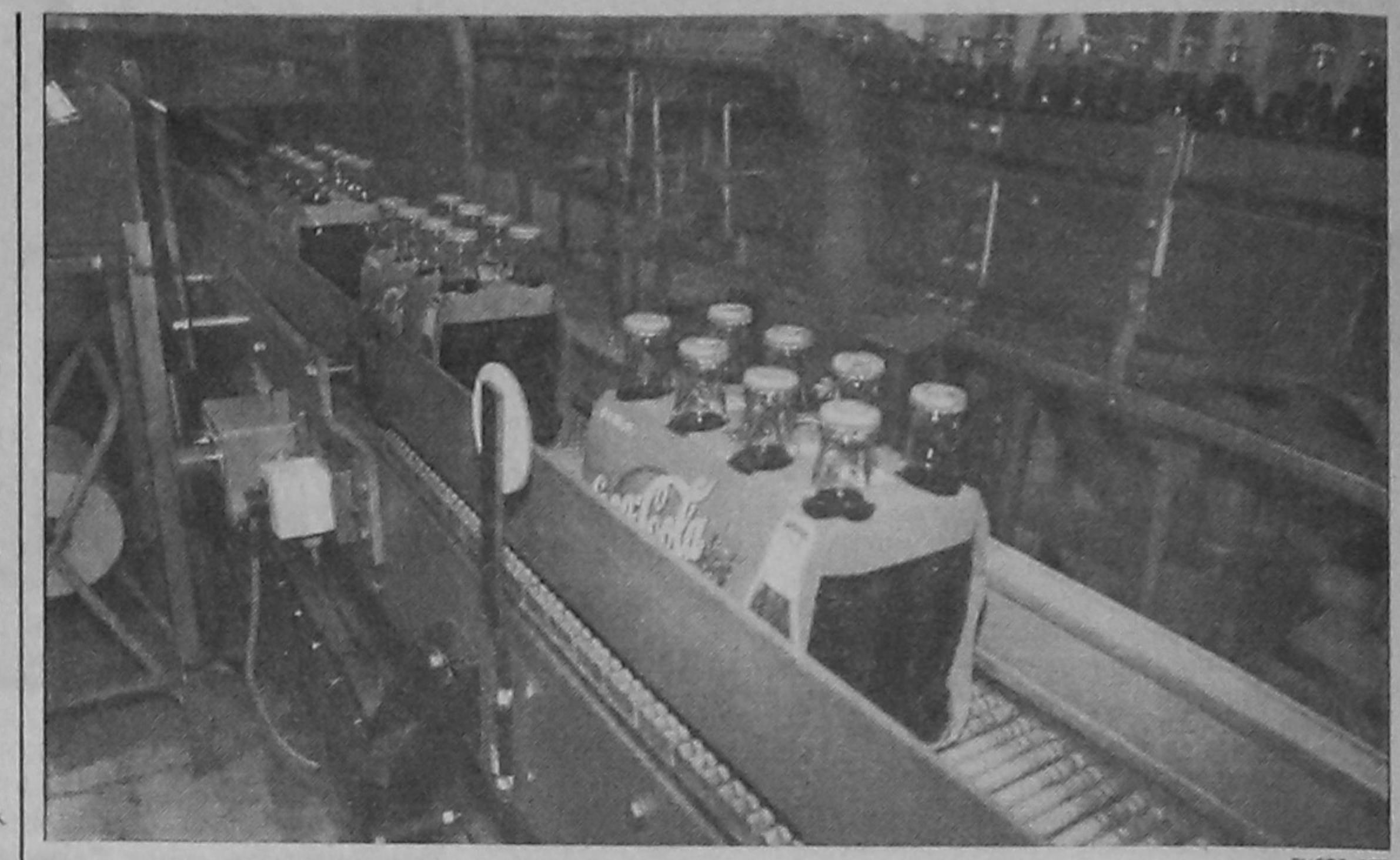
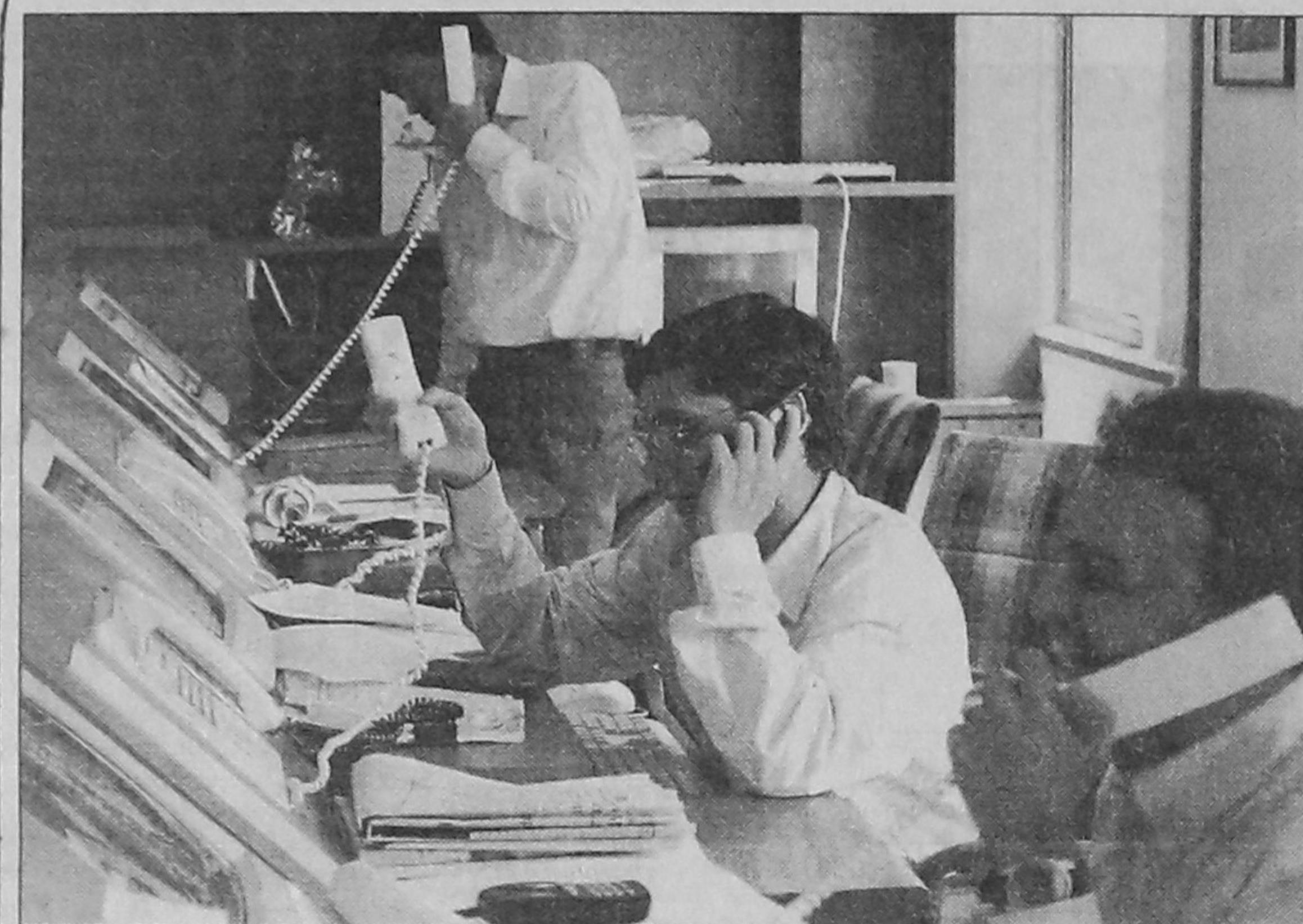


Photo dated March 8, 2001 shows the Coca-Cola factory of Clamart, southeast of Paris. US beverage giant Coca-Cola was forced Wednesday to recall more than 7,000 packs of glass bottles of its cola in France after glass particles were found in some of them.



Picture shows stock dealers at Oswal Securities trade in Bombay yesterday. The opening stock trading in Bombay Stock Exchange (BSE) nose-dived 4.5 per cent due to a payment crisis at the Calcutta Stock Exchange.

### Indian couple commit suicide after stock losses

REUTERS, New Delhi

An Indian couple committed suicide after their investments were wiped out in a stock market fall, police said Friday.

The bodies of VK Aggarwal, 46, and his wife Rani Kali, 42, were found in a hotel room in central Delhi on Thursday after police broke open the door.

The police believe they died after taking poison.

The husband was a cashier in a government-run bank in the northern state of Haryana.

A suicide note found near him said the couple decided to kill themselves because of losses in shares trading, police said.

The note said some of the investments were made on behalf of a society of bank employees of which Aggarwal was the secretary.

He had used seven million rupees (\$150,600) of the society's funds to invest in stocks.

## OPEC faces delicate task on size of new oil cut

Cartel meets in Vienna on March 16

REUTERS, London

OPEC oil producers are walking a tightrope on how much further they can afford to rein in crude output to maximise revenues without harming a fragile world economy.

OPEC sources say a production cut of at least 500,000 barrels a day (bpd) almost certainly will be agreed when the 11-member cartel meets in Vienna next week.

But unclear supply-demand data, worries about the impact of high oil prices on the economy of the United States, the world's biggest fuel consumer, and erratic crude flows from Iraq look likely to push a final decision to the wire.

"The issues are lining up right now but there needs to be a much broader economic analysis discuss-

tion lest mistakes be made," said Peter Gignoux, head of the London energy desk at Schroder Salomon Smith Barney.

Price hawks Iran, Venezuela and Indonesia may push for a cut close to a million barrels daily to keep OPEC's basket crude near the top end of the group's desired \$22-\$28 a barrel target.

But worries that prices too high could dent demand mean the cartel more likely will reach a compromise cutting by about 750,000 bpd at the March 16 talks.

"The big picture is the slowdown in the US economy and what that will do to demand," said an official at an OPEC state oil company.

"With that in mind, they probably can't take the risk of cutting as much as a million and

that much isn't warranted anyway to keep prices where they want them. I'd say around 700,000 bpd looks most likely."

"Prices could collapse if OPEC makes a cut of less than one million barrels per day," said a senior analyst close to an OPEC hawk. "Market conditions are very fragile."

Meanwhile, another report says: Oil prices fell yesterday as markets awaited fresh clues as to how much the OPEC producers' cartel might chop production when it meets next week.

International benchmark Brent crude for April delivery stood 22 cents lower at \$26.46 per barrel in early London trading.

US light crude futures fell 13 cents to \$28.26 a barrel.

## KL seeks aggressive strategy for marketing AFTA

AFP, Manila

An aggressive strategy is needed to market the Southeast Asian free trade area before its scheduled launch in 2003, Malaysia's trade minister Rafidah Aziz said here Thursday.

Expressing regret that the Association of Southeast Asian Nations (ASEAN) was not doing enough to promote the ASEAN Free Trade Area (AFTA), she said she would propose a marketing strategy at a meeting of the grouping's trade ministers in Cambodia in May.

"Sometimes we have ourselves to be blamed," Rafidah told reporters when asked to comment on reports that ASEAN was beginning to lose foreign investment to China.

"We haven't aged, we are just as beautiful as before but somebody more beautiful has cropped up, so people are turning (their) attention. So, we have to spruce up our marketing," she said.

Rafidah called for joint ASEAN efforts to emphasise how the 10 member countries could complement each with their different levels of development and resources.

"We have to tell the world that the AFTA is actually a good market and in order to take a share of the

market, you must be here so that you can get all the tariff-free products and that is why investments should be directed here," she explained.

"It is not a question of us losing our lustre. Just that people are not seeing us. Somebody else is more lustrous," Rafidah said, referring to China.

ASEAN hopes to complete the AFTA process by the end of 2002 for six of its more developed members — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — and at a later date for Cambodia, Laos, Myanmar and Vietnam.

Asked whether she would propose at the upcoming ASEAN trade ministers meeting that the region's marketing strategy be fine-tuned, Rafidah quipped: "Not fine tune, we must have a proper marketing strategy, period."

REUTERS, Ankara

### Turkish economy minister against rehabilitation of failing banks

REUTERS, Ankara

Kemal Dervis, Turkey's new economy minister, said it would be a mistake to attempt to rehabilitate failing banks which have lost all their capital, Turkish newspapers said Friday.

"To hope that a bank without any potential, which has completely lost all of its capital, will in the future be able to operate again would be a mistake," Dervis was quoted as saying by Milliyet daily newspaper.

Dervis, a former World Banker summoned to his native Turkey after a devastating financial crisis, was in Washington to drum up support as Turkey revamps its economic policy after financial turmoil killed its \$11 billion IMF anti-inflation programme.

The crisis, sparked last month by fears of political instability, saw the flotation of the currency, which has since lost about a quarter of its value.

US Treasury Secretary Paul O'Neill pledged funds but hesitated to name a figure until Turkey draws up a new economic policy, Dervis was quoted as saying by Hurriyet newspaper.

Dervis also met with World Bank chief James Wolfensohn and IMF officials.

"We are going to draw up a new IMF plan, or revamp the existing one," Dervis said. "The existing one has been suspended. We need to renew our discussions."

Dervis, speaking at a news conference in Washington for Turkish journalists, said a new economic programme would be ready within 10 days, and the World Bank and IMF were waiting for details of the programme before giving a figure for financial aid.

Reform of the banking sector was crucial if the World Bank, IMF or US Treasury were to come up with cash, Sabah newspaper quoted Dervis as saying.

"Everyone sees that the state banks have for years now been Turkey's biggest (liability)," Dervis said.

Prime Minister Bulent Ecevit said on Thursday state banks triggered the February crisis, as well as a previous emergency in November.

## UN seeks to limit Iraqi crude buyers to prevent kickbacks

Reports of 'illegal' surcharge on foreign cos

AP, United Nations

Spurred by reports that foreign companies are paying kickbacks to Iraq in exchange for business, the United States and Britain are considering trying to trim the number of companies that buy Iraqi crude so they can be better monitored.

UN officials and diplomats say they have known for quite some time that Iraq has been charging an illegal surcharge on buyers of its crude oil.

But in recent weeks they have also received reports that foreign companies are paying illegal kickbacks on contracts for humanitarian goods shipped to Iraq under the oil-for-food programme.

"We have evidence that kickbacks have been requested. We don't have good evidence that

they have been paid but one assumes this is happening," Acting US Ambassador James Cunningham said Thursday.

Now, the United States and Britain want to find ways to tackle the problem, which Western diplomats described as an effort by Baghdad to gain greater control of its oil revenues and erode sanctions.

Iraq has been under UN sanctions since its 1990 invasion of Kuwait. An exemption to the sanctions is the oil-for-food programme, which allows Iraq to sell unlimited amounts of oil to buy food, medicine and other essentials for its civilians.

One option to confront the kickback scheme would be to send a letter to suppliers of humanitarian goods reminding them that paying a surcharge to Iraq violates sanctions. Western diplomats said the sanctions committee sent such a letter to buyers of Iraqi crude last December.

While large international oil companies that had formed the bulk of Iraq's crude purchasers have stayed away, refusing to pay the surcharge, hundreds of small, obscure oil traders have stepped in to fill the gap. UN officials and Western diplomats say.

"The proliferation of these companies, about which we don't know much, is part of what allows abuse," a Western diplomat said. "If you have a smaller number of companies that had greater public presence, it would be easier to monitor."

## WB sees economic benefit of gender equality

REUTERS, Washington

Countries where women and men have equal rights enjoy higher economic growth, lower poverty rates and less corruption than nations where women are still treated as second-class citizens, the World Bank said on Wednesday.

"Societies that discriminate on the basis of gender pay a significant price — in greater poverty, slower economic growth, weaker governance and a lower quality of life," co-author Andrew Mason said in a statement accompanying a report issued to coincide with International Women's Day.

"Societies progress more rapidly if they adopt specific measures to narrow gender gaps," Mason said.

Countries that provide women with equal access to education, work and other benefits do better economically and have lower rates of child malnutrition and mortality, said the report, which also drew attention to a number of