

Kenya raises tea output estimate

REUTERS, Nairobi

Kenyan tea officials said Wednesday they expected tea production for 2001 to jump sharply to 290 million kg, revising their initial estimates of 260 million kg due to improved rainfall.

Kenya, the world's third largest producer of black tea produced 236 million kg last year and 248 million in 1999.

"We had to be very cautious because we had two bad years of drought but we can now say confidently we are likely to exceed our earlier forecast. We are likely to get up to 290 million kg of made tea," Stephen Nkanata, chief executive of the Tea Board of Kenya, said. "The weather has been very favourable."

He said it was too early to put an exact forecast on next year's production but said it could be another bumper harvest.

In the eight months to August, Kenya produced 193.9 million kg of tea compared to 139.9 million kg in the same period the previous year.

This year's increased global production has caused prices in Kenya to drop to an average of \$1.60 per kg from \$2.12 per kg last year. But Nkanata said the higher output could offset the impact of weak prices for Kenyan producers.

"Although prices are not as good, we have produced more and most likely farmers might end up even," he said.

IPDC signs deal with Bengal Indigo

IPDC has signed a subscription agreement with Bengal Indigo Limited, an indigo yarn dyed denim manufacturing plant, to support its expansion scheme, says a press release.

IPDC fund will be used to increase the production capacity of the denim manufacturing plant to 12.6 million yards per annum.

The fund is being provided in the form of preference shares.

New SEVP of Dutch-Bangla Bank



KS Tabrez has been promoted to the post of senior executive vice president (SEVP) of Dutch-Bangla Bank Limited (DBBL), says a press release.

Prior to the promotion, he was the executive vice-president and manager of DBBL's Local Office.

Tabrez has 26 years banking experience in both development and commercial banking.

After graduating as an MBA from IBA, University of Dhaka in 1974, he started his career with BSRB.

He briefly served with SABINCO and later joined BASIC (Bangladesh) Ltd and served as DGM. He also served Eastern Bank Limited (EBL) as head of Credit Division.

India's GDP seen expanding 5.2 pc this fiscal yr

REUTERS, Bombay

India's gross domestic product (GDP) is expected to grow at 5.2 per cent this fiscal year, the same rate it expanded in the previous year, a Reuters poll of 10 research houses showed.

Official estimates for GDP growth in 2001/02 (April-March) are 6.0-6.5 per cent.

However, independent economists and researchers feel growth will be lower as weaker domestic demand and decelerating global growth, weakened further by last month's aerial attacks on New York and Washington, neutralise the fortunes from a good monsoon season.

"We've revised GDP estimates downwards because we expect lower software exports after the attacks; and other services like hotels and aviation would also be hit," said Ajit Ranade, economist with ABNAMRO Bank in Bombay.

Absence of Afghan buyers hits tea market hard

Price, demand slump after US terrorist attacks

NURUL ALAM, Chittagong

Bangladesh tea growers and traders are concerned as the tea market was hard hit following the US terrorist attacks on Sept 11.

Traders and market sources said exports of tea to Afghanistan, a major buyer, have halted with the absence of Afghan buyers in the weekly international tea auctions held here after the attack.

As a result, tea market witnessed a heavy slump both in price and demand, they said.

"We are very much worried at the market slump due to the absence of Afghan buyers" said Feroz Ahmed, Chairman of Bangladesh Tea Traders' Association (BTTA) while talking to this correspondent. "Our tea market is now mostly

Afghan-based and the absence of Afghan buyers triggered a slump in tea sales."

Former chairman of Bangladesh Tea Growers Association AQI Chowdhury said, "we feel really concerned at the market situation".

Tea brokers and officials said about 50 per cent of the total tea offered in auction no 22 held here on September 18 remained unsold due to the absence of Afghan buyers.

The average price of tea in this auction dropped by Tk 4 to Tk 5 per kg from Tk 62 per kg recorded before the attacks on US, brokers and market sources said.

In following auction on September 25, prices declined further by Tk 2 to Tk 56 per kg on an average. On the other hand, about 25 per cent of

the tea on sale remained unsold, brokers said.

"Our tea market almost collapsed after the attacks on the US as both price and demand fell drastically," director of a leading tea brokerage house in the city said. "Tea growers and traders are now frustrated."

If the trend persists, tea exports would be hit hard in coming weeks, he observed.

Chairman of the state-owned Bangladesh Tea Board Brig Abdul Mannan Miah said, "Our tea market will be affected if Afghan buyers continue to remain absent. But we have to wait for a few more auctions to come to a conclusion." Bangladesh targeted to export 30 million kg of tea during the current fiscal year. Last year, it produced 54 million kg tea in its 156 gardens.

India plans package to boost exports

REUTERS, Bangalore

India, hit by a slump in exports on the back of a global economic slowdown, will announce a package of measures this week to boost its trade performance, a senior commerce ministry official said Thursday.

"We're working on an intervention... within this week we should be coming out with that package," foreign trade director general NL Lakhanpal said without elaborating.

Earlier this month, figures released showed a 2.3 per cent fall in exports in the five months to August and analysts say that a pickup is unlikely after the deadly attacks on the United States, the country's second-largest trading

partner. Lakhanpal told an exporters' meeting in the southern city of Bangalore that exports had grown in terms of quantity and rupee value, but had shown a slump in dollar terms on account of a decline in the exchange rate for the rupee this year.

"There's nothing to be alarmed about but there's every reason to worry about (the fall in exports)," he said.

The office of the Director-General of Foreign Trade in the Commerce Ministry administers a maze of procedures and regulations which can help cut red tape or cheapen import of raw materials or equipment used by exporters. Lakhanpal cited the example of a

one percentage point cut in the rate of export credit last month as a signal of the government's commitment to exporters.

Banks can now charge a maximum rate 2.5 percentage points below the prime lending rate for pre-shipment credit up to 180 days, as against 1.5 percentage point below the prime rate earlier.

The official said the government was working on more ambitious plans like the setting up of special export zones but cautioned that these could take time. Every SEZ involved an investment in excess of \$2.0 billion, he said.

India's exports in April-August fell to \$17.13 billion from \$17.53 billion a year ago while trade deficit widened to \$4.6 billion from \$3.68 billion over the same period.

G7 plans to choke terrorist funds, lift economy

AFP, Washington

Group of Seven powers meet in Washington this weekend to join their industrial might in a struggle to choke off terrorist funds and limit a slide in the world economy.

G7 finance ministers and central bank chiefs are to meet here Saturday to coordinate their twin-track response to the September 11 attacks, which has sent the US economy reeling.

The task is formidable on both fronts.

US Treasury Secretary Paul O'Neill said the US authorities were

targeting 13 million dollars in suspected terrorist assets in the United States, but it was unclear how much had actually been recovered.

President George W. Bush meanwhile has asked Congress to pass an extra 60 billion to 75 billion dollars as an economic stimulus to limit a downward spiral, which threatens to have a damaging global impact.

Of the twin challenges, unraveling the terrorist financing network may prove the more difficult.

Treasury Undersecretary for Enforcement Jimmy Gurule out-

lined to the US Congress the shadowy thicket of informal methods used by prime suspect Osama bin Laden and his al-Qaeda network.

"In addition to fund raising, al-Qaeda uses banks, legal businesses, front companies and underground financial systems to finance its activities," he said.

"Some al-Qaeda operatives engage in petty theft to support their cells. Other al-Qaeda elements profit from the drug trade," he said. For instance, Afghanistan, where bin Laden is believed to be hiding, produces at least three quarters of poppy in the world.



Syed Naser Bukhtear Ahmed, Additional Managing Director of Prime Bank Limited, distributes certificates among the participants of a two-week foundation training course for junior officers which ended at the bank's training institute in the city recently. QGM Ferozi, VP and Principal of Prime Bank Training Institute, is also seen in the picture.

US Senate okays Vietnam trade pact

REUTERS, Washington

The US Senate Wednesday voted 88-12 to approve a historic agreement to normalise trade relations with former war enemy Vietnam and President George W. Bush said he would sign it.

The agreement brings a 10-year reconciliation process close to completion. The pact negotiated by the Clinton administration was signed last year in Hanoi.

"The trade agreement also brings hope for improving human rights," Bush said in a written statement. "I look forward to signing it."

By signing the agreement, Vietnam's leaders have gambled their future on a strong relationship with the United States

Oil prices sink again as US stocks rise

REUTERS, London

Oil prices headed further south Wednesday beaten lower by a rise in fuel stocks in the United States as demand in the world's biggest petroleum importer continued to wilt.

London Brent blend futures slumped 53 cents to \$21.52 a barrel, the lowest closing level in 18 months, while US light crude was off 71 cents at \$22.08 a barrel.

Prices are about \$6, or 20 per cent, below levels before the September 11 attacks in the United States, which briefly pushed oil up to \$31 a barrel.

Evidence that the faltering global economy is sapping demand for petroleum products since has pushed oil close to a two-year low.

Oil's latest battering follows weekly stocks reports from the American Petroleum Institute (API) and the government's Energy Information Administration.

The API reported a 3.42 million barrel rise in crude tanks in the week to September 28, a million barrels more than expected. Imports shot up by 700,000 barrels per day to 9.5 million bpd.

At 307.68 million barrels, US crude inventories now are almost

20 million barrels, seven per cent, above year-ago levels.

Gasoline stocks rose 4.78 million barrels to 203.86 million, also outstripping forecasts of a one million barrel increase.

One surprise came from distillate stocks heating oil and diesel fuel which were expected to grow by more than one million barrels but only registered a slim 56,000 barrel rise.

Traders expected jet fuel usage to drop sharply with many Americans choosing not to fly after the attacks last month. The API, however, reported a two million barrel fall in jet stocks.

StandChart workshop held

Standard Chartered Bank held a workshop on 'lessons learnt from credit failures' in the city recently, says a press release.

Senior executives of various commercial banks and financial institutions including Standard Chartered Bank attended the workshop.

The various experiences of recent credit failures in the financial markets and way forward to curb debt default in corporate sector were discussed at length to create an awareness and understanding amongst the participants on the signs and impacts of credit failures.

Khondker Ibrahim Khaled, Managing Director of Pubali Bank Ltd, Niaz Habib, Executive Vice-President of Eastern Bank, and MSA Sarwar, Head of Group Special Assets Management of Standard Chartered Bank, Muhammad A Ali, Chief Executive Officer of Standard Chartered Group in Bangladesh, were the facilitators at the workshop.

Mamun Rashid, Head of Corporate and Institutions of Standard Chartered Bank, was the moderator.

Muhammad A Ali, Chief Executive Officer, Bangladesh of Standard Chartered Group, distributed certificates amongst the participants at the end of the workshop.

BOE cuts interest rates by .25 point

AFP, London

The Bank of England on Thursday cut interest rates by a quarter of a point for the second time since last month's attacks in the United States, warning that confidence in the British economy was deteriorating.

The decision by the bank's Monetary Policy Committee (MPC) takes the "repo" rate down to a 37-year low of 4.5 per cent. It is the sixth reduction this year.

"It now appears that, even before the terrorist attacks, the prospects for global activity were somewhat weaker than projected," the MPC said in a statement.

"Looking ahead, the consequences of the terrorist attacks for the UK and the world economy are still unclear.

"But the weaker world outlook and increased uncertainty have set back UK business and consumer confidence, and may, for a time, restrain business and household spending," it said.

The cut comes as central bankers around the world are lowering the cost of borrowing to fend off the risk of a global recession after the September 11 deadly attacks on New York and Washington.

ROK car sales boom despite global slump

AFP, Seoul

South Korean carmakers on Thursday reported booming sales at home and abroad with analysts saying competitive prices have given them an edge amid the global economic slump.

South Korean firms sold 301,742 units last month, up 11.8 per cent from the previous month, including 167,516 shipped abroad, up 14.1 per cent from a month earlier, industry sources said.

The sector is doing so well that autos are likely to take top place in South Korean exports to the United States this year, beating semiconductors, the Korea International Trade Association (KITA) said.

Drought plays havoc with aman output

STAR BUSINESS REPORT

Aman rice production this year may fall short of last year's harvest by some two million tonne. Last year's production was ten million tonne.

In many northern districts, the drought has affected as much 60 per cent of the crop. Even if it rains, 30 per cent of the crop is sure to go, said Agro, a publication of Syngenta Bangladesh Limited.

The Department of Agriculture Extension is also skeptic about the yield this year and projects a 30 per cent loss. In many areas, desperate farmers have resorted to using pumps to irrigate lands. But they have to cough up Tk 1200 per acre extra for this. They are now trying to

make up the loss by not using fertiliser, without which the crop is not going to give the same output, the report stated.

Farmers feel a sense of desperation through out the country. The one crop that they bank on so much is getting arid. The aman crop is considered to be almost free as farmers do not have to bear any irrigation cost. And the knock-on effect this aman loss will be far reaching, the report said.

Moreover, whatever seedlings farmers had transplanted, these were old by the time of transplantation, thereby reducing yields.

Agro said rice prices would start to increase from January or

February when the current stock dries up and prices may jump erratically. It is then that direct government intervention in the form of relief programmes will be crucial to avoid starvation, the report added.

It said fertiliser traders also faced difficulties due to the drought. Some 70 per cent of the total fertiliser consumption was supposed to take place now.

On an average, most dealers did not lift their last three quotas. Unable to sell their products, many dealers have just shut down their shops and have gone into hiding to avoid the agriculture officials. Many are also offering to surrender their licences.



Photo shows participants of a working styled 'lessons learnt from credit failures' organised by Standard Chartered Bank held in the city recently.

Another trade talk in S'pore next week before WTO meet

AFP, Singapore

Trade Ministers from around the world are to meet in Singapore next week for informal negotiations ahead of a new World Trade Organisation (WTO) attempt to launch global free trade talks.

The assembly was called amid mounting pressure on some countries to soften their positions and avert another failure to get the talks off the ground.

"This meeting is a follow up from an earlier informal ministerial meeting held in Mexico, to discuss the prospects of a new round," a trade ministry spokeswoman told AFP Thursday.

She could not say how many delegates would attend, nor which countries would be represented.

The informal talks were part of a "preparatory process" aimed at narrowing differences between rich and poor nations ahead of the new round of WTO talks set for Doha, Qatar next month, officials said.

Disagreements, particularly on the issue of agriculture, were among the chief reasons behind the failure to launch a new round at the last full WTO ministerial meeting, in Seattle in 1999.

WTO director-general Mike Moore said the informal Mexico talks in early September "edged forward," although substantial

differences remained in many areas.

Moore singled out agriculture and full implementation of the 1994 Uruguay Round agreement as the thorniest issues that "are still not resolved and may not be resolved by Doha or even at Doha."

The two issues are considered the biggest potential hurdles to be surmounted if a new round of trade talks is to be launched in the Qatari capital.

The poorer countries among the 142 WTO members say that agricultural subsidies and import barriers in rich countries hurt their exports. They also say they have drawn few benefits from the previous round.

Lanka faces crisis as US terror attacks bite

AFP, Colombo

Sri Lanka is headed for an economic crisis with the fall out of the terror attacks in the United States causing havoc for an economy already battered by decades of war, analysts said Thursday.

The Central Bank's latest figures showed gross domestic product (GDP) growth in the first half of this year was a dismal 0.86 per cent, compared to a growth rate of 6.92 per cent for the same period last year.

The influential National Chamber of Exporters (NCE) said the

September 11 terror attacks in US, Sri Lanka's biggest single export market, would have a major impact on the economic performance of the island nation this year.

"We had major problems of our own and now they have been multiplied by many times because of the problems in the US," NCE President Patrick Amarasinghe said.

While most exporters believe Sri Lanka may experience negative growth for the first time this year, the Ceylon Chamber of Commerce estimated an overall growth rate of about 1.0-1.5 per cent.

Central Bank Governor A. S. Jayawardena was more optimistic

and went on record Wednesday saying he expected this year's GDP growth to be 2.0 per cent, down from his earlier forecast of 3.0-3.5 per cent.

However a Central Bank analyst, who declined to be named, said: "Honestly, we can't see any areas where there has been sufficient growth to pull the economy out of this mess."

Industries minister Ronnie de Mel admitted Monday that the government had failed to address pressing problems of the business community and investors and the outlook was bleak.

Global leaders prepare to meet at Asian summit

AFP, Hong Kong

Some big US names will be missing from the World Economic Forum's East Asia economic summit here this month after the terrorist strikes but organisers promised a "who's who of Asian industry".

Some 800 influential decision makers from the world of business and politics are expected to gather in Hong Kong on October 29-31 for the economic forum.

However, the withdrawal of high profile participants from North America, including the chairmen of the New York Stock Exchange and aviation giant Boeing, following terrorist attacks in New York and Washington on September 11, has

taken some shine off the event. The Asian director of the WEF Frank Richter insisted there had only been a handful of withdrawals, mostly from North America, but the "who's who of Asian industry" would be out in force.

Key speakers at the summit will include Philippine president Gloria Macapagal Arroyo, Chinese foreign trade and economic cooperation minister Shi Guangsheng and Sony chairman and chief executive Nobuyuki Idei.

Mike Rowse, director-general of the territory's government investment body, Invest Hong Kong, said the territory had not sought overseas help to boost security forces, despite a heightened global aware-

ness of terrorist activities coupled with the likelihood of isolated anti-globalisation protests.

Rowse said it was impossible to give a "cast-iron guarantee against terrorism" but gave assurances that "an appropriate level of security" would be in place following the September 11 attacks in New York and Washington.

The economic summit would have increased significance as a global economic recovery was likely to be sparked by Asia, said Richter.

In particular China, with its huge domestic market cushioning the impact of the global economic downturn, would become the "engine of growth in the world", he forecast.