

## EFTA finalises free trade deal with S'pore

REUTERS, Geneva

The four-nation European Free Trade Association (EFTA) finalised a free trade agreement with Singapore on Thursday and said it would go into effect from the start of next year.

EFTA -- which groups Switzerland, Liechtenstein, Norway and Iceland and is per capita the world's richest trade grouping -- has a network of similar accords with countries in eastern Europe and the Mediterranean area as well as with Mexico.

The pact, negotiated over the past year, will give duty-free access to the five markets for industrial goods and marine products from next January.

But like all other EFTA agreements, it leaves farm produce to be governed by bilateral pacts. Switzerland and Norway provide some of the world's highest subsidies to farmers and maintain high tariffs on agricultural import.

On services, the agreement covers most areas, including banking, and provides for "substantial liberalisation" of financial services and telecommunications. EFTA said in a statement. The grouping's Geneva headquarters gave no further details.

EFTA, founded in 1960 to offer an alternative to the more political European Economic Community which is now the European Union, accounts for nearly three per cent of world trade and is especially strong in financial services and shipbuilding.

It has a per capita gross domestic product of just over \$34,000, well ahead of the three-nation NAFTA which links the United States, Canada and Mexico at \$27,000, and the EU at nearly \$21,000 -- according to EFTA figures.

Three of its members -- excluding Switzerland -- are linked with the EU in the European Economic Area (EEA), the world's largest free trade grouping.

## WFP to supervise Aussie food aid management in Bangladesh

BSS, Dhaka

World Food Programme (WFP) and the Australian High Commission here Thursday signed a memorandum of Understanding (MOU) for supervising the contribution of 49,500 tonnes of wheat under an Australian food aid programme to Bangladesh.

Australian High Commissioner Robert Flynn and WFP representative in Dhaka Pieter Dijkhuizen signed the MOU at the WFP office here, a WFP press release said.

Under the agreement, WFP will utilise the wheat for direct distribution and monetisation in support of the WFP-assisted Vulnerable Group Development (VGD) and Integrated Food Security (IFS) programmes.

The main goal of the Australian food assistance is to meet the food needs of the poorest groups in the community and contribute to the long-term social and economic development of the groups.

WFP is the United Nation's frontline agency to fight against hunger across the world. Last year it fed more than 73 million people in 84 countries including most of the world's refugees and internally displaced people, the press release said.

As the largest provider of nutritious meals to poor school children, WFP has launched a global campaign to ensure that the world's 300 million undernourished children are educated, the press release further said.

## US jobless claims fall

AFP, Washington

The queue of people filing new claims for US unemployment benefits slid 55,000 to 438,000 in the last week to April 6, volatile government data showed Thursday.

The total pool of people already receiving jobless benefits swelled to a 19-year high the previous week, the figures showed.

But the seasonally adjusted figures were distorted by a legislative change, which gave job seekers an extra 13 weeks of benefits in the wake of the September 11 terrorist attacks.

The change had inflated the numbers for the previous week to March 30, when thousands of people rushed to file new claims to qualify for the special extension.

A four-week moving average for initial jobless claims rose 9,750 to 433,750 in the past week to April 6.

## Accent on increased Dhaka-KL co-op

### TMIB scholarship awarding ceremony held

STAR BUSINESS REPORT

Speakers at a function Thursday called for increased bilateral co-operations between Bangladesh and Malaysia for fostering economies of the two countries.

They were speaking on the occasion of a scholarship awarding ceremony at a city hotel. Telecom Malaysia International Bangladesh (TMIB), the owning company of Aktel mobile phone.

Under the programme introduced by the TMIB in 1998, students get scholarships for studying

engineering, information technology and business administration in Malaysia.

Social Welfare Minister Ali Ahsan Muhammad Mujaheed, who attended the function as the chief guest, lauded the role of TMIB for its contribution to the development of the country's telecommunication sector.

Education Secretary Mohammad Shahidul Alam, on the occasion, underscored the need for pursuing higher studies in information technology (IT) for development of the country.

Dato' Ezanee Ab Aziz, Managing Director of TMIB, said awarding of scholarship is a part of the company's good will gesture. The company will increase the number of scholarship in future, he added.

TMIB Chairman Zahirudin Khan said Bangladesh can follow the principles set by Malaysia for its economic development.

For the May 2002 academic session, three Bangladeshi students have received the TMIB scholarship.

## Indian rice export may rise to 4m MT this year

REUTERS, New Delhi

Indian rice exports are expected to increase to around four million tonnes in calendar 2002 helped by lower prices and large orders, traders said Thursday.

The country shipped around 1.7 million tonnes in 2001 after it reduced its export price in a bid to trim its bulging stocks of 25 million tonnes.

Indian rice, around \$15 to \$20 cheaper than leading exporters such as Thailand and Vietnam, is getting good trade enquiries from the Middle East, Asia and Africa.

"Orders have increased and we expect monthly shipments to go up to 300,000 to 400,000 tonnes," leading grains dealer Pankaj Kakkar told Reuters.

India is currently selling around 200,000 to 250,000 tonnes every month.

Traders said the Philippines, Indonesia and Iraq were among the countries that had made fresh enquiries and were likely to buy large amounts.

There are big tenders coming from the Philippines and Indonesia and a team of officials from Iraq is likely to visit India to check the quality of our rice," said a New-Delhi based trader.

Dealers said they were hopeful of winning a large portion of the rice contract floated by the Philippines, one of Asia's largest rice importers.

"We are hopeful of getting a large part of it (contract) because we are most competitive, an official at a state-run trading firm said.

The Philippines has tendered for 390,000 tonnes of 25 per cent broken rice to be delivered between May and June.

Traders said African countries were already buying Indian rice in good volumes due to subsidised prices offered by a state-run procurement agency for exports to clear bulging stocks.

Food Corporation of India offers raw rice to exporters at 5,650 rupees (\$115.9) a tonne and parboiled rice at 6,000 rupees a tonne. Local prices are quoted higher at about 8,000 to 10,000 rupees a tonne.

India, helped by good rains, is likely to produce 89 to 90 million tonnes of rice in the 2002 crop year to June, compared with 86.3 million a year earlier.

## Conference on micro-enterprise on April 16

Credit and Development Forum (CDF) and Initiatives for Promotion of Women's Enterprise (IPWE) will organise a roundtable conference on promotion of micro-enterprise for women borrowers at the seminar room (Level-4) of LGED Bhaban in the city on Tuesday, says a press release.

The main objectives of the RTC are to find out ways and means for poverty alleviation through promoting microenterprise for women borrowers and boosting up microfinance to the next stage.

Dr. Salehuddin Ahmed, Managing Director of PKSF, is expected to be the chief guest on the occasion.

Md. Abdur Rouf Bhuiyan, Executive Director of CDF, will act as moderator.

A good number of representatives from donors, researchers, policymakers, microfinance practitioners and entrepreneurs are also expected to attend the conference.

A keynote paper will be presented by Rosy Hossain of IPWE.

## Dell honours FedEx with award

Dell Computers, one of the largest PC manufacturers in the world, has honoured the Asia Pacific division of FedEx Express with a "General Procurement" award recognising the superior performance of FedEx Express as the logistics/transportation provider between Dell's manufacturing facility in Penang, Malaysia and its distribution points in the United States, says a press release.

FedEx Express is the only logistics/transportation provider to be honoured with the Dell awards.

"Dell required flawless transportation of some products from Malaysia to its Nashville facility for final distribution in its Americas region," said Marvin Smith, sales director, FedEx Worldwide Services. "Once we fully understood Dell's needs, FedEx joined with Dell to enable a process that allows Dell to meet customer needs while maintaining its cost advantage."

The express-delivery solution developed by FedEx Express speeds customs clearances and coordinates transport segments to allow industry-leading, door-to-door services to the United States.

With annual revenues of \$20 billion, FedEx Corp. is the premier global provider of transportation, e-commerce and supply-chain management services.

The company offers integrated business solutions through a network of subsidiaries operating independently, including FedEx Express, the world's largest express transportation company.

## Pakistan sees 11pc drop in rice farming

REUTERS, Karachi

Drought-hit Pakistan estimates the area under rice cultivation will drop nearly 11 per cent in the 2002/03 crop year (April-Nov) as severe water shortages force growers to switch to other crops, an official said Wednesday.

"We have estimated that rice cultivation area during next crop year would be 2.114 million hectares (5.223 acres)," a senior Agriculture Ministry official told Reuters from Islamabad.

During the current 2001/02 crop year, Pakistan grew rice on 2.375 hectares (5.868 acres) and forecast production of four million tonnes.

The official said production would reach 3.7 million tonnes in 2002/03, in line with previous government forecasts but above a forecast by the Rice Exporters Association of 3.5 million.

Pakistan, which depends heavily on agriculture, has been facing severe irrigation water shortages during the last three years, which has prompted some growers to switch to less water intensive crops, including cotton and wheat.

The country's agriculture sector shrank by 2.5 per cent in fiscal 2000/01 (July/June) compared to growth of 6.1 per cent the previous year.

The official said the government has estimated a 50 per cent shortage of irrigation water during the coming rice sowing season in southern Sindh province, the main producer of IRRI varieties of rice.

The shortage is expected to delay sowing of Pakistan's next rice crop. "The water shortage, especially in Sindh, is pushing growers to switch to cotton and wheat from rice and sugarcane crops," the official added.



S M Shahed Latif, Managing Director of World Wide Web Bangladesh Ltd, and Jyanta Kumar, Chief Executive of Nautilus Incorporation, sign an agreement on behalf of their respective sides recently to set up a World Wide Web Internet business centre at Mohakhali in the city.

## Weekly Currency Roundup

April 7-11, 2002

Trading in the local foreign exchange market was moderate. Demand for dollar was steady.

In the weekly Treasury bill auction held on Monday, Bangladesh Bank accepted treasury bills worth of BDT 8,085 billion. The government accepted BDT 6,510 million at 4.11 per cent for 28-day T bills, BDT 550 million at 5.15 per cent for 91-day T-bills, BDT 225 million at 5.74 per cent for 364-day T-bills, BDT 50 million at 6.80 per cent for 2-year T-bills and BDT 750 million at 9.02 per cent for 5-year T-bills. Demand for BDT for overnight borrowing at call was steady throughout the week and the call money ranged between 12 and 16 per cent.

In the beginning of the week in the international markets, yen gained against dollar and euro. Better-than-expected Japanese Machinery orders data failed to excite more gains in yen. The market awaited a decision regarding the clashes in Middle East and US Secretary of State Collin Powell's visit to Palestine.

In the middle of the week, dollar was put on the defensive, hitting a three-week low of 130 yen. Dollar's plunge was mostly brought on by rising violence in the Middle East and the news of suicide bomber killing at least eight Israeli civilians. Japanese Finance Ministry officials are increasingly growing uncomfortable with the yen's recent rise. A stronger yen is unfavourable to the export-dependent Japanese economy as the export becomes less-competitive in terms of price.

Later in the week, yen was tugged lower by warnings from Japanese officials concerned by yen's recent rise against the dollar. The currency movement was also supported by reaffirmation from the US Treasury Secretary of a strong dollar policy.

At 1000 hours on Thursday, euro traded at 0.8794/99 against dollar, pound sterling at 1.4354/60 and yen traded at 131.28/35 against US dollar.

-- Standard Chartered Bank

## China's forex reserves hit \$227.6b

AFP, Boao, China

China's forex reserves hit 227.6 billion dollars at the end of the first quarter of 2002, central bank governor Dai Xianglong said Friday.

This marks an increase of 15.4 billion yuan in the world's second-largest reserves since the end of 2001, when compared with previously released data.

Dai released the end-March figure while speaking at the Boao Forum for Asia, a regional conference bringing together officials from government, business and academia on south China's Hainan island. The vast majority of China's forex reserves are in US dollars, while the euro makes up an undisclosed, but likely minor, share.

Dai said in January the euro was the second largest currency in its reserves, declining to provide details.



PHOTO: AUSTRALIA HC

Robert Flynn, Australian High Commissioner to Bangladesh, and Pieter Dijkhuizen, Country Director of WFP in Bangladesh, exchange documents after signing an MOU at the WFP office in the city on Thursday. Under the MOU, WFP will supervise the management of Australian food assistance to Bangladesh for the year 2001-02.

## Japanese banks bow to govt pressure to dump bad loans

AFP, Tokyo

Major Japanese lenders have boosted efforts to dump bad loans after intense government pressure, but despite extensive losses seen for the fiscal year just ended, Tokyo Friday denied the need for a bank bailout.

The bad loan problem, cited as a root cause of the nation's deep recession, would be under control by March 2005, said Minister of Financial Affairs Hakuo Yanagisawa, but analysts warned lenders would struggle to survive without an injection of public money to support their capital base.

Adding to the gloom, Japanese corporate bankruptcies grew 5.9 per cent in the year to March to 20,052 cases from a year ago, the second worst period of failures since World War II, indicating the danger of more loans turning sour amid a recession, analysts said.

But the Bank of Japan (BoJ) remained optimistic about the economy, upgrading its monthly economic report for the second straight month in April, as demand for exports increased, offsetting the pressure of domestic woes.

Japan's 13 major lenders wrote off 7.8 trillion yen (59.1 billion dollars) in bad loans in year to March, up 1.9 trillion yen from an earlier estimate, following a special probe by the Financial Services Agency

(FSA).

"I can say the banks carried out considerably drastic disposals" of bad loans, Yanagisawa told a news conference.

Net losses at the banks, which include the world's largest financial group Mizuho Holdings Inc., are now forecast to total 3.4 trillion yen in the year to March, up from 2.5 trillion yen projected in November.

But the FSA maintained they would survive without a bailout.

"We don't believe we are in a position to provide something further like public funds, but we will not hesitate to take measures if there is a serious danger," Yanagisawa said.

The FSA probe which started in October found 12.9 trillion yen in loans to 149 companies were bad or risky, up 7.5 trillion yen from an earlier estimate of 5.4 trillion yen.

The inspection came amid lingering fears of a financial crisis as recession in the world's second largest economy deepened to three straight quarters last year, marking the worst nine-month contraction on record.

But Japan would be rid of its bad loan headache by the year to March 2005, said Yanagisawa.

"Levels of bad loans are expected to remain flat in one or two years. But they are to decline in 2004. It is possible for us to normalise them in the 2004 fiscal year," he

said. Analysts warned Japan must further speed up bad loan disposals, underlining the strong need for an injection of public funds into weaker banks.

"It's a step in the right direction, but clearly falls well short of where the FSA needs to go," said Chris Walker, senior economist at Credit Suisse First Boston.

Japanese banks are sitting on an enormous pile of bad loans -- 36.8 trillion yen according to Tokyo's conservative estimate, while some private analysts say the real total is over five times higher.

"Bad loans will continue to rise," Walker said.

Corporate bankruptcies grew to near-record high levels in the financial year just ended and would likely increase in the months ahead, research agency Teikoku Databank Ltd. said.

"With bad loan disposals (by banks), and the lack of a deflation policy, the existence of a crisis has been put off to the new year, and one must worry that the increasingly grave situation will suddenly burst out into the open," it said.

Despite the gloomy prospects at home the BoJ upgraded its economic assessment on increased confidence in a global recovery, but analysts warned against relying on exports for sustainable growth.