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Dairy growth hinges on foreign expertise: Study

STAR BUSINESS REPORT

Given the absence of a commercial dairy culture in the country, the government should allow commercial farms to bring in qualified managers from developing countries such as Kenya, South Africa, Zimbabwe or other developed countries, a study suggests.

Unlike the poultry industry, there is a long learning curve in the cattle industry that cannot be quickly acquired, according to the study carried out by Dr Nathaniel Makoni, livestock consultant of the Agro-based Industries and Technology Development Project--II.

Initially, any large-scale dairy enterprise may need to appoint a foreign manager with years of dairy husbandry experience, the study said.

"Although the government's dairy cattle breeding programme is subsidized, it could come up with little success."

As the local breeding programmes do not employ the best technology available nor maintain the best records, there is risk of spreading diseases and thus harming the cattle, Makoni said.

Commercially dairy farming is a skill area that takes years, if not generations, to learn. In most countries, it is a culture in which individual, families or ethnic groups have been working for generations, he observed.

The country is small with limited land resources that are fractured and divided. This makes it very difficult to have an extensive dairy-based industry. There is neither enough land to raise quality ingredients needed for cattle feed nor grasslands for grazing cattle. Hence even good quality cattle are limited in reaching their production capability, the consultant noted.

There is a little scope for commercial dairy production that will make Bangladesh anywhere near self sufficient in liquid milk production unless the government decides to subsidise the industry by banning the import of powdered milk and setting a guaranteed price for liquid milk, he added.

Even if the import of milk powder is banned, the quality of dairy cattle is so poor, feeding resources so scarce, infrastructure so limited and the lack of a dairy culture so widespread that with the exception of a few large-scale producers, there are very less opportunities for rational private sector investment in this sector, Makoni said.

"At the micro level, there will always be room for non-government organisations (NGOs), cooperative organisations and self-help groups to work with dairy farmers."

Parliamentary body blames Indian ministry, broker for share scam

AFP, *New Delhi*

An Indian parliamentary committee on Thursday blamed the finance ministry and a prominent broker for a scam that triggered the collapse of the stock market in March 2001.

The Joint Parliamentary Committee (JPC) blamed the ministry for its "lack of pro-active role" in controlling the scam before it blew up, and for the fiasco of the US-64 scheme of the Unit Trust of India (UTI), the country's largest mutual fund.

The probe held tainted stockbroker Ketan Parekh responsible for triggering the market crash that saw the erosion of billions of dollars worth of share value, especially in technology stocks.

Parekh was accused of diverting funds from cooperative banks, corporates and private financiers to the stock market.

He later dumped the shares, causing the Bombay Stock Exchange's 30-share index to plunge from a level of 4,247 points on February 27, 2001 to about 3,000 by April of that year.

The fall hit UTI the most as its popular US-64 scheme, which had heavy equity investments, saw its portfolio holdings being wiped out.

To repay the growing redemptions, UTI borrowed around 50 billion rupees (1.02 billion dollars), which further led to its US-64 reserves turning negative, in turn triggering a crisis in the fund.

The UTI board later decided to freeze the scheme.

The JPC report held the UTI management and the finance ministry's "lack of pro-active role" responsible. At the time, Yashwant Sinha, now foreign minister, was finance minister.

"The JPC report is a damning indictment of Sinha who presided over the stock market scam of 1999-2001 and the disaster which overtook the Unit Trust of India, particularly its US-64 scheme," Congress party spokesman S Jaipal Reddy told reporters.

"No one has been more steeped in the culture of transferring responsibility elsewhere than the former Finance Minister and he must go."

Finance Minister Yashwant Sinha rejected the demand.

"What else do you expect of the opposition?" he asked reporters.

On the stock market scam, the committee took the view there was a nexus between Parekh, banks and corporate houses.

It has recommended this nexus be further investigated promptly by the Securities and Exchange Board of India (SEBI).

The JPC also came down heavily on SEBI for its failure to highlight irregularities in the market and defuse them before the scam happened.

The report said the stock market scam was a manipulation of the capital market to benefit market operators, brokers, corporate entities and their promoters and management.

It said Parikh colluded with promoters of several companies to give the impression to common investors that these stocks were being heavily traded in order to draw their investments.

Once their money came in, he would stop investing in these stocks leading to a fall in their prices in such a manner which benefited the company's promoters at the cost of investors.

Urging the government to take all steps to finalise proceedings against Parekh's companies, the JPC said suitable action should be taken without delay and called for investigations into Parekh's Swiss bank accounts.

Parekh was arrested in 2001 on charges of fraud and allegations of widespread wrong investments. He is out on bail.

The committee report said Parekh was a key person involved in all dimensions of the technology stock scam, which surfaced in March 2001, as also in payments problem on the Calcutta Stock Exchange.

It said the broker was also responsible for the crash of Madhavpura Merchantile Copperative Bank. Parekh had diverted huge funds from the bank to stock market.

It said Parekh was operating through a large number of entities which facilitated hiding the nexus between the source of funds and their utilisation.

PHOTO: AB BANK

Abu Haniff Khan, managing director of Arab Bangladesh Bank Limited, and Sajjid Pasha, managing director of Link-3 Technologies Ltd, an IT solution provider, sign an agreement in the city on Thursday.

LGED, Power Grid, Mass Edn Dept win ADB awards

BSS, *Dhaka*

Local Government and Engineering Department (LGED) along with two other organisations won the ADB Annual Performance Recognition Award-2002 for their outstanding performance in implementing the donor-funded development programmes.

This was the second consecutive time that the LGED was nominated for the award for implementing the ADB-funded rural development programmes in time with maintaining high quality, sources in the LGED said on Wednesday.

The two other award winners are Primary and Mass Education Department (PMED) and Power Grid Company Limited (PGCL).

Project Director of the LGED Mohammad Wahidur Rahman received the recognition award 2002 from Country Representative of the bank Toru Shibuichi at a simple ceremony in the capital last night.

The ADB awarded the LGED for its Third Rural Infrastructure Development Project (TRIDP) involving Taka around 832 crore. The project was designed to construct 1,345 km feeder roads and 5,125 meter bridges and culverts, 279 women complexes, 105 union parishad complexes and 139 ghats in riverine areas in the country.

Lanka seeks free trade within BIMST-EC

AFP, *Colombo*

Sri Lanka on Friday called for a free trade pact between Bangladesh, India, Myanmar, Sri Lanka and Thailand as the five nations opened an economic cooperation meeting here.

Sri Lanka's Prime Minister Ranil Wickremesinghe launched the ministerial-level meeting of the grouping with a plea that they move towards a free trade area that "actually" delivers free trade.

"We can be flexible in how each country moves towards the goal of free trade among the members, but all must reach the finishing line in reasonable time," Wickremesinghe said.

He criticised trade barriers and bureaucratic hurdles that impede the free flow of goods and services within the region and called for simple rules and minimum paper work to ensure small and medium sized enterprises could benefit.

The Sri Lankan premier also urged the BIMST-EC (Bangladesh, India, Myanmar, Sri Lanka and Thailand -- Economic Cooperation) to meet at heads of government level.

BIMST-EC was initiated five years ago by Thailand as part of its "look West" policy to have closer economic cooperation with South Asian nations.

Wickremesinghe said the five member grouping should include all goods and services for a possible free trade area deal.

"We have to include virtually all goods and services, even those that are sensitive where there will be political pressure to maintain protection. We cannot be competitive without increased competition," he said.

Oil prices near 2-year high

REUTERS, *New York*

Oil prices neared two-year highs Thursday as the United States stepped up a verbal offensive on Iraq, but gains were tempered after the Venezuelan Supreme Court demanded a restart of the key exporter's strike-bound oil industry.

US crude oil on the New York Mercantile Exchange rose 12 cents to $30.56 a barrel after hitting $31.10, less than 30 cents from a two-year record, as the White House reacted to what it called a deceptive weapons declaration from Iraq.

US Secretary of State Colin Powell, referring to the dossier submitted to the United Nations as part of a process to ensure Iraq is not hiding weapons of mass destruction, said there will be no peaceful solution to tensions if the Baghdad government continues "its pattern of lying."

Oil dealers are concerned a war in Iraq could disrupt petroleum supplies from the Middle East by slowing shipping from the Persian Gulf and potentially triggering attacks on important oil fields in the region.

Prices came off of their midday highs after Venezuela's Supreme Court ordered the restart of state oil firm PDVSA's operations, which have been crippled by a strike to force leftist President Hugo Chavez to resign.

While it was not immediately clear whether striking oil workers would obey the court, the move opened the possibility that oil flows from the No. 5 oil exporter could resume following more than two weeks of near-paralysis.

OPEC member Venezuela supplies the United States with nearly 14 per cent of its oil imports, feeding numerous domestic refineries primarily in the Gulf Coast region. The strike has forced some refiners to request a release of crude oil from the US Emergency stockpile, though the Department of Energy has so far declined, and at least one to cut back production.

AB Bank, Link-3 Technologies sign deal

Arab Bangladesh Bank Limited signed an agreement with IT solution provider Link-3 Technologies Limited at its Head Office in BCIC Bhaban on Thursday, says a press release.

Abu Haniff Khan, managing director of AB Bank Ltd, and Sajjid Pasha, managing director, Link-3 Technologies Ltd, signed the agreement on behalf of their respective sides.

With the help of this secured network, AB Bank will extend automated banking services to on line branches.

Senior executives of Arab Bangladesh Bank Limited including Ali Reza Iftekhar, senior executive president, A Malek Shamsher, executive vice president, M A Rais Khan, executive vice president and other high officials of Link-3 Technologies were present on the signing ceremony.

OPEC to boost oil supply if prices stay high

REUTERS, *Cairo*

Oil cartel OPEC will release extra supply to world markets if prices stay up around $30 a barrel, but ministers said yesterday they saw no real shortage despite a crippling strike that has halted Venezuela's crude exports.

Oil prices have soared above OPEC's target range this week on a potent mixture of the Venezuelan stoppage and fears of war in fellow OPEC member Iraq.

A Gulf source said the Organisation of the Petroleum Exporting Countries, including the world's top supplier Saudi Arabia, stood ready to fill any supply gap on world markets.

The cartel will also keep to an informal OPEC mechanism to open the taps if prices stay above $28 per barrel, the upper limit of its target range, for 20 days, he said.

"OPEC will implement the mechanism, there is no doubt," the Gulf source told Reuters in the Egyptian capital.

"But more importantly OPEC has a strong commitment not to allow any shortage to take place, regardless of who or why, be it Venezuela, Iraq, technical reasons, nature or whatever," he added.

OPEC's basket stood at $29.12 per barrel on Wednesday, having leapt out of the target range on Monday, and US crude futures have already topped $30.

US jobless claims drop

AFP, *Washington*

The number of people making new claims for US unemployment benefits dropped 11,000 to a seasonally adjusted 433,000 last week, the government said Thursday.

The decline for the week to December 14 was smaller than had been expected by Wall Street economists. It followed a surge of 86,000 claims -- the sharpest rise in more than a decade -- in the previous week.

A four-week average of initial jobless claims rose 12,750 to 400,750, the Labor Department said.

In raw figures, the number of initial claims fell 66,122 to 481,096 in the week ending December 14. There were 440,822 claims in the comparable week of 2001.

The number of people in the existing jobless pool -- those making claims for two weeks or more -- surged 229,000 to 3.5 million in the week to December 7, the latest data for which those figures are available.

PHOTO: BAB

Syed Manzur Elahi, chairman of Bangladesh Association of Banks (BAB), exchanges views on the possibility of strengthening Franco-Bangladesh banking relationship with Erik Bogros and Sunil Despande, representatives of French Bank Credit Lyonnais, at the BAB office on Thursday.

Draft Japan budget includes record bond issues

AFP, *Tokyo*

Japan's cabinet on Friday approved a draft budget for the year to March 2004 that lifts initial spending estimates for the first time in three years and sets a record for the amount funded by government bonds.

The 81.8 trillion yen (677 billion dollar) package is up 0.7 per cent from the initial amount targeted for this year, with new bond issues covering 44.6 per cent of the total amid falling tax revenues.

"There are some who ask whether we have the finances to stimulate the economy, while others are calling for a bold reconstruction of state coffers. We are walking a very narrow path between the two," Economic Policy and Financial Affairs Minister Heizo Takenaka told a news conference.

Some analysts believe the government must spend more to support the economy as banks accelerate massive bad loan write-offs, which could result in further bankruptcies and unemployment.

But Prime Minister Junichiro Koizumi disagreed.

"People who criticise the budget as tight-fisted are mistaken. I don't understand those who say this budget is restricted," he said.

The draft budget would boost the new issuance of government bonds to a record 36.45 trillion yen. Koizumi has already had to break a promise in the current fiscal year to hold new bond issues at 30 trillion yen in a bid to reduce exploding national debt.

All-industry index of Japan falls 0.3pc

AFP, *Tokyo*

Japan's all-industries index in October dropped 0.3 per cent month-on-month, after falling a revised 0.2 per cent in September, to mark the second monthly slide, the government said Friday.

The supply-side index monitors economic growth on a range of industries including the construction, agriculture and fisheries sectors. It is considered a proxy for measuring gross domestic product (GDP) growth.

The tertiary index, which makes up 60 per cent of the all-industries index and covers sectors like retail, restaurant and utilities, fell 0.2 per cent in October from the previous month when it skidded a revised 0.3 per cent, said the Ministry of Economy, Trade and Industry.

The main cause of the decline in the tertiary index, which also saw its second consecutive monthly drop, was a 1.6 per cent fall in the wholesale and retail trade and restaurant sector, which accounts for one-third of the total, a ministry official said.

"In the wholesale sector, machinery sales including personal computers were down and winter clothing sales in the retail sector were sluggish due to relatively warm weather in October," the official said.

India takes EU to WTO over tariff preferences for fighting drugs

AFP, *Geneva*

India complained to the WTO on Thursday about special EU tariff preferences for countries that combat drug trafficking or that comply with labour and environmental standards, trade sources said.

An Indian official told a meeting of the dispute settlement body of the World Trade Organisation that Delhi believed the European Union measures fell foul of trade rules, the source said.

The EU's scheme violated the WTO's fundamental non-discrimination rule, he said.

Describing India's action as "regrettable", Brussels' ambassador to the Geneva-based WTO, Carlo Trojan, said he urged India to "reflect very carefully" on their course of action.

He said it could hamper efforts by the 15-nation bloc and other members of the 144-nation WTO to address the developmental needs of developing countries through the 'generalised system of preferences' (GSP).

The EU's special tariff preferences were granted on a "non-reciprocal, generalised and non-discriminatory basis", he added.

And the EU used every member's right under global trade rules to block a first-time request for a panel of experts to be established to examine a complaint. If India asks a second time, the panel will automatically be set up.

The Indian official pointed out that the GSP regime was set up to allow exceptions to the WTO's 'most favoured nation' obligation, which prevents a country discriminating between their trading partners.

But he added that this only went as far as permitting discrimination against developed countries in favour of developing ones in order to facilitate and promote the trade of developing countries.

He added that to impose any kind of condition as a prerequisite for gaining benefits under the GSP scheme still breached the WTO's agreements, the source said.

Colombia's representative, speaking also on behalf of Bolivia, Ecuador, Peru and Venezuela, voiced concern over India's decision to request the panel and, because of the "high political content", urged India to reconsider, the source said.

The struggle against drugs had had an immense cost on their economy, and the GSP system facilitated their trade and helped them in the international fight against drugs, the Colombian official was reported to have told the meeting.

India stressed the decision to pursue the dispute had been difficult since developing countries, including itself, stood to benefit from the EU's GSP regime, but stressed it believed it would serve the long-term interest of all developing countries.

Canada, EU to speed up talks to cut non-tariff barriers

AFP, *Ottawa*

Canada and the 15-nation European Union agreed here Thursday to speed up negotiations to reduce non-tariff barriers and increase transatlantic investment opportunities.

In a joint declaration following meetings between Canadian Prime Minister Jean Chretien, Danish Prime Minister Anders Fogh Rasmussen (as president of the EU Council) and European Commission President Romano Prodi, the leaders said they had set a deadline of next December for their officials to come up with a comprehensive plan.

Thursday's meeting was the second summit this year between the two sides. They meet once a year in Europe and once a year in Ottawa, normally in December.

Chretien said they had told their officials to come up with a plan by the next Ottawa summit, in December 2003.

EU trade commissioner Pascal Lamy, who was also here for the summit, told reporters that questions of tariffs and market access will probably continue under the framework of the current World Trade Organization talks to liberalize trade.

Lamy made it clear that the EU was not thinking of negotiating any special free trade pact with Canada, largely because -- outside of agriculture -- there were very few tariff barriers between the two sides.

"Tariffs and quotas now play a minor role" in transatlantic trade relations, Lamy told the National Press of Canada.

"The major impediments are in regulatory matters, such as mutual recognition of each others' standards and public procurement policies.

"If you want to reach the full potential (for bilateral trade), we have to reduce the number of regulations."

In their joint statement, the leaders said: "We have instructed our trade ministers to design a new type of forward-looking, wide-ranging bilateral trade and investment enhancement programme," he said.