

Feature: Textiles in focus

In Brief

Mauritania aims to beat trachoma by 2006

Mauritania has launched a campaign to eradicate the eye disease trachoma from the country. It is estimated that it could be complete within eight years.

France to support Vietnam nuclear industry

France has entered an agreement with Vietnam to help develop its nuclear power industry, reports the Vietnamese state news agency. Vietnam plans to have a nuclear power plant before 2020.

Gamuda to build Lao dam

Gamuda, the Malaysian construction company, has agreed with the Lao Government to build and operate a US\$400 million hydropower dam in Lao. It will supply power to Thailand.

NEPAD gets university course

Studies about the New Partnership for African Development will be taught at the Catholic University of Ghana at Fiapre, according to the Ghanaian Chronicle. The lecturer in charge said that the course would inform future leaders about NEPAD.

Trade unions talk Great Lakes peace

Trade union representatives from Africa's Great Lakes region met in Kenya last week to discuss their role in building peace in their troubled area.

Scaling Up Poverty Reduction

The global Scaling Up Poverty Reduction conference was held in Shanghai last week. Over eighty government ministers attended to share development experiences.

Pakistan manufacturers battle against tax and drought

The Pakistan Government is set to reduce tariffs on textile exports in the forthcoming budget, according to reports in the national press last week. The proposed reductions follow lobbying by industry representatives, in preparation for the end in 2005 of the Multi-Fibre Arrangement (MFA) which has governed tariff rates in the world textiles trade for thirty years.

Well over half of Pakistan's exports are textiles, and producers want to maintain a strong share in the liberalised market after 2005. The UK's Overseas Development Institution predicts that Pakistan will gain from the reduction in tariffs, as it is an efficient producer. Nevertheless, it will not take its position for granted. It is currently suffering from regional droughts which are interrupting its domestic supply of cotton at a time when one of its expected leading rivals, China, is increasing its demand for cotton imports.

Africa waits, US debates

The US Congress has not yet passed the proposed extension to the African Growth and Opportunity Act, despite extensive lobbying by pressure groups in and out of Africa. The extension would grant African clothes manufacturers the continued right to export to the US duty-free, a right due to expire in 2008, and ease the rules of origin in the Act. Rosa Whitaker, chief executive of the Washington based Whitaker Group, urged legislators to approve the new bill soon. It is understood that some senators have been concerned about the possibility of US job losses in a presidential election year.

Giorgio Armani sees Bangkok as the new Milan

Giorgio Armani, the Italian fashion company, is to provide free consultation and support services to the Thai Government as part of the Government's multi-million dollar Bangkok Fashion City project. The company's chief executive, Giorgio Armani, will become the first foreign advisor on the project, which aims to turn Bangkok into a world-wide centre of fashion.

It is unlikely that Armani is acting purely philanthropically. The company is expanding rapidly in the Far East, and last month opened a large store in a wealthy area of Shanghai. It plans to open more shops later in the year.

Puma to set up Indian export base

Puma, the sports clothing multinational, intends to expand its operations in India and use them as a centre for exports to Europe and the US. Ian Woodcock, Puma's General Manager in Asia, said in an interview with The Economic Times of India that it was looking to outsource its manufacturing, possibly to the north of the country. Puma also produces goods for the growing domestic market, operating in partnership with the leisure stores Planet Sports, and intends to expand its operations there further.

Ethiopia gets green laboratory

A technology centre for the promotion of rural development in Ethiopia will soon be completed, said the state-run Ethiopian News Agency on Sunday. The centre will employ researchers to design solar operated water boiling equipment. It will also distribute fuel-efficient technologies and educate the population on their use. The total value of the lab and equipment is expected to approach US\$1 million.

Chinese business to go global

The Government of China committed itself to further promotion of Chinese multinational enterprises last week, reported the state news agency Xinhuanet. At a conference sponsored by the Ministry of Commerce, Vice-Premier Wu Yi said in a written statement that the country will extend its support of a policy of "going global", and other senior officials outlined financial and fiscal support for Chinese companies operating overseas. Although Chinese companies are not presently large by global standards in terms of turnover, their vast domestic market base and rapid growth means that existing multinationals are likely to pay close attention to the change in Government emphasis.

Africa growth up, says African Development Bank

Africa's economy grew by 3.7% in 2003, up from 2.9% in 2002, said the head of research at the African Development Bank on Tuesday. Nureldin Hussain's comments came at the launch of the Bank's two annual studies, the African Development Report and the African Economic Outlook. The increased growth is attributed to better policies, rising export prices, an improved international outlook, and debt relief.

2004 growth rate of 4.3%

The Outlook, jointly prepared with economists from the Organisation for Economic Co-operation and Development, expects that growth will improve in 2005. The Report anticipates a growth rate of 4.3% in 2004. The rate is based on projections of moderate oil prices and global economic recovery, and the growth may come under strain if the tensions in the oil sector persist.

All-or-nothing on the Nairobi SE

It was a week where most shares either moved little or posted large gains on the Nairobi Stock Exchange. After seemingly endless declines in the agricultural sector recently, Sasini Tea and Coffee rose by 53.9% to close at Kenya Sh25.00, following strong increases in coffee prices on the international markets. The Sameer Group company was the best performer on the exchange. Elsewhere, National Bank shares rose 36.2% to close at KSh19.75, and Athi River Mining climbed 31.3% to KSh20.75.

The whole market NSE-20 index rose by 3.3%.

Ups and downs at Bombay SE

Early optimism last week on the Bombay Stock Exchange gave way to falls from Wednesday onwards, with fluctuating market opinion about the policies that the new government would adopt.

At the start of the week, newly appointed Finance Minister Palaniappan Chidambaram said that he would continue the reform program and cut deficits, and his statement was welcomed by market participants, leading to a 3% rise in the SENSEX index. However, Wednesday saw selling by foreign investors, and the trend turned with domestic investors also starting to sell, particularly after the government announced that it would not privatise banks or state-run companies that made profits.

The SENSEX closed down 2.5% on the week.

ECA chief links women, growth, and HIV

The head of the UN Economic Commission for Africa, K.Y. Amoako, spoke on Monday about inequality between the sexes in Africa. Addressing an international audience of senior ministers in the Ugandan capital Kampala, he highlighted inequality as being responsible for an annual loss in growth of 0.8% of GDP per year over the period 1960 to 1992.

More equal division of opportunities

Mr Amoako said that a significant proportion of the better performance of East Asian economies was explained by their more equal division of health and education opportunities. He recommended policies targeted towards women's needs, and outlined data and research priorities to understand the situation. He added that more than two thirds of people aged 16-19 newly infected with HIV are women, concluding that the spread of the disease could "threaten the socio-economic fabric of our continent".

Market Watch

(Week ending 28/5/2004)

Equity market leading indices and (increase in week)

Casablanca	4,544	(0.6%)
MASI		
Bombay	4,835	(-2.5%)
SENSEX		
Cairo	N/A	
CASE 30		
Mauritius	650	(0.6%)
SEMDEX		
Nairobi	2,681	(3.3%)
NSE 20		
Lahore	2,984	(-0.4%)
LSE-25		
Indian	1,509	(-3.3%)
National		
NIFTY		

Selected currencies value to US\$1 and (strengthening in week)

Ethiopia	9.0	(-1.6%)
Birr		
Gambia	29.6	(0.1%)
Dalasi		
Ghana	8,850	(-0.6%)
Cedi		
India	45.5	(-0.4%)
Rupee		
Indonesia	9,271	(-2.5%)
Rupiah		
Kenya	80.1	(0.4%)
Shilling		
Malawi	110.6	(-2.9%)
Kwacha		
Nigeria	135.8	(-4.4%)
Naira		
Pakistan	59.7	(0.1%)
Rupee		
Tanzania	1,140	(-0.1%)
Shilling		

Visa-free crossing between Mozambique and Zimbabwe

Mozambique and Zimbabwe signed an agreement last week abolishing visa requirements between the two countries. The two countries share membership of the Southern African Development Community, and Mozambican officials said the agreement would ease free circulation of people and goods.

Tax officials turn fraudsters in Lagos

Senior officials at the Lagos State Inland Revenue have been accused of corruption costing the State millions of US dollars. The accusation came in a report by an international firm of accountants commissioned by State authorities and made public last week.

The Board of Internal Revenue, it is alleged, persistently collected less tax from companies than their own consultants recommended, and claimed a share of the difference between the recommendation and paid tax. In one example, a tax liability of US\$1 million was calculated, but just over \$20,000 was collected. The report advised changes to the Board and the revenue collection system.



Back to reality... 200,000 Sudanese refugees are in Eastern Chad, and the economy is reported to be under severe stress. (IRIN)

Malaysian economy accelerates

The Malaysian economy grew at an annualised rate of 7.6% in the first quarter of 2004, said the Central Bank Governor Zeti Akhtar Aziz on Wednesday. She said that the performance was due to strong internal and external demand, in particular in the electronics sector. The result was a little higher than analyst expectations.

Ms Zeti said that the growth was driven by private sector demand. She added interest rates were expected to remain low, as inflation is under control. She was not concerned about the effects of rising oil prices, saying that the country is a net oil exporter.

Comment: Destitution and its opportunities

K.Y. Amoako highlighted last week the importance of preventing the spread of HIV. It is a theme he has addressed before, and not surprising for the head of the UN Economic Commission for Africa. The literal decimation of the most economically productive members of society has clear implications for growth, and their children often end up on city streets as part of a lost generation. For those children already on the streets, the international community misses a valuable opportunity by not educating them and providing them with the necessary survival skills for modern capitalist economies. The structural adjustment programs of the international organisations aim to promote capitalist development, but they will encounter social and structural difficulties in doing so among predominantly rural, subsistence populations. It is not enough to provide low inflation, limited corruption, and fiscal balance to get rapid rates of growth. Such conditions are fully compatible with zero-growth, pre-capitalist economies. The stimulus for rapid capitalist development is almost always unpleasant, whether in 19th century Europe or 20th century Asia. In the absence of a willingness to contemplate forcing rural workers off their land, or a hut tax, or mass starvation, a large reservoir of urban labour with little connection to their rural roots is provided most evidently today by the street children of African cities. The unpleasant experience of social rupture is provided by the HIV virus, and the children should be provided with the same possibilities for capitalist integration that were given to earlier generations of workers around the world.