

Other investors may follow suit

Nestle VP lauds open-door policy

Interviewed by S Y Bakht

A foreign company needs to demonstrate a "pioneering spirit" to invest in a country like Bangladesh which is still at an initial stage of industrialisation.

After making this observation Alexander Jost, the visiting Vice President of Nestle S.A., considered the largest food company in the world, pointed out Nestle has considerable experience in setting up industries in many countries similar to Bangladesh.

Moreover, we can do it because we believe in the long-term future of our projects.

In an interview with The Daily Star, he, however, added "to attract the cautious short-term minded investors to Bangladesh, the country has a long way to go."

The senior executive of the 126-year-old Switzerland-based international company, which is ranked 25th among the top 500 industrial corporations in the world by the Fortune magazine, was here in connection with setting up of a joint venture project to produce Nestle products locally.

Commenting the 'open-door' policy adopted by Bangladesh as a 'good one' which attempts to be supportive of industries, he added "I also think that if international companies like Nestle are seen investing and operating successfully in Bangladesh it would attract the attention of other major industrial companies to invest here."

He also appreciated the "great and sincere" interest and "spirit of cooperation" shown by the government, particularly the Ministry of Industries and the Board of Investment, to facilitate Nestle establish an industrial presence in Bangladesh.

The local involvement of the global giant, a company with world-wide sales of 36 billion US dollar in over 150 countries, will be in the form of a joint venture with their long-term business partner Transcom Limited, who currently import and market products manufactured by Nestle companies in various countries.

"We already have a long standing and very cordial relationship with our local partner... the project is a logical continuation and intensification of a successful business relationship," he said.

Jost pointed out that a 'significant' presence of its products through imports and the strong local recognition of the brands were the "special" conditions that encouraged Nestle to invest in Bangladesh.

Having more than 423 factories located in some 70 countries around the world, Nestle's factory, in the 10 million US dollar joint venture project, will be located in Sreepur, Gazipur.

In the first phase of the project, the Blue Cross brand sweetened condensed milk will be manufactured while, amongst other brands, the Nespray powdered milk and Cerelac infant cereal would be packed at the factory.

He explained that the next step would be to set up a commercial and marketing network through the distribution system of Transcom.

"We hope to finish everything and be in the market by the end of this year," he said

confidently. Becoming local, he added, would allow the company to widen its base "significantly" and would also help expand by adding other products into the market.

Jost assured that the locally made products would uphold the Nestle quality and hoped that it would local become the "benchmark of quality". "I honestly think in terms of quality, we can make a real contribution to Bangladesh. This quality consciousness is very important for a country that eventu-

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ally wants to enter the world market."

The company would also look into introducing products that are specifically suited to local "tastes and food culture", he said, adding "the most important thing is to make extensive use of locally available raw materials and make a product that provides good nutritional value at a low price."

He noted that Nestle, which

country like Bangladesh," he pointed out, adding that such products had already been introduced successfully in Indonesia and the Philippines.

Jost pointed out that the most important factor during the project implementation period would be to get the required decisions and permissions on related matters quickly. "It is crucial to get the required approvals and government decisions as expeditiously as possible in order to draw on the infrastructural

facilities like power, gas and tele-communication.

Referring to the active encouragement and support extended by the top ranks of the Bangladesh government to Nestle, he said, it remains to be seen whether the same positive attitude will also prevail at the various levels of the bureaucracy when it comes to the implementation of the project. "What we want to see is whether the implementation

like Sri Lanka, Thailand and the Philippines," he pointed out.

The Nestle executive added that high import duties caused the price of items to be excessively expensive, did not allow the market to develop and also can allow some unscrupulous people to resort to under-invoicing, smuggling or supplying the consumers with lower quality products.

"Import duties and taxes need to be re-structured and rationalised to encourage industrial investment and expansion," he said.

Acknowledging the government's need for revenue, he observed that the development of industries would generate increased direct and indirect taxes which would be a more solid and sustainable base of revenue for the government, instead of excessive short term import duties on industrial raw materials.

"Bangladesh, like my own country Switzerland, is not blessed abundantly with raw materials, so if Bangladesh wants to develop economically much will depend on the value added by the local industry," he said.

Referring to Bangladesh's effort to attract foreign investment, he noted, that investors would be looking at the purchasing power of the market, available infrastructural facilities, law and order stability, skills of the labour force and the prevailing industrial relations in the country.

The investor will also want to be assured of getting work permits for expatriate staff to ensure transfer of technical know-how, they will also like to be assured of approvals and remittance of technical assistance and general licence fees for their brand names and to be able to freely remit dividends without delay once the industrial venture becomes profitable, he added.

He said that the government should be "pro active" in these matters as Bangladesh today faces competition from many other Asian countries, including its neighbours, Latin American nations and increasingly from the former Socialist countries in eastern Europe and the erstwhile Soviet Union.

"Many of these countries have realised that private foreign investment can contribute to their industrial development and that in order to attract foreign investment the climate and conditions have to be suitable," he said, adding "and Bangladesh cannot afford to stand back in relation to the rest of the world economic community."

Giving his impression on his visit, his second, he said that "unfortunately Bangladesh does not enjoy a very positive image abroad. He, however, said "I think those who have come to Bangladesh have left with a different attitude towards the country."

"I leave with very positive images of the kindness of the people that I have met in this country and I see many of the people we are working with have a lot of skills, a great willingness to learn and absorb and a positive attitude towards hard work," he concluded.



Alexander Jost at the interview.

has food product lines running into the thousands, was putting "active research effort" into developing products out of soyabean which is most efficient in terms of producing more protein on the smallest possible land surface.

"If we can use soyabean in a

lives up to the promises." Turning to the import duties, he said that they are not structured to encourage industrial investment in the country.

He pointed out that the import duty on bulk milk raw materials stands at 45 per cent whereas the duty on the im-

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country like Bangladesh we will eventually be able to provide a healthy beverage --milk analogue -- which is nutritionally equal to pure milk but price-wise more attractive to the consumer. This should be beneficial to a developing

ported milk products in consumer packs is 25 per cent.

The import duties on ingredients required to manufacture sweetened condensed milk are very high in Bangladesh compared to some other countries in the region

World Bank officials discuss FSSAP with Education Minister

The size, components and objectives of the proposed Female Secondary School Assistance Project (FSSAP) were discussed at a meeting of the World Bank officials with Education Minister Jamiruddin Sirar in Dhaka on Monday, reports BSS.

The World Bank officials apprised the minister that the project would facilitate enrolment of female students in secondary education and reduce drop-out of girls through financial assistance and it would create mass awareness about female education and

FBCCI election may again be deferred

Star Economic Report Date of the election of the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) may again be deferred, different chamber sources said.

The original date of the election was February 29. It was refixed to March 29. Sources said this date may again be changed.

If the election cannot be held this month, the government would appoint an administrator for the FBCCI until the next election. Business sources view that the delay in election would create a void in the activities of FBCCI.

\$2m Dutch grant for Rohingyas

The government of Netherlands has decided to give a grant amounting to two million US dollar for assistance to the Rohingyas refugees, reports UNB.

The amount will be channelled through UNHCR. The funds will be used for the provision of shelter, food, water and medicines, says a press release.

Approximately 25 per cent of the grant will be in support of the activities of the Netherlands' voluntary organisation "Medecins Sans Frontieres".

Raw Jute Prices

Table of Raw Jute Prices as of March 23, listing varieties like Kutcha, Pucca, Special, and prices in Taka per 100 kg.

Shipping Intelligence

Chittagong Port

Table of Berthing Position & Performance of Vessels as on 23/3/92, listing vessel names, agents, arrival/departure dates.

Table of Tanker Due, listing vessel names, local agents, dates of arrival.

Table of Vessels at outer Anchorage, listing vessel names, local agents, dates of arrival.

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Price Index

Table of Price Index for March-23, listing various commodities like Rice, Soybean, and their prices.

Dhaka Stock Prices

At the close of trading on March 23, 1992

Table of Dhaka Stock Prices showing Business on the rise, DSE All Share Price Index, Market Capitalisation, and Turnover.

Table of Shares & Debentures Listed with DSE, listing various companies like BD Autocars, Atlas Bangladesh, and their share prices.

Table of Shares & Debentures Listed with DSE, listing various companies like Mutual Jute, Northern Jute, and their share prices.

Table of Shares & Debentures Listed with DSE, listing various companies like Jute Spinner, Mutual Jute, and their share prices.

Table of Shares & Debentures Listed with DSE, listing various companies like Ambeece Pharma, Bangla Process, and their share prices.

Table of Shares & Debentures Listed with DSE, listing various companies like Paper Converting, Paper Processing, and their share prices.

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