

### Prospect of Jute

The compounding problems in the country's jute sector over a long period now have compelled the government to look for drastic measures. A World Bank recipe has been considered by it to be capable of being an answer to those problems. The World Bank suggestion to reduce the size of the existing mills and also to deregulate the sector appears to be quite sound. What, however, stands as an irritation is the enormous outstanding debts of the sector to the nationalised commercial banks. According to a report, the amount accumulated to as much as Tk 3200 crore till December 1990.

Jute Minister Hannan Shah is quite optimistic that by the current rate of progress in the implementation of some of the proposed steps, things are definitely going to improve. The slimming of manpower of the mills under a voluntary retirement programme has, according to the minister, is going on well. Another improvement has been recorded in the man-hour by reducing the same substantially. Yet all this should be considered no more than small gain compared to the huge task ahead. Until now the voluntary retirement scheme has gone smoothly, but there is a point where it is certain to get bogged down. So far as efficiency is concerned, there is indeed further scope for raising it. Already a few mills have brought down the production cost quite significantly. But the real challenge would be the turning of the losing mills into profitable concerns.

Given the extremely sagging demand for jute in international market, the prospect of jute seems to be bleaker than usually thought. On the home front too at the growers' level the picture is not any better either. Farmers have been compelled to sell their raw jute at a price much below the production cost. That the jute mills, mostly in the public sector, are run by borrowed money can be explained by the incongruity in supply and demand. One answer to the problem is going to be the diversification of jute goods. The once golden fibre has all the qualities to be worthy of the epithet if enough research is carried on with it. There have already been excellent results from the little effort expended in the direction. But the problem is that the results have not even been put to commercial use in a manner befitting the endeavour. The preference even at government level for foreign synthetic carpets, screens etc, in place of the items made of jute locally, is contributing to the problems facing the jute industry.

It is, therefore, evident that much of the pain is self-inflicted, and efficient and careful management could help avoid the awful plight. Aggressive promotional activity, specially at a time when people the world over have become environmentally conscious, can surely offset the trend to a large extent. This is an area successive governments have pointed out to be taken up for immediate action but have ended up doing virtually nothing at all. In the same way, domestic consumption of jute can surely be given a boost simply by an executive order or legislative measure. Banning the polythene bags, the harmful effects of which on environment is widely recognised, may do the trick. That way the government will not only do the jute industry a great favour but also save the future for the generations to come.

Quite clearly, a concerted effort will be required to revive the lost prestige of our once primary produce. The case has to be placed before the international community in a most convincing manner. In that attempt the new found environmental concerns are surely going to play a supportive role. The government policy should take note of the concerns and work out a plan for promotion of the jute goods abroad. How the World Bank supports the campaign will be interesting to see.

### Safe Piloting

The crucial part that matters of safety play in air travel is never lost on the professionals of the air travel industry, nor on the ground-bound observers. A seminar on the medical and psychological aspects of air safety, held in the city on Tuesday, made the same points, with the added observation, that an airline's reputation as a safe operator was also the single most important reason behind its commercial success. Reputation is perhaps the catch-word here since, while it may take years of dedicated service to build up an image, it could be destroyed within a matter of days after a couple of "slip-ups." One ought to remember that in the case of a passenger aircraft, a slip-up could cost the lives of hundreds in one go. Such is not the case with road, rail or even marine travel, where accident victims always have a chance of survival.

Biman certainly has an advantage, because the reputation it has built up since its founding in 1972, is a solid one. Despite having to operate previously-used aircraft, Biman's pilots have earned the confidence of passengers, including those who have travelled on other, longer-established airlines. The in-flight service provided by its crew and hostesses has also earned a commendable reputation. The important thing would be to build on this base, and seminars like Tuesday's are useful exercises in the process of keeping the safety aspect at the top of the management agenda. However, one thing that Biman would undoubtedly be aware of is that its reputation of conducting safe flights on international routes can come to naught if it treated its internal flights with anything less than total dedication. Part of the concern here involves not so much Biman's air or ground crews, as the passengers themselves. Late last year, on a flight from Dhaka to Jessore, a passenger foolishly ignored the captain's advice and created so much commotion in the cabin as to unsettle other passengers and threaten the safety of the flight itself. The passenger's lack of knowledge of safety aspects and his total ignorance about the captain's authority could have caused serious problems for the flight. It might be of help if Biman drew up an easy-to-understand manual, on the responsibility of the passengers themselves in ensuring a safe and peaceful flight. The manual should acquaint passengers on internal flights with all safety aspects of the aircraft, and emphasise the point that it is the pilot who is the one and only authority to decide matters once the plane takes off the ground. The last thing a pilot needs is to have passengers losing their heads.

# Missing: An Agenda for Washington's Foreign Relations

FEW are surprised that issues in foreign relations have received so little attention in the US presidential election campaign. By and large, they have been put on the back burner by all three candidates.

After all, the issues which touch the lives of American voters and influence their preference in choice of the next president are largely in the domestic field. Most are complex and intricate; many are volatile and divisive. With no US soldier now fighting a war in a foreign country, like in Vietnam in the sixties and part of seventies, such questions as health care for millions who cannot afford any medical insurance, abortion, law and order in inner cities, unemployment and even budget deficit should invariably get the maximum attention of the US electorate.

There have been of course passing references. During one of the televised debates, both President George Bush and Governor Bill Clinton were asked questions about China which, despite its poor record in human rights, continues to enjoy a most favoured nation treatment from Washington. The responses from the two candidates revealed little differences on their perceptions of the Sino-US relations. According to the US media, the same is true about the two candidates' positions on the overwhelming domination Japan of the global economic scene.

However, one must give credit to the independent candidate, Ross Perot for bringing up the controversy over the alleged understanding between Washington and Baghdad, during the pre-Gulf War period, that the US would raise no protest if Saddam Hossain took over a part of Kuwait. As Perot implied, the Iraq leader took it as a signal to commit a full-fledged aggression against Kuwait.

What the independent presidential candidate was concerned about was not so much the alleged deal between Washington and Baghdad, which Bush promptly denied, as about the lack of character and transparency in successive US administrations, the present one included. In this sense, the issue raised by Perot was no more than an example which happened to belong to the field of foreign relations.

In this context, another question relates to a possible reduction in the US military presence in Europe in the post-Cold War era. But it had less to do with Washington's vision of

**If Clinton wins the presidential race, the United States should demonstrate new initiatives on wide-ranging issues in foreign relations, especially with the developing world. With the end of the superpower rivalry, Washington can operate with greater freedom. But more freedom also means more responsibility — and perhaps even new dangers of committing mistakes.**

Europe, no longer living under superpower rivalry, than with the question of cut in the country's massive defence budget. Here, too, positions taken by the two major candidates revealed no substantial differences.

All this has much to do with the bipartisan approach to the foreign policy of the United States, with the sense of continuity that links one administration with another, no matter which party wins the presidential race.

Herein lies the strength of the United

Notwithstanding these considerations and constraints, it would have served a most useful purpose if one of the televised debates had dealt with the role of the United States in this changing world, a world which is still looking for a direction amidst uncertainties and conflicts prevailing in Eastern Europe and the former Soviet Union.

Since the Bush administration has already taken credit for ending the superpower rivalry and is generally pleased with the way things

lightened self-interest of the United States that these issues which might get more complex in time are tackled, if not resolved, under a new presidency if this is what the electorate votes for.

In all probability, Clinton has an agenda of sorts covering the international issues if he wins the race to the White House. Or it may well be just talking shape. There may be a number of key issues on which Washington should demonstrate new initiatives, ranging from the reforms in the United Nations and proliferation of nuclear weapons among developing countries to the withdrawal of Israel from occupied Arab territories and continuing hunger and famine in parts of Africa.

In tackling these issues, hopefully in co-ordination with the United Nations, Washington may no longer find a rival in Moscow. This changed context provides the United States with more freedom than it ever enjoyed in the past. But more freedom would certainly mean greater responsibility — and perhaps even new dangers of committing mistakes, sometimes due to lack of sensitivities of problems of other nations.

In this context, it is particularly important that Washington's relations with the Third World assumes a new dimension, a new focus, even a new style.

In the past, the relationship has been "good in parts," like the curate's egg, but it failed, somewhere along the line, to be transformed into one of partnership. Then, the task of creating a new basis has been made more difficult by Washington's lack of initiative in expediting the Uruguay Round of Talks, in trade liberalisation and even in raising the volume of aid in proportion to its GDP to the level recommended by the United Nations.

If the United States remains more a benefactor than a partner to most developing countries, the fault does not lie only with Washington. As in the case of Bangladesh, the long period of dependency on the United States has left the country crippled, its own initiative stifled, its economic policies tied down to conditionality.

How much of it can be changed in Washington's relations with developing countries by a new US administration remains to be seen. There is certainly need for a new approach, a bold imaginative approach, that can change a lot in this challenging world.

## AT HOME AND ABROAD

S. M. ALI

Steps in international affairs. The outside world — the friends and foes of the United States — know that there would be little change in Washington's foreign relations if, instead of Bush winning a second term, Clinton makes it to the White House, except perhaps in the mood, the style and overall political climate.

This bipartisanship in foreign relations, the sense of continuity in broad policy directions, can also be a cause of disappointment within the United States and outside. More often than not, one administration inherits the mistakes committed by its immediate predecessor, even if it belonged to the other party, and is unable to take any dramatic corrective measures.

The success of Richard Nixon in bringing an end to the Vietnam War had less to do with the change from the Democratic presidency to the republican one than with the fact that the US policy was, by then, in shambles.

have gone so far, the Republican nominee has little to offer by way of a change of policy. So, here one's disappointment lies with Governor Bill Clinton who has probably missed his chance of taking up issues which have gone by default.

This writer for one is yet to get the impression that the Democrat nominee has addressed the issues which, unless effectively tackled, will aggravate disension in the eastern half of Europe, increase regional hegemonism in parts of Asia, leave the United Nations playing an uncertain role in conflict-ridden countries and, generally speaking, make the world a more difficult place to live in than it was even a year ago.

How these issues are handled, under new policy directions, will also decide where the United States stands in playing a leading role on divisive issues which may be increasing, not diminishing, during the next four years.

In other words, it is very much in the en-

# Pacific Isles Provide Haven Against Taxman

IT all started some centuries ago, when governments set up special areas where goods could be stored untaxed.

If goods were sold abroad, tax would not have to be repaid, and if they were sold at home, tax would be levied only on sale. Because the operator of the area gave a bond to the government that he would account for all the taxes, the goods were said to be "in bond".

In this context, the first country to extend this idea to factories as well as warehouses was Mexico where, in the 1920s, "maquiladoras" offered industrialists cheap land, labour and taxation. Around the same time, two islands dreamed up the idea that a similar device could be offered for banking and corporate management.

The places concerned were the Isle of Man between England and Ireland, and Labuan off the coast of North Borneo. Thus were born the "tax havens". Not many people used them, however, until about 1960.

At that time, people seem to have begun to feel that they were being oppressed financially by their governments, which had raised their budget spending enormously and had instituted vast welfare systems with soaring costs. What was just as bad, they had taken over many leading industries (which lost money).

Taxes rose steeply, sometimes slicing more than 80 per cent off a high income. Inevitably, people searched for ways to avoid the heavy hand of the revenue departments, legally if possible.

Today, a generation later, the world is full of tax havens, offering openly the services of lawyers, accountants and bankers who will form a "paper corporation" very cheaply,

which can soak up money to be enjoyed in full, or at least subject to a very small tax, plus a few yearly fees.

These corporations are little more than a bronze plate and a small file in a lawyer's cabinet. But the bulk of the profits and assets of a giant business can be transferred to this shadowy entity.

Individuals and families can also protect their property from wealth taxes and death duties by placing it under a trustee in the haven. And shipowners can register their vessels to avoid the taxes and restrictions of their home harbours.

Worldwide, there are about 30 such havens, most of them clustered in the Caribbean and Europe. But the number in the Pacific is now growing fast.

Just recently the Marshall Islands and Western Samoa, in mid-ocean, have joined the list, along with Vanuatu and Cook Islands. And on Labuan the old low-tax system has been revived (it had been abandoned when Malaysia took it over from the British along with Sabah).

Deep in the South Pacific, the Cook Islands will soon have more companies registered than people. East of Australia lies Vanuatu, which was actually a quiet offshore financial centre under its old colonial name of New Hebrides. And away to the east of Papua New Guinea is tiny Nauru, the latest entrant in the tax-attraction game.

There are two other places which do not like to be called "havens" but merely "territories of moderate taxation." The older by far is Macau, founded west of China's Pearl River mouth by the Portuguese over 430 years ago. East of the same river is Hong Kong, founded by the British 150 years ago.

Both these enclaves revert

Alan Chalkley writes from Hong Kong

Worldwide, there are about 30 tax havens, most of them in the Caribbean and Europe. But the number in the Pacific is growing fast



to China before the end of the century, but they stand as fine examples of a dictum which most governments cannot bring themselves to accept — low taxation brings high revenue. Macau and Hong Kong have very large budget surpluses nearly every year, and yet run state-of-the-art economies and societies.

Taxes on profits run in both places around the 15-17 per cent maximum level, and they both have no import duties. Incidentally, China is offering about the same tax rate in its Special Economic Zones (Which are like the Mexican

maquiladoras.). Among the true havens, only Labuan imposes a tiny income tax at 3 per cent. The rest are tax-free completely.

What do the Pacific havens have in common? They are all very small states and they lack solid manufacturing and shipping facilities. They are far from markets and hinterlands. Indeed, they have minimal resources all round.

The young people of the Cook Islands emigrate to New Zealand and Australia if they can. Western Samoa, a delightful string of islands, exports very little except its people.

On the unique island of Nauru, famous for its rich guano fertilizer fields, the people know that when that is all shovelled away they will be left with — pigs and coconut trees.

Labuan (the name means "safe haven") should have long ago become a super-port. There were big plans by the British, who colonised it 250 years ago, and later by Malaysia. But apart from a busy but muffled role as a smugglers' depot, nothing effective was done and the island was sleeping off its old pirate days when Kuala Lumpur decided to make the place into a banking centre.

Secrecy of accounts and affairs is absolute in all the true havens, the identity of the beneficial owner need not be disclosed, and of course there are no controls on currency movements. Fees are small — for instance, in Western Samoa, the first-year total cost for a company registration is US\$1,550. Fees amount to US\$800 a year thereafter.

Establishment of a tax haven seems to be evidence of a somewhat desperate search for sources of foreign income. But many higher-tax governments would dearly like to abolish them, and two havens have suffered from setbacks already.

Panama, once one of the busiest free ports in the world, has lost much of its business after the Noriega scandal. And the US authorities have changed their laws, and nullified some of the attractions of the Netherlands Antilles in the Caribbean, as well as those of Switzerland.

The Swiss case is an example of the most serious threat to these tiny territories. It has been alleged that the big criminal organisations and fraudsters have been able easily to evade just punishment and

restitution by the use of Swiss havens. From the Mafia to the BCCI to media king Maxwell, billion seem to be beyond the law.

Liechtenstein, Bahamas and the Cayman Islands are mentioned, but Switzerland was the first to feel the hand of the US authorities.

Washington and Geneva have agreed that the beneficial owners of accounts will be divulged, if crime is charged and proved. And if the crime is also regarded as one in Switzerland because mere tax avoidance is not. This pact has caught the accounts of the late president Marcos under Philippine law, too.

Malaysia heartily supports Labuan; an ex-Finance Minister, Tun Daim Zainuddin, heads the development board which promotes the island's activities. Australia protects the Cook Islands, and in fact it is Australian financiers who run the haven. Hong Kong's stock exchange is allowing Cook Islands corporations to list on its floor.

But the big Hong Kong companies themselves seem to prefer Bermuda in the Atlantic. When asked why they are moving their holding companies offshore in the distant West, they strongly deny that it is anything to do with 1997, when China resumes sovereignty over the territory. They speak of "internationalisation" and rational financial planning.

And, of course, taxes, taxes. So long as governments are perceived to tax and yet not give value in return, so long as politics has its shabby side, and so long as government service is branded with stigmas of incompetence and corruption, then the tax havens will be attractive and the bronze plates will proliferate. — *Depthnews Asia*

## To the Editor...

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

### NGOs

Sir, For some months we have been reading about the ongoing saga of the NGOs and the NGO Affairs Bureau. There has been allegations of corruption and mismanagement within the NGOs and the interference of the donor agencies.

This has been shamefully magnified by the NGOs in "resolving" their recent difficulties. Some 48 NGOs had been served 'show cause' notice on a number of charges, primarily gross over-expenditure of funds, without the prior permission of the Bureau. What is utterly galling is that instead of giving the reasons for their actions and arguing the matter through with the relevant authorities, the NGOs rushed to

the donor agencies who pressurised the Bangladesh Government to withdraw all charges unilaterally and transfer the Director General of the NGO Affairs Bureau within 24 hours!

It is sickening to accept the fact that, as educated Bangladeshis, we not only misuse and mismanage public funds but encourage the already arrogant donor countries to dictate how the affairs of the country should be handled. Is this the level of degeneration we are willing to sink to, just so that highly paid, globe-trotting executives can plan "development programmes" from the air-conditioned, multi-storied offices, to be reached through the wretched poor, in air-conditioned vehicles? How

fortunate Bengali speaking people to Bangladesh against all norms of human behaviour, international laws and human rights. The inhuman torture meted out to the victims of 'push back' does not seem to awake international conscience. The progressive Indian press is almost silent. The Government here is apparently shy over this issue as it is about the Rohingya issue. The old brains in India should do some serious rethinking lest this unleashes a hatred both in India and Bangladesh. The Bangladesh Government may do well by taking the issue to the UN and international Human Rights committee.

Rashed Khanam  
Mirpur, Dhaka

### Push Back

Sir, There are not enough words to condemn the action of the Indian Government attempt to push back thousands of Bengali speaking people who migrated to India decades ago. These people, the unfortunate ones, have been living in and around Delhi for years. The Delhi administration gave them ration cards and they also participated in a number of elections. Now the Indian Government is driving the un-

fortunate Bengali speaking people to Bangladesh against all norms of human behaviour, international laws and human rights.

The inhuman torture meted out to the victims of 'push back' does not seem to awake international conscience. The progressive Indian press is almost silent. The Government here is apparently shy over this issue as it is about the Rohingya issue. The old brains in India should do some serious rethinking lest this unleashes a hatred both in India and Bangladesh. The Bangladesh Government may do well by taking the issue to the UN and international Human Rights committee.

A concerned citizen

### II

Sir, For some days we are put to a new jargon 'Push Back' as we see stories of Bangla speaking people being picked up from different parts of India as far away as Delhi and brought to Benapole and pushed inside Bangladesh. We call it Push Back as if Bangla

speaking legally immigrated Bangladeshis are being sent back by force but actually some of them appear to be illegal immigrants which was admitted the other day by two such persons. The old man of 60 went over to India illegally in 1988 and married there another illegal immigrant of about 35 years after his wife had died, as it appeared in a Bangla daily. Our BDR jawans very heroically are resisting such push back and in some cases have become successful.

The news papers are often flooded with news that BDR and Police have arrested so and so numbers of Bangladeshis with their carriers when they were being smuggled into India or Pakistan or even Arab countries through borders between India and Bangladesh specially the western border. So the BDR is stopping illegal immigration as well as push back of illegal immigrants. Is it not self-contradictory?

However, my point is: We are so highly over-populated that it is better for the country

if we can arrange despatch of surplus population to other countries. The European countries despatched crores of their nationals to USA, Canada, South American countries. Willingly or unwillingly, legally or even illegally, which had a tremendous salutary effect on the population growth rate as well as density of population in those developed countries. If we, instead of showing pseudo love for the hungry mass whom we can't provide with jobs, allow the surplus population to seek livelihood anywhere they like, we can do a better service to our people than arresting them on their sojourn to foreign countries. When the people want to undertake the risk of hardship in seeking jobs elsewhere who are we, to stop it.

We must respect the freedom of people. When there was no such laws in early days, people could travel anywhere they liked and also foreigners could come here as they liked.

Abunayem M Jahed  
Retd. Deputy Secretary, Govt of Bangladesh  
West Nakhalpara, Dhaka