

Bangladesh faces daunting challenges ahead: Milam

By Staff Correspondent

A combination of a 'perceived' political instability, the bureaucratic 'stranglehold' on the business sector and the lack of growth of the domestic market are the primary reasons Bangladesh is still unable to attract foreign investment despite economic liberalisation and incentives.

This was observed by US Ambassador William B Milam yesterday at a luncheon meeting of the American-Bangladesh Economic Forum (ABEF) in a local hotel. The outgoing US envoy spoke at the meeting on his 'Reflections on Bangladesh'.

He also talked about the 'daunting' challenges that lie ahead for Bangladesh in light of the bulging population, possible areas of employment generation and about the possible role of the government.

"You should insist that the democratic government remove those perceptions about political instability," he said in response to a question on why the country is still not being able to attract foreign investment.

"I don't know how the (foreign) investors would look at the campus disturbances," he exclaimed, adding that perhaps the investors would feel discouraged by the situation and by the poor prospect of future recruitment of educated manpower.

Referring to the economic liberalisation and simplification of bureaucratic procedures for foreign investors, Milam said "The last investor I talked to said 'It ain't so,' that there still remains a lot of procedural red-tape."

The bureaucratic 'stranglehold' on the business sector has to be removed, the US envoy emphasised.

On the problem of expanding the domestic market, he said it would take some more time to resolve.

Among the daunting challenges facing Bangladesh, the outgoing US Ambassador identified the population boom as the most testing. He said the numbers are 'frightening' as the population is expected to double to over 200 million within the

next 20 years with a projected density of 4,000 persons per square mile.

"The task of nurturing and strengthening democracy will be extremely difficult, particularly with the increasing population density," Milam cautioned.

He wondered how the political and social strain of the population boom would be tackled in the near future.

As it would be difficult to create new job opportunities in the agriculture sector, he suggested a thrust towards an export-oriented economy to exploit the foreign markets.

"The answer is in creating a liberal and export-oriented economy as there is room for expansion only in the foreign markets," He also recommended enhancing trade to reduce the aid dependency, saying "trade and not aid is the solution."

The outspoken US envoy said that to stimulate the private sector and the economy, the government should withdraw its involvement from the banking, power, oil, gas, telecommunication and other sectors.

"The government needs to get out of the business of running business," he said, and identified them as protecting the citizens, educating the children and developing the infrastructure.

"Aside from the social service sectors I haven't found anything that the private sector cannot do," he said. "The future of the country lies in an open and competitive economic environment."

But time is the enemy, he said, with the rising population density and increasing competition from the regional countries. "The future is now."

Milam concluded his prepared speech by quoting a verse from a poem of Rabindranath Tagore: "The bird of time has but a short way to fly, and the bird is flying."

Later, responding to a question, the US envoy said the available natural resources and the low-cost labour should be exploited for future job creation.

He pointed out that there are enough gas, petroleum and coal deposits in the country and there are good prospects of finding new gas deposits.

He suggested exploiting the export potential of the gas sector, while noting that there are political problems in exporting gas to neighbouring countries.

"You need to take advantage of another great natural resource: low cost labour," he said and advised diversification into other labour-intensive manufacturing activities beyond ready-made garments.

Answering a question, Milam said external assistance is now being used more effectively after pressure was applied by the donor community. "The government commitment is there but it takes time for it to trickle down."

Earlier, the US ambassador dwelt on the formation of the ABEF in 1988 and its role in strengthening economic ties between the two countries and attracting US investments to Bangladesh.

He, however, noted the difficulties faced in launching the forum as there is a government prohibition against opening branches of foreign chambers.

He said US private sector investment in Bangladesh so far totalled about 30 million dollars in one life insurance company, two banks and several service and manufacturing units. He added that a number of US firms have shown interest in investing in the power and gas sectors.

Earlier, president of the forum Forrest E Cookson, who is also an advisor to the Bangladesh Bank, welcomed the US ambassador, describing him as a staunch supporter of the ABEF and thanked him for his achievements during his three-year tenure here.

At the conclusion of the meeting, attended by the members of the forum and their guests, a portrait of the US ambassador was presented to him. The portrait was drawn by young painter Dipak Bhattacharya.



US Star Madonna performing during her 'Girlie Show' in Paris at the Bercy Omnisport Palace Tuesday. —AFP photo

Ex-CM of Pak Punjab assassinated

ISLAMABAD, Sept 29: Gunmen Wednesday shot and killed a prominent and influential politician closely allied with former Prime Minister Nawaz Sharif. Ghulam Hyder Wyne, 62, was seeking a national assembly seat in the October 6 elections, reports AP.

He was gunned down in his home village of Mian Channu, about 400 kilometers south of the capital of Islamabad, said Ismail Hasan Niaz, an interior ministry spokesman.

Wyne was the first well-known political figure killed during the campaign. Dozens of people have died in election-related violence.

"We have no details to say why he was shot or who shot him," said Niaz. He said few specifics were available and added that security has been stepped up for election candidates.

There were initial, unconfirmed reports that gunmen with automatic rifles opened fire on Wyne's election procession.

Wyne was best known as a close ally of Sharif, the ex-prime minister who resigned in July and is seeking to regain his old post in the election.

Wyne lost a no confidence vote and then lost his job in July as chief minister of Punjab province, the largest and most influential of Pakistan's four provinces.

Wyne belonged to Sharif's conservative Pakistan Muslim League, which is locked in a tight contest with former Prime Minister Benazir Bhutto's liberal Pakistan People's Party.

"Today's brutal crime has created doubts about the adequacy of protection available to leaders and candidates in the forthcoming elections," Bhutto said of the shooting.

Thirteen student bodies formed the alliance at a joint meeting held at the Madhu's Canteen in the Dhaka University yesterday.

It comprises, among others, the left-leaning Ganotantrik Chhatra Oikyo (GCO), an association of eight students' organisations, and the pro-Awami League Chhatra League.

During the meeting the French delegation reiterated its commitment to the economic development of Bangladesh.

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SSMC impasse continues

By SSMCH Correspondent

The All Party Students' Unity (APSU) resisted the Islamic Chhatra Shibir (ICS) activists from entering the Sir Salimullah Medical College campus for the fourth successive day yesterday.

The pro-Jamaat ICS students had come with wreaths yesterday morning to negotiate their return to the campus but the APSU refused to relent.

The APSU, comprising the Jatyatabadi Chhatra Dal (JCD), the Bangladesh Chhatra League (M-I) and the Bangladesh Chhatra Union, drove the ICS activists from their respective hostels on Sunday.

Meanwhile, Home Minister Abdul Matin Chowdhury, in a meeting with the JCD leaders of the SSMC unit Tuesday night asked them to allow the return of the ICS activists to their hostels, a JCD insider said.

The APSU was in a meeting to set some conditions for the return of the ICS activists, when reports last came in.

The college Academic Council's deadline for an amicable resolution of the problem ends today.

JCD, BCL clash at DMC hostel

By Staff Correspondent

Two student groups clashed in a men's hostel of the Dhaka Medical College, forcing each other to leave the dormitory until intervention of the authorities allowed them to return last night.

The supporters of the Jatyatabadi Chhatra Dal (JCD) forced the workers of the pro-Awami League Bangladesh Chhatra League (M-I) out of the hostel. Later, the BCL early yesterday morning after an altercation regrouped themselves and attacked the JCD workers in the Dr. Fazle Rabbi Hall in the afternoon and took control of the hostel.

During sporadic clashes, lethal weapons were used and crackers exploded, leaving several students injured. Ujjal Roy, a third year student, was admitted to the Dhaka Medical College Hospital. One room was also ransacked.

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The Midnight File

Germany seeks 3rd-World nations' support for UNSC seat

UNITED NATIONS, Sept 29: Germany offered an incentive Wednesday to developing countries to support its bid for a permanent UN Security Council seat — a seat of their own. Expanding the 15-nation council, which currently has five permanent members, has been a major theme in speeches by presidents, prime ministers and foreign ministers attending the UN General Assembly session's general debate that began Monday. German Foreign Minister Klaus Kinkel told delegates on Wednesday that his nation is "prepared to assume responsibility as a permanent member of the Security Council," reports AP.

China calls for destruction of nuclear arms

UNITED NATIONS, Sept 29: China today called for the total destruction of all nuclear arms, and an early start to talks for a nuclear test ban treaty. "Now that the conventions banning biological and chemical weapons have been concluded, we deem it high time that the complete prohibition and thorough destruction of nuclear weapons were put on the agenda," Foreign Minister Qian Qichen told the UN General Assembly, reports AFP.

Dhaka for pre-'67 borders in Mideast

Foreign Minister A S M Mostafizur Rahman, Tuesday called for a reversion to the pre-1967 borders in the Middle East and the restoration of Arab sovereignty over Al-Quds Al-Sharif, reports BSS.

According to a message from the Bangladesh permanent mission at the UN he was speaking at a meeting of the committee on Palestine of the Non-Aligned Movement (NAM) at the UN headquarters.

Welcoming the recent declaration Rahman reiterated the Bangladesh position and described the accord as "A first step towards a just, comprehensive and durable solution" to the Middle East issue and hoped it would lead to the establishment of a Palestinian state.

Apart from Bangladesh and Indonesia, the other members of this committee are Palestine, Cuba, India, Zambia and Zimbabwe.

The committee had a detailed briefing on the recent declaration of principles agreed to by Israel and PLO by the representative of Palestine.

Rahman lauded the role of Indonesia in chairing the Non-Aligned Movement. He stated that the meeting of the committee was reflective of that dynamism.

The committee, he said, made a significant contribution to what has been achieved to date on Palestine the 'core issue' of the Middle East.

Rahman said the journey had only begun. The road was long, and the committee, he hoped, would be a key leader. He assured the committee of Bangladesh's full cooperation.

The Indonesian Foreign Minister, Ali Alatas, chaired the meeting.

Another report says, Mostafizur Rahman, Tuesday held a series of meetings with several of his counterparts at the UN headquarters.

In the morning he attended a breakfast meeting hosted by US Secretary of State Warren Christopher in honour of the SAARC heads of delegations. There he made a brief statement on behalf of SAARC ministers.

He also presided over the General Assembly session for sometime.

Bangladesh has been elected a vice-president of the current General Assembly session.

Lawyers clash in Ctg: 7 hurt

From Staff Correspondent

CHITTAGONG, Sept 29: Seven advocates were injured in a clash between two rival groups of lawyers today at the Chittagong court building.

Court sources said the injured lawyers received first aid at the local hospital.

Tangail CPP

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and fisheries, WDB officials said. Targeted beneficiaries as well as the implementing agency officials suggested simplified land acquisition and compensation procedures for the timely implementation of the project.

The FAP is a multi-million dollar donor-aided programme initiated by the government to chart a long-term solution to the country's flood problems and plan a national water management policy.

Crude edible

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tonnes. The country's local production can hardly meet 25 per cent of the demand.

Considering availability of edible oil from other sources like foreign aid, the government earlier had fixed the target of crude oil import at 3.50 lakh tonnes for the current fiscal 1993-94 to meet the demand. Previously, in 1991-92 and 1992-93, about 3.25 lakh tonnes of edible oil were imported each year through the refiners under the quota system.

According to an official source, the number of edible oil refineries in the country has increased remarkably over the last few years. The country now has 72 oil refineries having a total capacity of producing more than 32 lakh tonnes annually. These industries have been demanding withdrawal of restrictions on crude oil import for the sake of their very existence. The existing import policy has resulted in most of these refineries — set up in the late '80s — to remain virtually shut.

The authorities believe that the free importation of crude edible oil will help to reduce its price in the internal market which might encourage the entrepreneurs to re-export the refined oil.

While supporting a free import system, the authorities, however, cautioned that it might lead to the entrepreneurs themselves deciding to stop importing the oil if they do not find a market for their products.

Cut in interest rates needed to spur investments, say experts

The monetary market will not take off if interest rates on commercial lending are not reduced reasonably and correspondingly with the reduction of bank rate, say financial experts.

There is no significant improvement in investment as the central bank has reduced the bank rate six times from 10.75 per cent to 6 per cent since 1990, a top official of the Bangladesh Bank told UNB on condition of anonymity.

But commercial lending rate of interest was reduced by only about 2 per cent by the banks which failed to gear up the process of investment. The interest rate on industrial loan, which is very much sensitive to substantial increase in the volume of investment, now ranges from 12 to 16 per cent.

Bangladesh Bank only arranges the fund for investment through banking channel and now the banks will fix interest rate on competitive basis under a new system, the official said.

The liquidity surplus of banks proved that the process of lending is very slow. About Tk 2,000 crore deposit remains idle in all the commercial banks due to high interest rate, the official pointed out suggesting that congenial investment climate should be created to gear up the lending process.

"Import, export, lending and investment policies should be integrated for creating congenial atmosphere for investment. Changing the interest rate is not the only determinant factor of investment. It's a policy matter."

The Bangladesh Bank official stressed that money market should be developed to increase the volume of both corporate and individual savings as recent reduction of interest rate would have little impact on savings. Deposit floor rate was fixed at 5 per cent.

"Small-scale savers will save their money in banks for security whatever the rate of interest is. However, the inflation rate which has now been reduced to 2.5 per cent from more than 12 per cent in 1990 has good impact on the low income group," said the official.

The Bangladesh Bank has recently refixed the interest rates under a financial sector reform project of World Bank.

The reform programme sets out to create an environment where interest rates are deter-

mined by supply and demand, not by government fiat, and the banks will adjust their lending interest rates according to the cost of getting people to save.

One important objective of the reform is to develop money market instrument that will reveal the risk-free interest rates. This rate becomes the basis for establishing the structure of interest rates. A second important issue is to make the interest rates equal everywhere except for the risk differences.

A businessman suggested that the interest rate should be 3.5 per cent more than that of bank rate at the maximum. He pointed out that the present interest rate on industrial loan varies from 12 to 16 per cent against the bank rate of 6 per cent.

"Investment is not attractive for the businessmen due to sev-

Nepal ratifies SAPTA

KATHMANDU, Sept 29: Nepal is the first country to ratify the Preferential Trading Arrangement of the South Asian Association for Regional Cooperation (SAARC), reports Xinhua.

The instrument of ratification of the SAARC Preferential Trading Arrangement (SAPTA) — signed by the Nepalese Prime Minister Girtija Prasad Koirala after it was unanimously approved by the House of Representatives of Nepal in the first week of September this year — was received by the SAARC Secretary General IH Zaki here on Tuesday, local press reported today.

6-member body to resolve crisis in Ittefaq

The number one Executive Director of the Ittefaq Group of Publications, Matnuil Hossain, welcomed the formation of a 6-member committee to probe the 'dissatisfaction' of newsmen of the Daily Ittefaq, reports AP.

"On my part, I am ready to extend all-out cooperation to this committee," said Hossain expressing gratitude to all members of the body that includes two MPs and is headed by Press Council Chairman Justice Sultan Hossain Khan.

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Human Rights Commission formed in India

NEW DELHI, Sept 29: The President today promulgated an ordinance to provide for the Constitution of a National Human Rights Commission which would also deal with complaints of human rights violations by the armed forces and the para military personnel, reports PTI.

The commission has been empowered to seek a report from the central government on such complaints. The centre has to inform the commission within three months of action taken on its recommendations.

Later, talking to newsmen, senior government officials said the commission would in no way affect or influence the existing laws governing the armed forces.

Gas to gardens

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also creating an adverse impact on the environment.

The 13 tea estates, which produce four million kg of tea annually out of the country's total production of over 45 million, complained that in the absence of gas supply, they could not produce good quality tea to compete in the international market.

When contacted, officials concerned at the Ministry of Energy admitted that the implementation of the project was stalled due to some local problems. "We are trying to resolve the problem soon", they assured.

100 feared killed in Moroccan mishap

TEMARA, Morocco, Sept 29: At least 100 passengers were feared killed, many burned alive, when a freight train loaded with naphtha rumbled into a stationary express train and engulfed it in flames, a Moroccan railway workers' representative said on Tuesday.

"It was a real inferno. Four carriages were crushed by the tanker wagons that piled up on top of them and then burst into flames," said a rescuer working on the mangled and burnt-out wreckage.

"Dozens of passengers died either burned or suffocated by the smokes and fumes in four compartments," a spokesman for the railway workers' union told Reuters.

"We estimate that at least 25 people died in each of the four carriages," he said. Railway officials estimated there were about 400 passengers.

The overnight express, heading north for Tangier from the Southern city of Marrakesh was standing in the Temara station when the south-bound goods train hit it head-on.

The force of the impact hurled several tanker wagons on top of the express like huge bombs. "Two of them exploded," a fireman said.

Many passengers, including women and children were asleep when the disaster struck shortly after midnight. It was not known whether any foreigners were among the casualties.

"Some of the bodies are so badly burned. They are not easy to identify," a railway employee said.

Prime Minister Begum Khaleida Zia, in a message sent to King Hassan-II of Morocco, condoned the loss of many valuable lives following a tragic train accident in Rabat Tuesday, reports BSS.

UN may allow Aided to go into exile

UNITED NATIONS, Sept 29: The United Nations may allow fugitive Somali warlord Mohamed Farah Aided to go into exile if he can find a country to accept him, a UN peacekeeping official said Tuesday, reports AFP.

The move could end the manhunt that has led to renewed violence involving UN peacekeeping forces in Somalia over the past four months.

"We are not offering exile to Aided," the official said, but added that if another country offered to take him that could allow an end to the stalemate with international peacekeepers.

However, other officials noted that Aided is being sought for trial under a Security Council resolution which calls for the arrest, trial and punishment of those responsible for the killing of 24 Pakistani peacekeepers in June.

Sec 144 imposed JP meeting at Puthia falls through

From Our Correspondent

RAJSHAHI, Sept 29: The public meeting of the Jatyia Party organised at the Puthia High School ground could not be held today as Section 144 was imposed by the local administration.

An administration source disclosed that the local Chhatra Dal of the BNP also called for a public meeting at the same place at the same time.

Section 144 was imposed banning any public meeting and procession to avoid any clash, the source added.

Later, Kazi Zafar Ahmed, former Prime Minister and a member of the JP presidium spoke at a meeting at Biraldah, two miles from Puthia.

Kazi Zafar demanded the implementation of the seven-point demand of the party.

Khaleida

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October 1, Begum Khaleida Zia will also meet the UN Secretary General and American high officials during her stay in the United States. She will attend the UNICEF sponsored round table on 'Let us keep the promise for the children' tomorrow.

Earlier report from Paris said, Begum Khaleida Zia had a two-hour stopover today at the Orly International Airport on her way to New York.

On her arrival by a Biman flight the Prime Minister was received at the airport by high officials of the French Foreign and Finance ministries.

Begum Zia conveyed her greetings to French President Francois Mitterrand and Prime Minister Edouard Balladur.