

ASEAN, EC  
begin 3-day  
trade talks

DAVAO, Philippines, Jan 20: The Association of Southeast Asian Nations (ASEAN) and the European Community (EC) began a three-day consultative meeting Wednesday on trade issues amid tight security in this southern city, which was rocked by a series of bombings last month, reports AFP.

Trade sub-committees of the two organisations are scheduled to discuss ASEAN access to the EC market, review the recent accord on the Uruguay Round of the generalised agreements on tariffs and trade, and plan joint projects," said Delia Albert, Co-Chairman of the talks.

The highest EC official in the talks is Juan Prat, Director General for North-South Relations of the European Commission. The talks are held every 18 months, with the last meeting held in Brussels in September 1992.

"We could have made a big press out of it but we would not want to attract unnecessary attention," Albert told reporters.

The EC is ASEAN's third largest trading partner, next to Japan and the United States, with total two-way trade of 54 billion dollars in 1992. The community is also the second most important source of official development assistance to ASEAN, next to Japan.

IFIC bank  
managers'  
confce held

A Managers' Conference of the IFIC Bank Ltd was held at the conference room of the Academy at Head Office of the Bank yesterday with Kazi Mesbahuddin Ahmed, Managing Director, in the Chair, says a press release.

Aminul Hoque Chowdhury, Director, M Fazlur Rahman, Adviser, A H M Showkat Ali Chowdhury, Deputy Managing Director, and Abbas Uddin Ahmed, Senior Executive Vice President spoke on the occasion.

All Branch Managers, Senior Executives of the Head Office and high officials of the bank also attended the conference.

The overall performance of the bank for the year ending 1993 was reviewed and projection for the current year was discussed at the meeting.

Intermec Corp'n  
official due  
today

David Kennaugh of Intermec Corporation of USA is due in the city today, says a press release.

He will attend the three-day US Trade Show '94 at Hotel Sheraton from Saturday.

Intermec Corporation is one of the largest manufacturers for the Bar-Code Data Collection Systems like Bar-Code-Reader, Scanner and Printer for industrial sectors.

Computer World who are the distributors for the territory of Bangladesh and Multilink Int'l Co Ltd, the Sister Concern of Computer World, will be marketing the Intermec's valued products.

Interested persons may meet David Kennaugh at the Show, or Contact: "Multilink International Co Ltd, 71, Motijheel C/A, Dhaka-1000 Tel: 244469, 283303.

## Money rates

Money rates in the call money market during the week ended on January 19 ranged from 2.00 per cent to 8.00 per cent, a Bangladesh Bank press release said here today, reports BSS.

During the same week, interest rates offered by the bank on certificate of deposits varied from 5.50 per cent to 8.75 per cent. The bank rates however, remained unchanged at 6.00 per cent.

American Airlines'  
parent firm loses  
\$110m last yr

FORT WORTH, Texas, Jan 20: American Airlines' parent company, AMR Corp, said Wednesday it lost 253 million dollar in the fourth quarter and 110 million dollar for the year, reports AP.

The airline said the five-day walkout before the US holiday on the fourth Thursday in November slashed profits by 190 million dollar more than the 160 million dollar the company had expected.

The strike "Turned the profit we had generated earlier in the year into a loss for the year as a whole," AMR chairman Robert Crandall said.

For the three months that ended December 31, AMR lost 3.55 dollar per share on revenues of 3.59 billion dollar,

Manpower export rises  
by 260 pc last year

Manpower export of the country registered a remarkable increase over the years but remittance had a limping growth as wage earners preferred to illegal conduits for sending home money.

This was disclosed Wednesday at the first working session of the conference on Promotion of Manpower Export held in the conference room of Finance Ministry with Labour and Manpower Minister Abdul Mannan Bhuiyan in the chair.

The export of manpower increased by 260 per cent last year compared to 1988, but remittance rose by only 65 per cent, the meeting noted.

A total of 2,44,508 people were sent to various countries in 1993 while the figure was 68,212 in 1988. The Bangladesh workers remitted Tk 4009.59 crore last year which was Tk 2423 crore higher than that of 1988.

Finance Secretary Nasimuddin Ahmed, Labour and Manpower Secretary Shah Mohammad Farid, Chairman of National Board of Revenue Akbar Ali Khan, senior officials of Bangladesh Bank and four nationalised commercial banks attended the session.

Bangladesh Ambassadors and labour wing officials of the

missions in Saudi Arabia, Libya, United Arab Emirates, Iran, Bahrain, Kuwait, Oman, Iraq and Malaysia were also present at the conference.

Pointing at the insignificant increase of remittance against the increase of manpower export, Abdul Mannan Bhuiyan said a number of people took to unauthorised way for sending their money in the country.

He held insufficient banking facilities and complexity in sending money through banks for the insignificant increase in remittance. "If all the wage earners send their remittance through banks, the figure will be three times the current remittance earnings," he said.

The minister regretted that the banking service could not be improved in comparison to the unauthorised way like hundi. "If a man sends his money from Singapore through hundi, the man in other end get that amount within two hours. But when a person take the banking facility, he has to face various problems," he said.

Mannan called upon the bankers to facilitate the wage earners and improve and expand their services to those living abroad.

The minister also regretted the harassment by the Customs

officials at the airport during departure and arrival of the wage earners.

He urged the Customs authorities to consider providing facilities to those who send their money in the proper way.

Mannan also called for enhancing manpower in foreign missions where large numbers of expatriates are living as well as setting up schools in those areas for providing education to the children of the wage earners.

Ambassadors and labour wing officials in the country's different foreign missions discussed elaborately the problems faced by them in providing facilities to the wage earners.

The meeting discussed the possibility of investment of the wage earnings in the manufacturing sector and urged the Finance Ministry to come forward in this regard.

Upgradation of status of the officials of labour wing, creating new posts in the wing in the foreign missions, more budgetary allocation for the labour wing, establishment of new wings in Dubai, Singapore, Hong Kong and Taiwan were also discussed in the first session of the conference.



Kazi Mesbahuddin Ahmed, Managing Director IFIC Bank Ltd, addressing the Managers' Conference at the bank's head office on Thursday. Aminul Hoque Chowdhury, Director, M Fazlur Rahman, Adviser A H M Showkat Ali Chowdhury, Dy Managing Director and Abbas Uddin Ahmed, Sr Executive Vice President also spoke on the occasion.

## Fragile growth in Euro economy likely

VIENNA, Jan 20: Several countries in Eastern Europe can expect to see fragile growth this year after five years of recession but unemployment will also rise, experts at the Wili Economic Research Institute here said, reports AFP.

Poland, which in 1993 was the only country in the whole of Eastern Europe to achieve growth, of about four per cent, should continue to recover. Its Gross Domestic Product (GDP) should grow by 4.5 per cent in 1994.

This performance should be followed by that of the Czech Republic with growth of two per cent and of Slovenia with one per cent.

However, experts have calculated that in Poland, despite

the growth of GDP at the end of 1993 was 14 per cent below the figure for 1989 which was the last year of state-direction of the economy before the collapse of communism in Eastern Europe.

Czech GDP was 25 per cent below the figure in 1989. Hungary, the favoured country for western investment, would again experience zero growth this year but Slovakia, Romania and Bulgaria would go through their fifth consecutive year of a decline in GDP of about two per cent.

But this would represent a sharp improvement from a decline of about six per cent in 1993.

The institute here was less optimistic about former members of the Soviet Union, chief

among them Russia and Ukraine. It said that GDP in Russia would decline by seven per cent and in Ukraine by 12 per cent. In 1993 their GDP figures had fallen by 15 per cent.

Most of the countries in Eastern Europe would also improve their performances on inflation. The Czech republic might reduce its inflation rate from 21 per cent to 11 per cent. Poland from 39 per cent to 28 per cent. Slovenia from 30 per cent to 20 per cent and Slovakia from 23 per cent to 18 per cent.

But in Hungary inflation would rise slightly from 24 per cent to 25 per cent.

In the Balkans, it would fall to 55 per cent in Bulgaria from 75 per cent, and to 200 per

cent in Romania from 300 per cent.

The main indicator weighing on the outlook was unemployment. Privatisation, and increase in the number of bankruptcies and a strengthening of corporate financial discipline, would increase unemployment further despite a general improvement in the economic situation.

Poland, leading the ways to growth, would have an unemployment rate of 18 per cent representing more than three million people, at the end of 1994.

Bulgaria, Slovenia and Slovakia would have an average rate of about 18 per cent, the rate of unemployment in Hungary and Romania was likely to stabilise at about 12 per cent.

Sonali Bank  
strengthens  
financing  
shrimp culture

Sonali Bank has sanctioned, in three months, a sum of Taka seven crore against six semi-intensive projects for shrimp culture in Cox's Bazar coastal areas, says a press release.

The bank hopes that for these projects about 1,000 MT of exportable shrimp will be produced in the areas in the next season.

After the experiments, made throughout last one year, had ascertained prospects of semi-intensive culture in the areas, Sonali Bank stepped forward to finance the sector.

The bank's credit facilities extended till yesterday has created off-hand employments for nearly 200 people and possibility of shrimp export worth Taka 166 crore every year has been brightened, the release added.

About 3500 kg shrimps can be produced per acre per year under semi-intensive culture, according to experts.

G-7 job summit  
in March

WASHINGTON, Jan 20: The Group of Seven Nations Jobs Summit, first proposed by US president Bill Clinton last July, is scheduled to be held here on March 14-15, it was reported to yesterday, reports Xinhua.

The summit, the first of its kind, will be attended by the Labour, Finance and Social Services Ministers of the seven industrialised countries, as well as the members from the Executive Commission of the European Union.

On the US side, Treasury Secretary Lloyd Bentsen, Labour Secretary Robert Reich, Human Services Secretary Donna Shalala and Robert Rubin, Chairman of the National Economic Council will be present.

Sources said that the meeting to be held in the retreat-like Camp David, will mainly discuss the prospects of medium-term policy coordination efforts related with job creation in these countries.

Statistics show that the US jobless rate declined by a percentage point last year, reaching 6.4 in December.

India's central bank governor  
warns of capital flight risk

NEW DELHI, Jan 20: India's central bank governor has warned of the risk of capital flight if the rupee is made fully convertible, but said the time had come for currency controls to be eased further, reports AFP.

Chakravarty Rangarajan said the rupee could be made convertible on the capital account only in stages because unrestricted movement of foreign funds into and out of the country held dangers.

A major risk is the possibility of capital flight, he said in a speech here Tuesday reported by the Economic Times and other newspapers Wednesday.

Another risk is the possibility of macro-economic instability arising from the movement of short-term capital, often described as hot money, the Reserve Bank of India chief was quoted as saying.

But, he added: "We will have to ... considerably relax controls."

The remarks followed speculation in industry that the Indian currency may be floated on the capital account in the fiscal 1994-95 budget due next month.

Such a move would enable exporters to take rupees abroad, professionals to seek payment in foreign exchange and individuals to hold off-

shore bank accounts.

The government began currency reforms last year by floating the rupee on the trade account, allowing exporters and others to sell their foreign exchange earnings at a market determined rate.

Restrictions on the current account such as release of foreign exchange for overseas travel and remittances remain in place besides controls over capital account transactions.

India's foreign exchange reserves have surged to a record 9.9 billion dollars, enough for five months imports, and some analysts have predicted that a fully convertible rupee is coming.

Rangarajan said some of the current account controls could be removed, but added the reserves had still not reached a stage to allow a full float. He cited debt servicing burdens on money borrowed from global lenders.

A vigorous export drive and stable oil prices were needed to ensure that the balance of payments was comfortable, he said, cautioning that India could not depend on foreign investors, who have shown rising interest in the country.

He described international capital as a fair weather friend (that) begins to reverse and flow back the moment trouble spots appear.



Ian Wilson, General Manager, Middle East and South Asia (MESA) Region of Standard Chartered Bank (SCB), met Finance Minister M Saifur Rahman at latter's office during his recent visit to Dhaka. S M McCarthy, Chief Executive Bangladesh of SCB also seen in the picture.

Saudi private sector mature  
enough to generate activity

ABU DHABI, Jan 20: Saudi Arabia's decision to slash its 1994 spending because of weak oil prices will have little effect on economic growth as its private sector has become mature enough to generate its own activity, according to officials and experts in the region, reports AFP.

The kingdom's massive crude reserves accounting for nearly a quarter of the world's also help dispel skepticism about its economy and maintain its status as a tempting centre for local and foreign businessmen, they said.

"During the past few years, Saudi Arabia had invested enormous funds in services and productive sectors, including education, health, electricity, communications, roads and others, said Abdullah Al-Quwai, Gulf Cooperation Council (GCC) Assistant Secretary General for Economic Affairs.

"In line with development policies in the kingdom, the private sector has largely benefited from such projects ... any recessionary impact from lower government expenditure is partly offset by other activities."

Quwai also said Saudi economy ministry undersecretary said government spending in the kingdom was no longer the sole factor on the "economic arena" given a sharp increase in its contribution over the past year.

He cited a steady rise in private industrial investment and a boom in the construction sector, which has prompted

building of new cement plants and expansion in existing units. He said large investments would also be pumped into the oil sector to boost production capacity to face growing world demand.

"Government spending in Saudi Arabia still plays a significant role in the economy but now there are other elements which have become influential and could make up for any decline in that spending," Quwai told regional press.

"Confidence in any economy hinges on its solid pillars in the long run and success of managing it in the medium term. The Saudi economy has

such solid pillars, which are its huge oil reserves."

Saudi Arabia stung by a sharp fall in oil prices, cut its 1994 expenditure by around 20 per cent to 42.7 billion dollars from 52.5 billion dollars in 1993.

Press reports have said it projected a deficit of 1.2 billion dollars but Saudi Finance Minister Mohammed Alkhalil dismissed such news on Wednesday.

Oil provides more than 80 per cent of Saudi Arabia's revenues and a sharp decline in prices and output over the past decade has more halved its earnings to around 40 billion dollars in 1992.

US imports 49.5 pc of its  
petroleum consumption

WASHINGTON, Jan 20: The United States used a record amount of foreign oil in 1993, largely because of a continuing decline in domestic production, an industry group said Wednesday, reports AP.

The United States imported 49.5 per cent of its petroleum, or an average of almost 8.5 million barrels per day, according to the American Petroleum Institute. This was 7.8 per cent higher than the almost 7.9 million barrels per day imported in 1992, API said in its Monthly Statistical Report.

The previous annual peak in imports was 47.7 per cent reported 1977, API said.

The decline in US production isn't new, the institute said.

"This trend dates back to the mid-1980s when congressional moratoria on offshore drilling began to have an impact and when crude oil prices took a sharp dive," Edward H. Murphy, API's Director of Finance, accounting and statistics, said at a news conference.

Domestic crude production fell to less than 6.9 million barrels per day last year, its lowest level since 1958, API said. This was also a decline of 4.3 per cent from the almost 7.2 million barrels per day produced in 1992.

Rouble crashes on mounting  
fears of instability

MOSCOW, Jan 20: President Boris Yeltsin said yesterday talks to form a new government could last several more days and the rouble crashed on mounting fears of instability, reports Reuters.

Interfax news agency said Prime Minister Viktor Chernomyrdin had turned down terms set by Finance Minister Boris Fyodorov, seen in the white as one of the mainstays of reform policy, for staying in the cabinet.

Talks continued over his fate, but he seemed unlikely to retain his influence in the cabinet.

The announcement of a new government had been originally scheduled for Monday, but the withdrawal of reform architect Yegor Gaidar gave notice of a fierce power struggle in the administration.

"Considering the need to form a government, Russian President BN Yeltsin will continue meetings and consultations today and possibly over the next few days," a statement issued by the president's office said.

Yeltsin met Chernomyrdin for more than six hours on Tuesday.

The continued political uncertainty took its toll for the three successive days this week on the Moscow Inter-bank Currency Exchange (MICEX) where the value of the rouble fell 6.8 per cent to a new low of

1,607 to the dollar.

The currency has fallen 29 per cent so far this year.

Chernomyrdin's Chief Economic Adviser Andrei Illarionov said in London on Tuesday the fading influence of reformers would lead to an inflation explosion and the collapse of the rouble.

He predicted 100 per cent monthly inflation by the end of the year and a rouble-dollar rate of 2,000 in the next two weeks and 10,000 by midsummer.

Tokyo to compile  
\$17b economic  
pump-priming  
package

TOKYO, Jan 20: The Japanese government is to compile an economic pump-priming package worth more than 13 trillion yen (117 billion dollars), including additional public works spending, the Asahi newspaper said Thursday, reports AFP.

The new package, to be hammered out later this month, will include four trillion yen in additional spending on public works and facilities for this fiscal year ending March 31, the major national daily said.

The package will also include income tax reductions and residential tax cuts worth more than six trillion yen.

## Opinion: Plastic bag issue - further notes

By Jalal Alamgir

The Prime Minister's decision to concede a reprieve on the ban on plastic bag production has offered space for greater open debate about the issue, involving both environmental and economic aspects. As part of the ongoing debate, this article, meant partly as a reply to some contentions advanced by UBING (The Daily Star, January 19, 1994), seeks to indicate some possible ways out of the bottleneck.

The main obstacle to the environmental health in this region, I maintain, is not plastic, but an absence of environmental awareness and practice. Beyond the simplicity that an ecological system which may accommodate 50 million people may break down under pressures from, say, 100 million people, it is not people per se that directly damage the environment, but people without environmental consciousness that do. It is the user of plastic bags who litters, not the producer. A sound environmental programme, accordingly, should focus on how to instil and maintain environmentally harmonious production processes.

Let us refresh our memories about a fundamental law of physics: The Law of Conservation of Matter and Energy. This declares that matter can be transformed into other matter or energy, but will never vanish. Each and every manufacture routine is based

on transformation of inputs (or raw materials) in one way or another, and is therefore constrained by this law. A production process, whether it is plastic, or paper - whatever - inevitably produces byproducts or waste, released in the form of matter and/or energy. The need is to be energy efficient as well as to curb the discharge of harmful matter, in all spheres of production. To single out plastic bags and terminate their production, regardless of their important linkages among different industries, is not a practical solution, it's just a bad diversion. In their article, UBING registered a justifiable concern about toxic emission from plastic production. If they cast a wider glance at the overall toxic emission scenario in Bangladesh, I think the organization would find it more justifiable to support the banning of every manufacturing enterprise in the country.

So, what can be done? Since the usage of only natural ingredients is not viable in most production processes, it is almost impossible, given the present level of technology, to make factories perfectly harmonious with nature. Some damage to ecology is therefore unavoidable. In view of this, the crux of a sensible environmental policy should be on Check-&-Balance, that is, to re-orient production so that damage to ecological system is minimized.

I propose a two-fold strategy for proper disposal of waste: (1) limit the release of toxic matter or energy, both during production and after consumption; (2) transform waste into "other" or recycled matter. The first strategy embodies a strong watch by the government. A dynamic agency should be set up to monitor different factories, and mandate the use of anti-pollution equipment. With an eye to the future, the government should start granting permission to set up only those industries that have proper provisions to curb pollution. In 1977, the US Government told the utility industry to reduce sulfur emissions by 90 per cent on new plants. The government could have simply banned production in existing utility plants altogether, and subjected the American people to the high economic costs of such a sudden decision. Instead, it opted for a slower transition. The positive effects of the Clean Air Act of 1977 are felt now: New plants comprised of cost-efficient anti-pollution equipment have gradually replaced harmful old plants, without drastic negative effects on the economy. In the same vein, the Clean Air Act of 1990 has made the year 2000 the target for attaining "maximum achievable (pollution) control technology." The essence is control of waste, not termination of production. However, the most important

component of our first strategy should be a long-term process of environmental education, adequately supplemented into our textbooks, as well as all institutions, including government offices. These programmes can be amply financed by existing funds, only if the government takes active measures towards proper resource utilization, such as, putting a leash on PDB's system loss (conventional power plants are a major source of pollution all over the world), and stop funneling taxpayers' money into sick public sector corporations.

The second strategy involves providing incentives for recycling, ultimately towards creating a market for recycled products. UBING's article has rightly pointed out the externality costs due to the profit motive in capitalism. In order to sell cheap, many companies will naturally try to channel some production costs to "external" settings. Sound government policy can offset this tendency by supplying opposite monetary incentives. The government can support the use of recycled matter in any industry by offering tax incentives in proportion to the usage of recycled inputs. Concurrently, it can forge a policy along the lines of the Superfund Law of the United States: imposition of "externality" taxes on factories with bad pollution equipment. Then the tax revenue itself can

be recycled, that is, routed towards funding of environmental organizations, and also, towards advertisement for alternative packaging.

I am not against paper or jute packaging. What I believe, however, is that given our economic standstill (see the Bangladesh Bank Annual Report), it will not be prudent at all to arbitrarily forbid the production of plastic bags. As mentioned in my previous article, "The fragile demand structure of a poor country will be better assisted by advocating the use of paper or jute bags, and creating additional demand, not by banning plastic" (emphasis added). Towards this end, again, monetary incentives can be considered (after all, money talks), without additional cost to the exchequer. For instance in Hungary a shop customer has to pay for a plastic bag if (s) he forgets to bring alternative bags of his/her own.

As a poor country, Bangladesh poses a difficult case. Since our existence depends on both ecological and economic life, a balance has to be eked out between the two. Towards creating an environmentally harmonious industrial policy and an economically sound environmental plan, it is high time that the government reassesses its decree by incorporating relevant research and by consulting views from all sides.