The Daily Star

Founder-Editor : Late S. M. Ali

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Jute Millers' Understandable Worry

In what appears to be a trend-setting move, Collective Bargaining Agents (CBAs) of some private jute mills have extracted written commitments from the management to implement the Wages Commission Award, 1993, which was meant exclusively for the public sector employees. This goes to confirm the fear, widely expressed prior to the announcement of the award, which came to be shared by this paper, that a wage hike in the public sector could frightfully open a flood-gate for the same in the private sector.

But this does not mean it should be a *fait accompli* for the private sector. For, this sector has its own compulsions, set of norms and dynamics as distinct from the public sector. The basic rationale here is that the private sector industries will either stay in business or go completely out of it, depending entirely upon their turn-over and profitability. The private sector employees cannot afford to follow the footsteps of their public sector counterparts knowing it fully well that those were the very steps that cast a shadow of doom over the public sector undertakings, if not doomed some of them already. It is because of chronic mismanagement in the public sector that the private enterprise has been looked upon as a potentially better alternative and, expectations about it have run high. And, if because of the trade union excesses, the private sector now demonstrates a failure — in full public glare — to fend for itself then how can it be trusted with a fresh load of the privatised industries? Indeed how tragic a scenario awaits the economy when the workers in losing public sector concerns are resisting tooth and nail a change-over to the private sector while the latter is finding itself gripped by the ailments of the public sector.

The jute sector as a whole is gasping for breath in a cliff-hanging state of survival. Thus the private sector mill owners' worry over the CBAs' demands for a pay raise, which has found an organised expression through the BJMA, is quite understandable. They can not follow a policy of appeasement when it comes to hard economics. They may be pressured, put under duress and made to sign agreements that they will only be in a position to implement at a greater haemorrhage. The planned world Bank-funded Jute Sector Restructuring Project emphasises the need for reducing the operating costs of the jute mills. The WB has been apathetic to wage increases generally, so that the CBAs in the private jute mills should have acted more cautiously, the BJMC thinks.

Our ideas about rejuvenating the jute sector, particularly the private enterprise segment of it, boil down to: diversification of the manufacturing process so that regardless of the quality of output there is no glut of raw jute at the mills; uninterrupted supply of energy to the mills; retraining of the usable surplus workers for placement in alternative avocations; golden handshake to the rest; and adoption of adequate welfare measures for the reduced body of workers in a mill.

The Collective Bargaining Agents are seldom interested in making demands bearing true relevance to the strength and future good of the industries. They don't yell: "modernise our machinery", "update our skill" or "increase provisions for welfare in kind". The populist clamourings are all for salary increases meaning next to nothing in real terms and for unearned bonuses. Our trade unions should be mature enough for a turnaround now.

Owen's Time is Up

The European Parliament is in favour of firing Lord David Owen, the European Union's (EU) mediator in the post-Yugoslav conflict. With an overwhelming majority the union parliament has expressed its no-confidence in the former British foreign secretary on Thursday last. Although non-binding, the verdict given by the European Parliament does reflect how the European governments in general rate Lord Owen's leadership in fulfilling the task he was assigned — initially for only six months but which has had to be extended up to one and a half years. Surprisingly, the mediator himself seems to be unruffled by the criticism of his leadership as a mediator. He shows no sign of relinquishing the job.

That the seasoned British parliamentarian would be trying to justify his position is somewhat amazing. First, he has failed to make the warring parties in the former Yugoslavia agree on any enduring pace formula so far. Moreover, in the face of Serbian aggression, he has moved away from one position to another, achieving nothing in the process. Sure enough, Lord Owen held several nerve-racking marathon sessions of negotiation with the feuding Serbs, Bosnian Muslims and Croats. Credit also goes to his mediating ability for wrenching temporary cease-fires from unrelenting rival fighters.

However, all this falls far short of the diplomatic stroke that could bring all the parties to agree on a give-and-take peace formula. On this count this is a failure all too manifest. Now that the European Parliament has said 'no' to his mediating capability, he should, without demure, go. Since a big question mark has been put on his capacity to deliver what was expected of him, regardless of where he succeeded and why he failed, he should voluntarily bring an end to his mission and hand over it to someone who enjoys the EU's general confidence to do the job. The message is clear and he will be at the job only on his own responsibility.

Here in this part of the world we have had a feeling that Lord Owen has seriously compromised the Bosnian interests in favour of the Serbs. If he refuses to quit, that feeling will only get strengthened. If he still believes he is the man to bring peace in that war-torn territory, he is perhaps overestimating his diplomatic savvy. After being so long in charge of the mission, he should know better than others that it is a situation that calls for both persuasion and — if need be — firmness of intention, one that will not balk at the prospect of using force. Lord Owen might have demonstrated the required quality of political acumen, but what he failed to bring into play is this firm commitment to end the feud in Bosnia-Herzegovina. Let another man take over who will have the courage and sense of purpose to make good use of such an unflagging resolve.

Devaluation and Export-led Growth

by Anu Mahmud

The World Bank argues that the government policy package on trade liberalisation has not been sufficiently well articulated and publicised and many entrepreneurs do not have a clear understanding of the present government's vision of the trade regime that will prevail over the coming years.

DEVALUATION of a currency means a decrease in the external value of a unit of that currency expressed in terms of gold, SDRs or a foreign currency by an official edict.

Devaluation is not the only method that can be resorted to by a country to tide over a deficit in her balance of payments. In fact as a method of correcting the deficit devaluation was disfavoured before World War I, and even thereafter, nations did not practise it even when they were faced with payments gaps. Upto the 'thirties' devaluation was regarded as a sign of financial bankruptcy and economic weakness of a nation.

The disastrous effects of chronic deficit in the balance of payments are too serious to be ignored for the sake of orderly growth of world trade and for a country's economic upliftment. A deficit in the balance of payments may be corrected through the following devices including devaluation.

If the deficit in the balance of payments is due to a fall in the export earnings of a country, efforts may be made to increase exports by making them cheaper for foreigners.

This may be corrected by decreasing the quantity of money in circulation in the country faced with adverse balance of payments.

The success of the devaluation method depends largely upon the reactions of foreign countries to the devalued currencies. Repeated devaluations of the Taka to boost the country's exports have failed to achieve their goal and such steps were found wanting in enhancing the price competitiveness of the country's exports.

If the problems facing the exporters continue, the balance of payments will be against the country. The high rate of interest for export financing and the cumbersome duty drawback system must be streamlined if stability in the country's balance of payment is to be maintained. But complementary policies and well-designed incentives were equally necessary specially, if exports were to grow within a broad based development process. The labour cost, product quality and terms of financing are also important factors for competitiveness.

Devaluation in Bangladesh

Recently the government devalued our currency (Taka). India has reduced the value of Rupee from 26 to 33 for 1 US dollar and our Taka value has been refixed to 39 for 1 US dollar. Within the 22 years Bangladeshi Taka has been devalued a number of times. Ranging from Tk 5 to Tk 39 against 1 US dollar, the cumulative rate of devaluation is 680 per cent. But we have not been able to get commensurate dividends. Neither import was reduced nor the exports increased. In this connection a group of leading exporters argued that, though the export earnings from the garments have reached five thousand six hundred crore Taka mark from only two crore Taka in 76 and 77, this was hardly due to devaluation.

Export credit guarantee scheme

A seminar sponsored by USAID, World Bank and the Government of Bangladesh, stressed the need for a greater appreciation of the Export Credit Guarantee (ECG) facilities to boost exports. Bangladesh was facing setbacks in export earnings because of the limited items it offers. It has also been pointed out that ECG Division of Sadharan Bima Corporation (SBC) could not function well in the last 16 years as a misunderstanding existed between the banks and the exporters about the function of the scheme. Since the introduction of ECG in 1978, the ECG Division has had net claims worth Taka 7.31 crore, but the amount recovered was only about Tk 39.27 lakh. But the ECG Division was expected to be made more dynamic with the financing of USAID. As Bangladesh was moving away from import substituting industries to export oriented ones, there was a need for improving the efficiency of all the sectors. A developing country like Bangladesh needs to develop export-oriented industries as this promoted employment in a highly productive way and proper utilisation of ECG would boost exports from Bangladesh. The entrepreneurs should explore the international markets for Bangladeshi products to boost foreign exchange earnings, employment and quick economic development of the country.

We have to spread the benefits of the Export Guarantee Scheme for an export-led growth in the country. Export-led growth means that the resources will be optimally utilised to earn the highest possible incomes on a sustainable basis. The ECG had an important role to play in promoting exports from Bangladesh and therefore, in contributing to the economic growth and development of the country by providing credit insurance coverage for those exporters who would not be able to function without such insurance. The ECG can make an important contribution to increasing exports and to increasing economic efficiency, growth and incomes for Bangladesh.

Comfortable position of BOP

Bangladesh enjoyed a relatively comfortable balance of payments situation in fiscal year 1992-93, a third year in a row, mainly due to an upsurge in exports by 20.8 per cent and a 6.1 per cent rise in remittances from Bangladeshis employed abroad.

During the FY '93 the import bill was expected to recover substantially by 537 million dollar or by 15.5 per cent to 4000 million dollar and the current account deficit is estimated to expand to 735 million dollar from 605 million dollar in the previous fiscal year.

Although imports were expected to move rapidly after two consecutive fiscal years of stagnation, an upsurge in exports receipts coupled with an acceleration also in the remittances will bring about an additional 392 million dollar — thereby raising the foreign exchange reserves to 2000 million, equivalent to six months of import at the end of the FY-1993.

World Bank source opined that export development must be an important component of any programme aimed at accelerating industrial growth. Attainment of a six to seven per cent growth over the medium to long run will require that the share of exports in GDP will rise from 9 per cent to around 13 per cent by the second half of the decade. Trade liberalisation is necessary for encouraging export-led growth. The WB in its memorandum placed at the Paris meeting of the Bangladesh Aid Group indicated that the government's successes in stabilising the balance of payments and mobilising public revenue provide it with an excellent opportunity to accelerate the pace of trade reforms, reduce the anti-export bias of the trade regime and thus convince private investors that it will effectively pursue an export-friendly development strategy.

High international reserves allow the Bangladesh government to finance an increase in imports that could naturally occur after a reduction in tariffs. Also the recent tax reforms, made the government is less dependent on revenues from high customs duties.

But the WB argues that the government policy package on trade liberalisation has not been sufficiently well articulated and publicised and many entrepreneurs do not have a clear understanding of the present government's vision of the trade regime that will prevail over the coming years.

The WB suggests the medium term programme for further trade reforms be formulated convincingly, with the objective of sending a clear and credible signal to foreign and domestic investors.

To improve further the country's balance of payments situation the Finance Minister outlined his development strategy with optimisation in the use of resources, both human and material, exploitation of growth potentials of the economy, particularly in areas where Bangladesh possesses distinct comparative advantage, as its basic features.

EC expert's suggestion

To attract the big emerging European market the Bangladeshi entrepreneurs should concern themselves with competitiveness and innovations — according to Sean Condon, European marketing consultant. Bangladesh needs world beating companies and Bangladeshi companies should come forward to engage vigorously in international trade. This is the only long term solution to the economic, social and technological challenges which Bangladesh faces. To become competitive, the companies should add substantial value to their products and services through improved management and technology. New technologies should be applied with innovation and skill. Bangladeshi industries should invest, with a top-priority, in information network system to familiarise their products in the international markets. This would make their products competitive as investment in information networks creates continual market demand. Such investment would also help the entrepreneurs have a clear idea about other competitors. Bangladeshi exporters would have good opportunity in the single market, which will be the world's largest and wealthiest trading bloc, if they can become competitive.

Bangladeshi entrepreneurs should have adequate information about their buyers and should be ready to serve them instantly. "Strategic marketing is most needed for Bangladesh" ..... such marketing should serve the customers in some distinctively better ways. But the markets should be constantly monitored if a competitive advantage is to be created and maintained through marketing strategy.

Bangladesh must immediately know the single market customers, their fads and fancies, choices and other factors thoroughly. At the same time it should be alert of its competitors in the EC market. Bangladesh should take steps to make its industries more efficient then they are at present to make Bangladeshi products competitive in EC. If the above proposals could be implemented by the local entrepreneurs, the single EC would open up as a vast market for Bangladesh, even bigger than the US market.

So, it is necessary for the government to take proper steps to encourage the promotion of our exportable non-traditional items along with that of traditional items which can help our economy to be firmly on road to an export-led growth.

NOTICE

The regular column "On the Record" of S A M S Kibria will be published on Tuesday next.

Reading between the Lines of a National Dispute

David Robie writes from Port Moresby

Six of the seven daily newspapers in the South Pacific are foreign-owned. The newest is The National, a Malaysian-owned publication in Papua New Guinea. The Prime Minister heralded the launch of the paper as historic, while the owner described it as a bridge between government and people. Gemini News Service reports, however, that its ownership and commercial interests are attracting criticism.

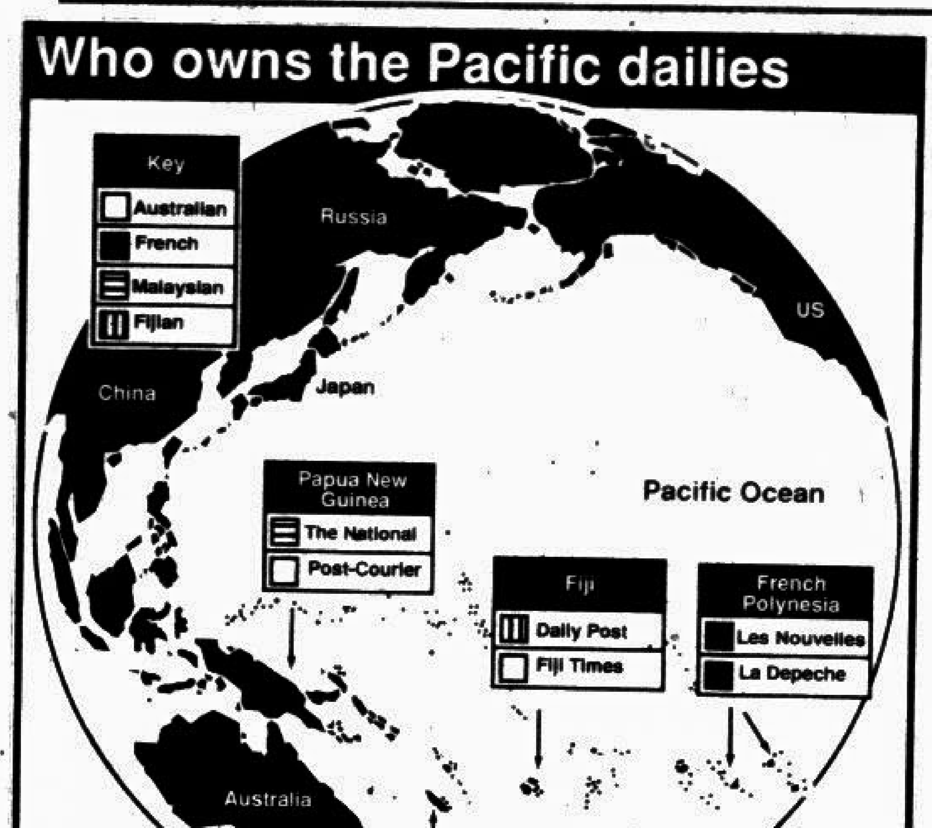
WHEN the South Pacific's seventh daily paper, The National, began publishing in Papua New Guinea recently, many welcomed it as a challenge to the two Western media conglomerates which dominate the big circulation newspapers in the region. But its arrival has aroused suspicions, and shows that when Third World companies establish enterprises in other developing countries, they can be regarded as just as foreign as Western investors.

Its supporters include Prime Minister Paias Wingti, a bitter critic of the rival Post-Courier — the only other daily in Papua New Guinea. He officially launched the new venture, proclaiming the occasion historic.

The K8 million Malaysian-owned enterprise is the latest move in his "look North" policy, which emphasises Asian business and cultural connections rather than traditional ties with Australia — the former colonial ruler — and New Zealand.

"This is not to say that we should ignore our long-term contacts with Australia and other traditional partners," Wingti said. "Recent announcements in Australia show us that it, too, is looking North."

Wingti's enthusiasm was reciprocated by Datuk Tiong Hiew King, the Malaysian chairman of the new paper's owners, who declared The National would be "a bridge between the government and the people."



The Opposition was suspicious, challenging Wingti to declare whether his People's Democratic Movement had any interest in the venture. Secrecy surrounded the publisher's shareholding and even the paper's title almost until the launch date.

The very name, The National, is sensitive for a foreign-owned publication, because it denotes an indigenous citizen. Yet chairman Datuk Tiong is not just a foreigner: he is a senator in the Malaysian legislature.

In an outspoken column in the national weekly Times of PNG, Sir Frederick Reiher, former chairman of the National Airline Commission, noted the irony of the Wingti government backing the new paper despite having campaigned against foreign ownership in the national news media.

He said : "No matter how worthy the objectives might be, there will always be a suspicion that there is a wider agenda behind the newspaper."

Most of the suspicion focuses on timber interests. Datuk Tiong's family group Rimbunan Hijau employs 15,000 people in the Malaysian state of Sarawak alone, with interests in timber, copper, gold, plantations, shipping, insurance, heavy machinery and banking. In Kuala Lumpur, the family controls Malaysia's largest Chinese-language daily, Sin Chew Jit Poh.

In Papua New Guinea, Rimbunan Hijau (PNG) dominates the export log trade, though Rimbunan insists its share is considerably less than the 86 per cent attributed to it by the Forests Ministry.

It directly employs more than 3,000 people and in 1992 it reportedly earned an after-tax profit of K350 million. in Makapa, Western Province, it has one of the world's largest timber concessions, with timber rights over seven million cubic metres of exportable logs.

Rimbunan Hijau has campaigned to overturn Papua New Guinea's new forestry guidelines, established to curb the rampant logging. Its association with the powerful timber lobby as Forest Minister Tim Neville seeks to reduce logging has stirred debate about newspapers and freedom of information.

It has also become involved in the debate over the foreign media monopoly in the Pacific region. Its presence means three foreign publishers own six of the South Pacific's seven dailies. But being Malaysian gives it a different perspective from the two Western giants who own the other five papers, Australian-American Rupert Murdoch's News Corporation and French media magnate Robert Hersant. News Corporation controls more than 70 per cent of Australian newspapers and more than 50 per cent of New Zealand papers (and 36 per cent of British newspapers), as well as having extensive global television interests.

Murdoch gained control of the Post-Courier, the Fiji Times and the influential Pacific Islands Monthly in 1987 when he took over his father's group. The Pacific holdings are so small that Murdoch is said barely to notice them among his 124 newspapers around the world.

Less known than Murdoch but also powerful and influential is French media baron Robert Hersant. Owner of the conservative French national daily Le Figaro and several big regional French newspapers, the Hersant group expanded its empire into France's "overseas territories" and "departments".

It moved into the Caribbean, initially in Martinique, Guadeloupe and French Guyana, and then into the Pacific, in New Caledonia and French Ploynesia. Hersant's California-based Pacific Press Communications group, which has television and press interests in the West Coast of the US, also owns all the French-language dailies in the Pacific.

Fiji has the only independent, locally owned daily in the South Pacific, the Daily Post.

DAVID ROBIE is an author and journalist writing on Pacific development and economic issues.

To the Editor...

BUET results

Sir, It refers to a news item by your staff correspondent "BUET batches face seniority problem" published earlier on December 5.

The report stated, "BUET authorities reduced one year's seniority of 1986 batch to three months only. Even then it fails to satisfy the junior batch of 1987." Now, as we all know, that BUET authorities started 1986 and 1987 batches simultaneously to reduce the session jam. My questions, if the results of 1987 batch would be staggered for three months or so, why this session jam reduction for? It seems that only 1987 batch is benefited; but this is not true, all the remaining batches are getting the benefit. If our batch is staggered for three months, each of the remaining batches should be jammed for three months. If they aren't, then why should we alone? Why should we wait for three months idly?

Our seniors of 1986 batch are ready to face the interview for admission to MS which takes in junior batches from BIT, then why not that with us? For the last three years they have been getting their results almost at the same time with us. But in the final year, they perhaps have thought that they need a time-barrier between the results for getting earlier admission to MS. But why? Is it to keep us away from the job market for a year? This is not wise, rather silly, because we are in the era of market economy and competition.

So may I, in my very humble way, request the authority to consider announcing our (1987 batch) results as soon as possible?

Abdullah Sohel (E. Engg.)
1987 batch, BUET

Shopping centres and traffic-jam

Sir, Multi-storied apartment buildings are no more an uncommon sight in Bangladesh. There are many in Dhaka and towns like Chittagong also have their share. All these places are supposed to have some sort of authorities to maintain a semblance of order.

But the results give a different impression. Most of these buildings are shopping centres were plenty of people come and go in the course of a day. But rarely a provision is made for keeping the nearby roads free from traffic-jam. One can get some idea while passing the Hatirpool area in front of the Eastern Plaza in Dhaka city. The approving authority should insist on some clear space on the roadside to avoid traffic-jam on the street (which becomes busy after the building comes into being). The public thoroughfare cannot be a allowed to be used as somebody's porch.

M A Haq
Green Road, Dhaka-1205

Telephone directory and Dial-17

Sir, Quite often, it becomes an irksome task that when one stands in need of finding a number in the bulky and cumbersome Telephone Directory, he feels it to be a ragging and painstaking process. In case the person fails to trace the number he intends to have, following a massive rummaging and scanning of the pages of the Directory, even reading in between the lines, he has to take recourse to dialing the unresponsive and notorious No 17 (Enquiry) just to get the requisite number. And, here lies the rub.

The even-engaged No 17 does not respond even after frequent dialing and if one is fortunate enough to get a response, he simply finds frequently that the furnished number is a wrong one! We fail to appreciate why T&T is not allotting more dials for Enquiry, since No 17 is the only dialling number which caters to the need of the entire developing Dhaka city and is unable to cope with the situation.

Meanwhile, the correct names of individuals, firms, establishments, organisations etc should be arranged scientifically and in a classified manner in coloured pages to minimise the incidence of dialling No 17. Due to the introduction of digital system, fresh Bengali and English Directories should be published.

N H Sufi
Mohammadpur, Dhaka

Seniority of erstwhile BCS (Sectt) officers

Sir, The government in 1992 unified BCS (Sectt) and BCS (Admn) cadres into a single cadre and named it BCS (Admn). In view of the unification, rules and policies relating to seniority, training and field posting of the officers of erstwhile BCS (Sectt) have not yet been framed. Even the BCS (Sectt) cadre and Composition Rules have not been cancelled. The situation thus created due to the unification of the two cadres is very complicated.

Recently, the Ministry of Establishment has nominated officers of BCS (Sectt) cadre belonging to 1973, 1974, 1977, 1979 and 1981 batches for training with a view to posting them in the field. The tenure of service of these officers ranges from 12 to 20 years. They have spent entire period of their career in the Secretariat. It may be mentioned here that the officers of 1973, 1974 and 1977 batches who were promoted to the post of Deputy Secretary have been exempted from training.

It is learnt that the Ministry of Establishment submitted a comprehensive proposal regarding seniority, training and field posting of the officers of BCS (Sectt) to the Hon'ble Prime Minister. The Hon'ble Prime Minister, instead of approving the proposal, returned it to the Ministry of Establishment with some observations and asked them to resubmit it to her. It is perhaps still lying unattended in the concerned Ministry.

Meanwhile, the Ministry of Establishment, without finalising the proposal and without obtaining the approval of the Hon'ble Prime Minister, has taken steps to arrange training for the officers belonging to BCS (Sectt) cadre.

For a government servant, seniority in the service is very important. Without determining the proper seniority of the officers and finalising the issues relating to training and field posting, the training and field posting of the officers may zeopardise the whole administration. Due consideration of seniority must be considered before posting them in field.

It may be mentioned here that when IMS cadre and Admn cadre were amalgamated, the question of seniority of the officers was determined before sending them for training for field posting. Moreover, it is learnt that many of the officers are not willing to serve in the field. This may be taken into consideration while deciding the issues. They should not be forced to take training and serve in the field. If they are forced to serve in the field the result will rather be disastrous.

So, in order to avoid future complication and embarrassing situation in the administration, it is expected that the Ministry of Establishment shall finalise the question of seniority, training and field posting of the officers of BCS (Sectt) before posting them out from the Secretariat.

Rafi Ahmed Sultan
19, East Rampura, Dhaka