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DHAKA THURSDAY, MARCH 24, 1994

London, Alma Ata sign 7 economic agreements

LONDON, Mar 23: Oil-rich Britain and oil-rich Kazakhstan signed seven agreements Monday to promote closer economic and commercial links, reports AP.

Prime Minister John Major and President Nursultan Nazarbayev of Kazakhstan, who is on his first official visit to Britain, signed the accords at a meeting at the prime minister's official residence at 10 Downing St.

Nazarbayev also handed Major a copy of Kazakhstan's accession to the Nuclear Non-Proliferation Treaty, an accord designed to prevent the spread of nuclear weapons and technology. He gave President Clinton a similar document when he visited Washington in February.

Major warmly welcomed Kazakhstan's ratification of the treaty and said he hoped it would encourage other countries to do the same, according to a spokeswoman for the prime minister, speaking on condition she not be identified.

Nazarbayev's government voted in December to dismantle the country's 1,400 nuclear warheads and become a nuclear-free state.

The agreements signed by the two countries covered friendship, air services, and cooperation in economic matters, education, science and culture, investment protection and promotion, and double taxation.

During their meeting and a lunch that followed, the two leaders discussed the situation in Russia and ways the two governments could work together to build up English language training in Kazakhstan, the spokeswoman said.

Nazarbayev also met some of Britain's top businessmen on Monday and attended a performance of the musical "Crazy For You" with Foreign Office Minister Douglas Hogg.

Kuala Lumpur slams opponents of EAEC

KUALA LUMPUR, Mar 23: A senior Malaysian minister Tuesday slammed opponents of the Kuala Lumpur-initiated economic caucus for East Asia, saying the plan was a reality which could not be ignored, reports AFP.

"If you look at the pure economic, trade and investment aspects, there should be no reason to argue why there should not be an East Asian Economic Caucus (EAEC)," International Trade and Industry Minister Rafidah Aziz said.

"But still the EAEC seems to be the most difficult regional grouping for some outsiders to accept, Rafidah told

about 500 delegates at a 20-nation Pacific Economic Cooperation Council meeting here on open regionalism."

The Association of South East Nations or ASEAN — which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — agreed in July to form the EAEC after debating the Malaysian proposal for more than two and a half years amid strong opposition from Washington that it was a budding trade bloc.

Rafidah said many quarters in the West were still sceptical of the EAEC despite repeated assurances by Malaysia and ASEAN that it was for multilateral trade and did not consti-

tute any threat to other economic groupings in the world.

"There are people who ask questions like is the EAEC relevant now that the Uruguay Round of world trade talks is over," Rafidah said.

Rafidah said East Asia was a key market for the world, with the region supplying 26 per cent of global exports and more than 50 per cent of European exports in 1992.

"The bottom line is the East Asian Economic Caucus, is a reality which cannot be ignored by anybody. I hope that come 1995, I will no longer be standing here explaining the definitions of the EAEC but rather the progress made by the implemented CAUCUS."



Masanori Abe, the outgoing Chief Representative of Bank of Tokyo (3rd from left) being presented with a silver plate by Richard Vrijmoet, General Manager, Sangaon Pan Pacific Hotel, as a token of remembrance. The new Chief Representative T Kajihara (extreme right) of Bank of Tokyo and Tanveer Imam, Director of Sales and Marketing of the hotel are also seen in the picture.

More foreign investment to provide security to Kazakhstan

LONDON, Mar 23: Kazakhstan President Nursultan Nazarbayev said on Tuesday that increased foreign investment, rather than weapons, provided the surest security for his vast, resource-rich former Soviet republic, reports Reuters.

"Our main security lies in having a powerful western business presence in Kazakhstan. We don't believe weapons are any longer sufficient to protect a country's independence," said Nazarbayev, who is on a three-day state visit to Britain.

He told a news conference his country now had 2,000 joint ventures with foreign firms and seven of the world's major oil groups had signed contracts to drill in Kazakhstan, the second biggest republic after Russia.

Western donors have pledged official cash worth around one billion dollar this year to help the transition to a market economy, Nazarbayev said.

British businessmen should put a side their caution and invest more in his country's liberalising economy, he said.

Asked about recent talks with Russia, the United States and Britain on a security agreement, the president said they aimed at building cooperation in the central Asian region and did not signify moves towards a new military alliance.

JICA team, Zahir discuss study on industrial uplift in Ctg

A seven-member delegation of Japan International Cooperation Agency (JICA) led by Hiroyo Sasaki, Tuesday called on Industries Minister A M Zahiruddin Khan at his office, reports BSS.

During the meeting they discussed matters relating to the study on 'Industrial development in Chittagong region.'

The objectives of the study is to formulate a comprehensive plan for Chittagong region for industrial development in general and identifying the development requirements of the new industrial area on the other side of the Karnafully river in particular.

Speaking on the occasion the minister said the development of such an industrial area with modern and developed infrastructural and other facilities will enhance direct foreign investment in Bangladesh.

The investment of JICA and Japanese government in this project will be instrumental in attracting Japanese investments, he hoped.

JICA delegation informed Khan of the work plan and the time-frame for the in-depth study.

The ministry stressed the need for considering the issue of improved cost effectiveness and viability of the industrial projects during the formulation of the plan.

In this connection he referred to the jute sector of the country and said that jute is produced by the small and marginal farmers so benefit of investment in the sector should go directly to them which would help alleviate rural poverty.

Industries secretary A H M Abdul Hye was present during the discussion.

Reform and realities — part 1

by Muhammad Abdul Mazid

Since the early 1980s many developing countries have embarked on economic adjustment programmes and structural reforms mainly supported by the IMF and the World Bank. These reform programmes address internal and external imbalances, and to varying degrees, incentives and institutions.

Foreign capital inflows constitute part of the world's savings. Over the past two decades, world savings in proportion to world income has fallen. The decline in world savings implies that not every country can maintain its level of domestic investments by increasing foreign capital inflows. The decline in foreign capital inflows to developing countries has necessitated structural adjustment in the form of an increase in export earning or a reduction in import expenditure. The national accounting identities imply that the adjustment must also raise national savings or reduce domestic investments. To maintain or increase rates of economic growth, the adjustment must be in the form of increased exports and increased national savings. Faced with changed circumstances, countries now have no choice but to adjust. During 1980s governments of countries at all income levels and, remarkably, of all ideological stripes have come to recognize the need for reforms to increase economic efficiency and flexibility.

At the most abstract level, adjustment programmes use changes in fiscal, monetary and sectoral policies; in regulations, and in institutions to alter relative prices and thereby redirect economic activities. The real exchange rate and the real interest rate are key relative issues because they both affect economic activity and saving as well as export and import and the rate of investment.

The scope of the economic reforms that the needed in the developing world varies widely. Some countries need to privatise state-owned enterprises or invest in education, health, and infrastructure. Everywhere these measures are based on macro-economic stability. Experience shows that the surest path to development is to improve policies in all these respects. Reforms have to deal with tradeoffs among macro-economic, political and even social policies. For example, reform of the financial sector often calls for distressed financial institutions to be re-structured. In the short run, this may raise public spending and make it harder to cut to budget deficit. Adopting positive real interest rates will lower the burden of credit subsidies but increase the cost of servicing domestic debt. Lower tariffs may initially reduce government revenues, whereas shifting from quantitative restrictions to tariffs will generally raise them. The net effect may be a bigger fiscal deficit.

Low inflation, external viability, fiscal discipline, financial stability and trade liberalization constitute the key elements of a successful structural adjustment programmes. Expectations of high net rate of return to domestic investment are also essential, which may be achieved by eliminating debt overhang and removing barriers to the efficient allocation of resources within the economy. Again export growth is a determining factor for the viability of any economy. The most effective way to establish export is to liberalize imports. In general, trade liberalization requires devaluation. It is thus particularly important to think of trade liberalization and exchange rate adjustment as representing a policy package. Under a managed exchange rate system, import liberalization necessitates the adoption of a realistic exchange rate policy to prevent the depletion of foreign exchange reserves.

The sequencing of the institutional re-structuring at the macro level and the price liberalization are required to be decided carefully. It is quite clear that it would be counterproductive to adjust and liberalize prices before economic agents have the incentives and sufficient freedom to respond. Regarding the sequencing of domestic institutional and price measures on the one hand and liberalization of foreign trade and rate of exchange on the other, the flexibility of exchange rate movements and convertibility is required to be established at a relatively early stage of the reform process.

However, structural adjustment is complicated and slow. It is specially difficult now

and all the more necessary — because many developing countries are in dire financial straits. Countries need external resources to offset the costs of adjustment. In the 1980s both the IMF and the World Bank have helped finance economic programmes contributing to the adjustment process. Sixty-eight countries received long-term structural adjustment credits or loans from the World Bank between 1980 and 1992. Four countries in the Indian subcontinent (Sri Lanka, January 1979; Pakistan, November 1980; Bangladesh, December 1980; India, November 1981) negotiated extended facilities adjustment programmes from the IMF. The adjustment strategies were designed to improve resources allocation, promote domestic investment and savings and strengthen external competitiveness. Key elements in these structural adjustment programmes were (i) increased public sector savings through tax reforms, reduced subsidies, wage restraint, and realistic pricing policies by public enterprises (ii) increased private saving stimulated by higher real rates of interest (iii) more flexible adjustment of administered prices, such as agricultural procurement prices (iv) deregulation of industry (v) liberalization of import controls and (vi) a commitment to maintain a realistic exchange rate to improve profitability and competitiveness of the export sector. Performances have been disappointing and mostly mixed. Exchange rate policies demonstrated unusual behaviour in some countries. However, all these countries could maintain their investment ratios despite a worldwide recession. During first half of the 1980s, growth rate remained unchanged in Bangladesh, rose marginally in Sri Lanka but fell in both India and Pakistan.

In contrast to the experiences of these four developing countries is the structural adjustment programmes implemented by the Republic of Korea. In the early 1980s recession in the industrial countries compounded Korea's weak international competitiveness, and reduced export growth. Its total foreign debt, including long-term and short-term public and private foreign debt, fluctuated around a dangerously high 50 per cent of GNP between 1980 and 1985. Korea embarked upon a stabilization programme in conjunction with a stand-by arrangement with the IMF in March 1980. Main elements of the programme were consistent of non-inflationary financial policies, a substantial depreciation of the won, and measures to reduce the country's dependence on imported oil. During 1981-82 Korea also initiated a programme of structural adjustment encompassing public sector investment, a comprehensive tax reform and trade liberalization. An important feature of the investment plan was to reduce dependence on imported oil by expanding domestic coal, gas and nuclear — powered

electricity generation under an energy sector adjustment credit. The tax reform increased tax on interest and dividend income, simplified corporate tax and extended value added tax. Trade liberalization in Korea was aimed at increasing competition in the industrial sector and at stabilizing prices. By negotiating another stand-by arrangement with IMF in July 1983, Korea intensified its adjustment efforts. The government deficit fell from 4.5 per cent of GNP during 1981-82 to 1.5 per cent of GNP during 1983-84. Credit expansion was halted between the same periods. The real effective exchange rate depreciated by 7 per cent in 1983, subsequently remaining stable. During 1983-94 period, trade liberalization was accelerated and tentative steps were taken towards financial reform. During the same period these structural adjustments and policy reforms revived Korea's highly successful strategy of export led growth. It could produce an annual economic growth rate of 8 per cent, reduce inflation to 2 per cent and reduce the current account deficit to less than 2 per cent of GNP. As a percentage of GNP, the country's foreign indebtedness started to fall sharply.

Maxwell J Fry's study 'Long-run and short-run behaviour of Korea's current account,' published in International Economic Journal, Vol 5, No 4, winter 1991) revealed that over the five year period 1985-1989, Korea's economic growth accelerated to just over 10 per cent annually and the current account posted an annual surplus averaging over 4 billion dollars or over 4 per cent of GNP. By 1989 the country was on the verge of becoming a net creditor nation. Korean exports grew from 35 to 41 per cent of GNP between 1980 and 1988 compared to export growth in India from 5.5 to 6.9 per cent, in Pakistan from 12.6 to 14.3 per cent, and in Sri Lanka it declined from 32 to 26 per cent of GNP. Between 1979 and 1988, exports grew by over 200 per cent in Korea, 67 per cent in Bangladesh and India, and less than 20 per cent in Sri Lanka.

The writer is a development thinker and a researcher on macro economic financial management.
(To be continued)

Dhaka, Manila sign air services accord

An air services agreement between the governments of Bangladesh and the Philippines was initiated at Biman Bhaban in Dhaka yesterday, says a press release.

The agreement was reached following a three-day discussion between government delegations of the two countries.

As a result of the agreement, the designate airlines of both the countries can operate regular flights connecting their capital cities.

Clinton seeks \$30m for New England fishing industry

WASHINGTON, Mar 23: President Clinton has asked Congress to provide 30 million dollars in emergency funding to assist Americans adversely affected by a decline in commercial fishery resources in the northeastern United States, says a USIS release.

The funds would come from the president's contingency disaster fund and would be made available by the Department of Commerce within 15 days.

As part of the relief effort, catches for key fish species would be dramatically reduced, as was the case when a similar crisis forced Canada to completely close its neighbouring fishery for the next five years.

"New England's fisheries are experiencing a virtual collapse, threatening the livelihoods of thousands," the president said in a March 21 statement. "The first step to recovery is to restore the supply of fish, and we are working to do that by restricting fishing. But we must address the economic impact that is being felt by individuals, businesses and communities."

War-torn Dubrovnik moves to lure back visitors

DUBROVNIK, Croatia, Mar 23: Ravaged in 1991 by Yugoslavia's civil war, this jewel of the Adriatic is struggling to bring back desperately needed visitors, reports AP.

Dubrovnik, once among Europe's best-loved tourist destinations, is 20 kilometres (12 miles) from Serb forces and artillery dug in near the border with Bosnia-Herzegovina.

"The psychological barrier was very high," says Croatian Tourism Minister Niko Bulic. "The important thing is to somehow diminish that psychological barrier."

Bulic says only 2,000 to 3,000 visitors came to the isolated city close to the southern tip of Croatia's Adriatic coast last year. Estimates of pre-war tourism vary, though the annual number ran in the millions for the Dubrovnik area.

Last Thursday (March 17), a passenger plane from the Czech CSA airlines landed at Dubrovnik airport, the first arrival by a foreign commercial jetliner since the war.

City officials have started a major promotion campaign, seeking to convince foreign travel agents and tour opera-

tors to start recommending Dubrovnik again.

With its glimmering limestone buildings, dramatic sea walls and cobblestone streets, Dubrovnik is a magnificently preserved medieval city, rivaled only by Venice for Adriatic splendor.

Lulled by their outlying position and international renown, the people of Dubrovnik were stunned and caught off guard when the Serb-dominated federal army pounded the city from early October to December of 1991. Buildings were gutted by shells and flames.

"Many of us wander between optimism and pessimism," says life-long Dubrovnik resident Berta Dragicevic. "It's not simple to stay, and it's not simple to leave. People have become very poor due to war."

Mrs Dragicevic, the executive secretary of Dubrovnik's Inter-University Centre, says young residents are tempted to head off in search of a better future elsewhere.

"For many people, it's not amusing to come to a place which is so very, well, dead in many ways," says Mrs Dragicevic, whose institute was hit and burned to the ground in the fighting.

Though much of Dubrovnik has been rebuilt, signs of war are everywhere in the city that flourished as a sea-trading centre in the 14th and 15th centuries and survived a devastating earthquake in 1667.

Several shallow craters left by shells are still in the streets, and bullet holes are visible in the sides of buildings. At least two dozen scaffolds are in place for repair work.

The airport, located near several villages turned into ghost towns during the war, operates out of an old cargo terminal, because the passenger building was damaged in the fighting.

Flights are at a minimum, though officials want to expand the number of airline connections. Dubrovnik also wants to coax cruise ships into coming back, with their hordes of well-heeled visitors.

Nikola Bagaric, 50, who runs a tourist bureau, energetically points to the bullet holes in his old town office.

"We hope and expect visitors to come, but to tell you the truth, we're not ready for it," Bagaric says.

Many of the monuments, churches and museums, including the Franciscan Monastery and St Blaise's Church, are still under reconstruction.

There are only two hotels in full operation. Others have either been shut or turned into shelters housing an estimated 3,000 refugees from the war.

The cash-strapped Croatian government is frantically seeking to bring wary tourists and summer vacationers back to the whole stretch of Adriatic coast called Dalmatia, which includes Dubrovnik.



JICA organised a seminar at a local hotel yesterday. Seen in the picture are K Yoikoyama, First Secretary, Embassy of Japan, Dewan Zakir Hossain, Monowar Hossain Chowdhury and T Kidokoro.

দরপত্র বিজ্ঞপ্তি

বন্ডা ক্যান্টনমেন্ট বোর্ডের জন্য ১০০০ সিসি (নুতন) টয়োটা হারলেট ৫ সরঞ্জাম বিক্রি করার সকল প্রকার ইলেকট্রনিক সংযোজনাদিসহ ক্রয়ের নিমিত্তে গাড়ী সরবরাহকারী প্রতিষ্ঠানসমূহের নিকট হইতে সীলমোহরকৃত দরপত্র আহবান করা যাইতেছে।

প্রতিষ্ঠানসমূহের নিজ নিজ প্যাডে গাড়ীর পূর্ণ বিবরণসহ গাড়ীর মূল্য কোট করিতে হইবে। প্রদত্ত মূল্য ন্যূনতম পক্ষে ৩০ দিন পর্যন্ত বলবৎ রাখিতে হইবে।

দরপত্রের সহিত সি ই ও বন্ডার অনুকূলে ৫,০০০/-টাকার ব্যাংক ডকট/পে-অর্ডার (ফেরতযোগ্য) জামানত হিসাবে দাখিল করিতে হইবে।

দরপত্র আগামী ২-৪-৯৪ইং তারিখ বেলা ১২-০০ ঘটিকা পর্যন্ত সন্মুক্ত টেন্ডার ব্যঞ্জে গৃহীত হইবে এবং ঐ দিন বেলা ১২-৩০ ঘটিকায় উপস্থিত দরপত্রদাতাগণের সম্মুখে (যদি কেহ থাকেন) খোলা হইবে।

সর্বনিম্ন দরপত্র উর্ধ্বতন কর্তৃপক্ষের অনুমোদনের পর সরবরাহ আদেশ প্রাপ্তির ১৫ দিনের মধ্যে গাড়ী সরবরাহ করিতে হইবে। অন্যথায় পেয় জামানত বাতিল বলিয়া গণ্য হইবে।

কোন কারণ দর্শানো ব্যতিরেকেই যে কোন দরপত্র গ্রহণ বা বাতিল করার ক্ষমতা কর্তৃপক্ষ সংরক্ষণ করেন।

হেদায়েতুল ইসলাম
ক্যান্টনমেন্ট একজিকিউটিভ অফিসার
বন্ডা ক্যান্টনমেন্ট
ফোনঃ ০৫১/৬৮৯৮ বেসামরিক
০৮২/২৮৬ সামরিক।

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গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

পরিচালকের কার্যালয় (সওজ)
সড়ক গবেষণাগার, মিরপুর, ঢাকা

সওজ দরপত্র আহবানের বিজ্ঞপ্তি

১। দরপত্র বিজ্ঞপ্তি নং : আরসার শ্যাং ২৫ ও ২৬ গবেষণা ও পরীক্ষা বিভাগ, সড়ক গবেষণাগার, ঢাকা সন ১৯৯৩-৯৪ইং।

২। কাজের নাম : সড়ক গবেষণাগার, মিরপুর, ঢাকার বি-টাইপ কোয়ার্টার এবং পরিচালক মহোদয়ের বাসভবনের পিছনের খাদ বরাট ও ইন্সপেকশান পিটসহ ডেন মোরামতের কাজ। প্রাকালিত মূল্যঃ ২০৮৩০১/- বায়নার টাকা ৪১৬৭/- অনুমোদিত সময়ঃ ৪৩০ (চার) দিন। সড়ক গবেষণাগার মিরপুর, ঢাকার আই বিডি-এর মোরামত কাজঃ প্রাকালিত মূল্যঃ টাকা ২৪১৬১৪/- বায়নার টাকা ৪৮৩২/- অনুমোদিত সময়ঃ ৪৫ (পঁচাত্তির) দিন।

৩। ঠিকাদারের যোগ্যতা : সড়ক ও জনপথ অধিদপ্তরের তালিকাভুক্ত 'এ' হইতে 'ই' সাধারণ শ্রেণীর ঠিকাদার।

৪। যে সকল অফিসে দরপত্র দাখিল পাওয়া যাইবে : নির্বাহী প্রকৌশলী (সওজ), গবেষণা ও পরীক্ষা বিভাগ, সড়ক গবেষণাগার, মিরপুর, ঢাকা এবং নির্বাহী প্রকৌশলী (সওজ), সড়ক ও জনপথ (সিটিসি) বিভাগ, সড়ক ভবন, রমনা, ঢাকা।

৫। দরপত্র বিক্রয়ের শেষ তারিখ : ৩০-৩-৯৪ইং ১৬-১২-১৪০০বাং।

৬। দরপত্র গ্রহণের শেষ তারিখ : ১২-০০ মিঃ ৩১-০৩-৯৪ইং ১৭-১২-১৪০০ বাং।

৭। যে তারিখ এবং সময়ে দরপত্র খোলা হইবে : অপরায় ১২-১৫ মিঃ ৩১-৩-৯৪ইং ১৭-১২-১৪০০ বাং।

এইচ এম আবদুল মজিদ
নির্বাহী প্রকৌশলী (সওজ)
গবেষণা ও পরীক্ষা বিভাগ
সড়ক গবেষণাগার, মিরপুর
ঢাকা।

ডিএফপি/ডি ৫১৯৪-১৭/৩
ডি-৪৭৩