

HRC largest tea exporter

HRC Syndicate Ltd, a HRC Group Company, has achieved the distinction of being the largest tea exporter during 1993-94 tea auction season, says a press release.

During the 1st and 2nd years of its export business, the company ranked 6th and 2nd largest tea exporter respectively as per Tea Board statistics.

In the 3rd year of its operation, the company was No. 1 tea exporter of Bangladesh.

HRC now exports tea to Pakistan, Russia, Poland, Jordan, Sudan, India and China.

It may be mentioned, HRC is the only indigenous Bangladeshi Company engaged in tea plantation, tea exports and tea blending/packaging for local market. It is also the largest Shipping agency house in the country.

Other activities of the group are Tannery and finished leather processing, Leasing, Distribution, Full cream milk powder, Infant formulas and Foreign Representation.

It has achieved impressive growth since its formation in March 1991 and has plans to go public within the next few years.

EU recognises 'bourbon', 'Tennessee' whisky as US

WASHINGTON, Mar 29: The European Union (EU) has agreed that only whisky produced in the United States may be sold in the EU market under the names "bourbon" and "Tennessee whisky," the first such EU recognition for US distilled spirits, US Trade Representative Mickey Kantor has announced, reports USIS.

"This agreement provides greater commercial certainty in the EU market for some premium US distilled spirits," said Kantor, whose home state is Tennessee. "It also ensures EU consumers that they are buying the genuine article when they purchase bourbon and Tennessee whisky."

Under the same agreement announced March 28, the United States recognizes "Scotch whiskey," "Irish whiskey," "cognac," "Armagnac," "Calvados" and "Brandy de Jerez" as distinctive products of the EU.

According to the office of the US Trade Representative (USTR), the United States has recognised most of these as distinctive products of their producer countries for decades.

Under a 1971 bilateral agreement, for example, France recognised bourbon as exclusively US, while the United States recognised cognac, Armagnac and Calvados as exclusively French.

Clinton thanks Hosokawa

Japan unveils market opening plan

TOKYO, Mar 29: A month and a half after trade talks with the United States collapsed, Japan on Tuesday announced its own market-opening plans. But they contained little immediate action and appeared unlikely to stop Washington's moves toward trade sanctions, reports AP.

US officials had said they would closely watch the market-opening steps, which Japan promised a month ago as the Clinton administration threatened tough action to reduce the 59 billion dollar US-Japan trade imbalance.

The final result bore all the marks of a bureaucratic production: plenty of clauses and subsections, calls for new committees, and promises of action in the future.

Tokyo pledged, for instance, to announce in June the elimination of regulations that hinder outsiders from entering the Japanese market in 11 key areas, including cars and financial services.

The package also offered

little new in another key US demand — a long-term tax cut to encourage Japanese consumers to buy more foreign products. It promised a decision by the end of the year on extending this year's income tax cut through 1995 and beyond, but gave no specifics.

One reason for the lack of major new endeavors in the package is that it appears to have been compiled primarily by career bureaucrats, whose influence would suffer most if red tape were dramatically cut.

Prime Minister Morihiro Hosokawa, beset by a scandal over his personal finances, has spent a puzzlingly large amount of his time this month on plans to combine the seven parties in his ruling coalition into one party. That has left him little leisure to take on the bureaucracy with bolder market-opening steps.

Still, Japanese officials, who have been hoping to avoid a trade war since Hosokawa's trade summit with President Clinton ended in failure

February 11, say they're counting on Washington to give the package good marks.

Hosokawa phoned Clinton at around 7:30 am (2230 GMT) to talk about the package for about 10 minutes. Calling it "the best Japan could do now," Hosokawa asked for the US president's understanding of Japan's efforts, a Foreign Ministry official said.

Clinton thanked Hosokawa and said he still believed the two countries might still reach a trade agreement that might avert sanctions, the official said.

Kunihiko Saito, the top Foreign Ministry career bureaucrat, said Monday before the official announcement, "I hope from my heart that the United States will give a positive assessment."

Earlier this month, Clinton revived the "super 301" trade law, which allows the United States to impose sanctions on countries it deems unfair traders. The first step toward sanctions on Japan could come

this week, when Washington publishes its survey of unfair trade practices around the world.

One announcement that could placate Washington — and Detroit — came Monday not from the government but from two major automakers, Toyota Motor Corp and Mitsubishi Motor Corp, who said they would dramatically increase their purchases of American auto parts.

Toyota, the largest Japanese carmaker, said it expects to buy 6.45 billion dollar worth of US parts in fiscal 1996, beginning April 1, 1996, up from 4.43 billion dollar in fiscal 1992.

Mitsubishi said its Diamond-Star Motors affiliate in Normal, Ill, is projected to buy between 1.40 billion dollar and 1.63 billion dollar of American parts in fiscal 1996, up from 650 million dollar in fiscal 1993.

Both Toyota and Mitsubishi described the numbers as projections, not promises. The

government's market-opening steps included a statement welcoming the automakers' efforts, but trade ministry officials made clear that Japan is not guaranteeing the targets will be met.

Restrictions on car export to US going

Another report says: Japan's trade ministry announced Tuesday it is lifting a government cap on Japanese car exports to the United States.

Hiroshi Kumagai, head of the Ministry of International Trade and Industry, told a news conference that the decision followed a steady decline in Japan's auto exports to the United States over the past several years.

Kumagai said the trend is likely to continue as Japanese automakers continue to increase production in the United States and purchases of US parts in an effort to cut Japan's 59 billion bilateral trade surplus, making the export caps unnecessary.

Handling of cargo, vessels up at Ctg port

From Staff Correspondent

CHITTAGONG, Mar 29: Handling of export cargo and vessels at Chittagong port during the eight months of current fiscal year recorded an increase compared with corresponding period of previous fiscal year.

According to reports available from Chittagong port, in July to February of current fiscal, the export cargo totalled at 8,17,608 metric tons (MT) up from 7,90,114 MT in the corresponding period of previous fiscal year showing an increase of 27,494 MT. The number of vessels also rose to 726 from 672.

The export goods included rice, jute, jute products, leather goods, tea, garments, fertilizers, neptha and others.

Meanwhile, handling of import cargo also marked an increase by 9642 MT during the first eight months (July to Feb) of current fiscal.

According to official reports, 43,94,180 MT of import cargo were handled by Chittagong port in July-Feb

(93-94) as against 43,84,538 MT during the corresponding period of previous fiscal.

The imported goods were foodgrain, cement, fertilizers, coal, salt, sugar, edible oil, POI and others.

During the same period of current fiscal, Chittagong port handled 1, 11, 341 containers up from 94,885 containers in the corresponding period of previous fiscal.

Ciba-Geigy's profit rises by 17 pc

BASEL, Switzerland, Mar 9: Ciba-Geigy AG, the Swiss drugs and chemicals giant, Tuesday reported a 17 per cent increase in 1993 profits to 1.2 billion Swiss francs (1.24 billion dollars), reports AP.

The company said group sales rose two per cent last year 22.65 billion francs (15.83 billion dollars) from 22.20 billion francs in 1992 (15.52 billion dollars).



Vice Chairman of Dhaka Stock Exchange Intiaz Hussain exchanging views with Ms Jayne Sutcliffe, Managing Director of Regent Financial Service, UK and Charles Lunsford, Fund Manager, Regent Moulal Fund in the city yesterday. Councillors Khwaja Abdul Quddus, Aminul Islam Khan, Md Shahiq Khan and Md Rakibur Rahman are also seen in the picture.

Postal deptt allegedly discouraging clients from opening accounts

By Shamsad Mortuza

The Postal Department is allegedly discouraging its clients from opening postal savings accounts.

The high administrative cost in maintaining these accounts coupled with poor service charge is reportedly forcing the Postal Savings Office to discourage the clients.

The 8 per cent interest given by the Postal Savings office is still higher than the interest given by banks and this lures many people to open postal savings accounts. The highest interest given by any commercial bank is only 6 per cent.

The target of mobilising

postal savings of Tk 116 crore in 1992-93 was exceeded and the savings of over Tk 221 crore were procured by the Postal Department in the last fiscal.

The postal savings account that started operating in 1880 offers ordinary, fixed deposit and bonus schemes.

As of last July, the number of total fixed deposit clients was 30,800.

Matters relating to the profit and audit of the account holders, however, are dealt with the Chief Accounts Office (CAO), under the Comptroller and Auditor General Office.

For each transaction, the

postal department gets only one Taka.

"The amount is indeed very nominal considering the bulk of work we have to shoulder," said one postal official preferring anonymity.

"The commission and incentive should be given on the amount of money transacted," he added.

The postal department does not have authority to audit the accounts of its clients unless they decide to close down the accounts, pointed out one postal source.

"Whenever a client wants to withdraw his account, we have problems in doing all the au-

dit and giving away the money," he added.

The problems faced by the Postal Department have already been communicated to the Finance Ministry and, according to sources the Postal Department is asking for full control of the savings scheme.

But a client observed that the Postal Department takes much more time to do the transaction and often the interest is not added to the capital.

"This is mainly because the CAO fails to give us the profit statement reportedly because they do not have adequate manpower," one postal source clarified.

Pak economy sees recovery

ISLAMABAD, Mar 29: Multifaceted economic approach pursued by the present government has reflected gradual restoration of macro economic balance through bringing deficit financing and budgetary deficit within control, significantly improving tax collections and promoting financial discipline accompanied by reduction in import bill and steep upward trend in foreign exchange reserves within short span of just over three months, reports AFP.

An effective collection of the tax dues as a result of vigorous tax drive and curtailment in current expenditure enabled the government to keep itself well within the limits of bank borrowing agreed with the IMF.

VA Jafarey, adviser to the prime minister for finance and economic affairs categorically stated that bank borrowing amounted to US 0.15 billion dollar in the first six months against the maximum limit prescribed by IMF of US 0.33 billion dollar for this period.

The foreign exchange reserves has picked up over US 1.2 billion dollar this month which reflected an increase of over US 700 million dollar over the foreign exchange reserves level of June last.

The government has constituted five task forces on various subjects including exports, energy, social contract, labour etc which have prepared its recommendations to realize the objectives in these fields.

Prime Minister Benazir Bhutto also unfolded an eight-point plan for social-economic development after assumption of power and indicated several concrete measures to revamp the economy and for the social uplift of the people.

Significant reduction in both budgetary and current deficit is a healthy progress in restoring macro economic balance.

French students vow to force Govt not to reduce wages

PARIS, Mar 29: Scenting total victory, French students have vowed to hammer on with street protests to force the government to retreat once and for all on a law reducing wages for young people on training schemes, reports Reuter.

Conservative Prime Minister Edouard Balladur, backed into a corner by weeks of demonstrations punctuated by violence, on Monday all but scrapped the disputed legislation.

Big US firms earn \$62.6b in '93

NEW YORK, Mar 29: After losing money in 1992, America's biggest industrial companies earned \$62.6 billion dollars in 1993 even while slashing thousands of workers, Fortune magazine reports, says AP.

The profit figure would be enough to wipe out the 1993 US trade deficit with Japan and is more than double the federal budget allocation for education spending.

The magazine's annual ranking of the top 500 corporations called the results a business comeback version of Gen. Douglas MacArthur's World War II return to the

Philippines, Richard Nixon's 1968 resurrection and "the reheating of aging rock star Meat Loaf in time to win a 1994 Grammy Award."

In an article extolling what it called the ingenuity of US business, Fortune attributed the improvement largely to "American industry's steady, relentless drive to raise productivity, improve quality and boost competitiveness."

Also helping were a decline in long-term interest rates that lowered the cost of borrowing, a broad pickup in the US economy and the expensive Japanese yen, which made US-built products ranging from

cars to computers more affordable compared with the same goods sold by Japan.

The improvement didn't benefit the US job picture, however. Total employment among the 500 fell for the ninth straight year, from 11.8 million to 11.5 million. The trend substantiates a pattern of dwindling employment opportunities as businesses get more efficient with fewer workers.

Fortune's annual corporate ranking, which appears in April 18 editions on newsstands next Monday, is one of the twice-monthly Business Glossy's best-selling issues and has been widely emulated by competitors.

Suitable scheme towards linking wage increase to productivity

By NEA Shibly

In our country, for the last few years the donor agencies, governments, academics, managers and trade unionists have all duly stressed the importance of productivity emphasizing to the nation its relationship with employment, standard of living and national prosperity.

World Bank in its latest bid to support the restructuring of jute sectors with a soft loan of 250 million dollars has also stressed on linking productivity with any future wage increase. It has in a way become imperative to have a greater understanding of the constituents of the productivity and which of these constituents need measuring, controlling and/or improving. However, I don't intend to discuss the importance of productivity in Bangladesh neither the meaning of productivity as such because the same has already been narrated by so many persons in so many ways. The need for working out a specific productivity scheme and its applicability in our industrial society is the point of interest here.

Principal objectives of the productivity scheme. Whatever productivity scheme is drawn, the principal objective should be to foster the cooperation between all parts of the organisation so that the corporate objective is better achieved. The scheme should be such that it can be applied to all employees within a company with a view to reducing the labour cost and by implication, the total cost, per unit of output. The payments to the scheme to be based on a single measure of labour productivity, e.g. labour cost per unit output,

output per man hour or labour cost per unit of added value. The payments themselves are then based on the calculated labour-cost savings which are distributed according to an agreed system to all employees.

Principal features. There should persist a motivational appeal in the scheme for group cooperation in achieving one or more corporate objectives. The appeal is to the integrative as opposed to the self-assertive tendencies in human behaviour. The achievement of corporate objectives is defined through the use of one or more company-wide productivity measures. These measures are necessarily indirect, i.e. they are subject to the influence of factors outside the direct control of the workforce. The implication of this is that the scheme must take account of these outside factors if it is not to fall into disrepute. Since management are responsible for dealing with these outside factors, it follows that the successful operation of a scheme must involve regular discussions between management and the employees. Inevitably, then, a well designed company-wide productivity scheme leads not only to increased cooperation within the workforce but also to increased participation by the workforce in the management of the company.

Requirement. To launch a successful scheme in the context of the adverse socio-economic conditions prevailing in Bangladesh, the industrial relations climate in the company must be satisfactory. There must be a firm commitment to the scheme by the manage-

ment. The scheme in all its details and implications must be adequately explained to and agreed by the employees. The scheme itself must be properly designed in terms of the relevance of the productivity measure to the work being done by the employees; the rewards offered; the feedback of information to employees on performance levels achieved and performance level required; the scope for regular and meaningful discussions between management and employees on methods of increasing productivity; and the maintenance of the scheme as products, plant and methods of working change.

Types of the scheme. Fulfilling the above, a number of schemes of various forms are practised all over the world. However, there is increasing evidence that productivity does not necessarily mean the same thing to the different people and its meaning, measurement and increase will depend very much on such factors as the state of the company in the market, the position of the person in the organisation and the time period over which increases are to be measured. By way of example, depending on the type of industry and its very organisational culture the following productivity schemes can be thought of in Bangladesh:

The productivity measures can be of physical output, total production cost or even monthly operating profit related to the labour cost. A 'normal' unit labour cost is established and all workers receive a share of the calculated labour-cost savings each

month.

The measure of the productivity can be the ratio of added value to labour cost, where added value is the value of sales less the costs of raw materials and production purchases. The basis is the assumption that there is a normal or standard value for the ratio of added value to labour cost for any particular company, and that the work-force is entitled to the fixed share of added value implied by this ratio.

Productivity incentive bonus is payable if there is an improvement in trading profit, computed as a percentage increase, from a base year after adjustment for annual inflation. The quantum of productivity incentive bonus payable is calculated as a percentage of one month's salary of an individual employee.

Percentage of any saving in an agreed 'standard cost' of production is paid to the workers. The payment is calculated monthly but paid annually.

Each 1 per cent increase in production over an agreed standard to be rewarded with a 1 per cent increase in pay.

Where material costs are significant, and the work-force are able to influence material usage, an index of material utilisation is used. The normal or standard ratio of material wastage to material throughput is established. This is calculated in terms of standard costs because of the wide variety of the materials used. The payment would be then based on the difference between the actual wastage value and the standard value calculated from the established wastage ratio

and the material throughput.

The relative merits of any one type of above productivity schemes can be worked out by carefully analysing its effect on total costs, its effect on industrial relations, the costs and effort of administration of the system, and effect of other corporate objectives embodied in sales, production or financial policies.

While designing and implementing a productivity scheme the main factors to be considered are: whether the productivity measure should be single or multiple; what should be the system of the payment; what is the method of implementation to be followed; what are the means of achieving results; and how the system should be maintained.

The productivity measure. In working out the productivity measures the main consideration should be the directness of each measure considered, i.e. its relevance to the work being done by employees and the extent to which it is likely to be influenced by the external factors. The degree of difficulty and the costs involved in constructing the measure and calculating it, thereafter needs to be well thought of. The frequency with which the measure is calculated is also important. A higher frequency will, in general, have a greater incentive effect than a lower one.

Any productivity measure seeks to measure output in relation to input. The measure is usually expressed as the ratio output/input. Commonly used output measures are: physical sales, cost of sales, physical production, cost of production, work content of production,

added value, materials cost of production, time that plant is usefully operating and manufacturing profit. Likewise some of the common input measures are: time worked by labour (man hours etc), cost of labour, cost of materials input to production and time that plant is manned.

Each of the above output measures can be associated with any one of the input measures to form a valid measure of productivity:

— Work content of production/time worked by labour;

— Physical production/time worked by labour;

— Physical production/cost of labour;

— Added value/cost of labour;

— Materials cost of production/cost of material input of production.

The maintenance of the scheme. In Bangladesh, with the exception of a few, hardly any productivity scheme has appropriately been experimented. When tried, most of the schemes failed. The most common reason for the failure is the inability to deal with the changes that take place within the company involving new products, new machinery or new working methods. Schemes also failed due to either insufficient attention being paid to the effects of changes or to disputes arising from employees' demands on a share of labour cost-savings even when the savings arise solely from capital investment or other action taken by management.

The solution to these problems is to plan for them from the outset by making provision

in the productivity agreement for an annual review of the complete scheme, including all parameters of work values used, savings achieved and payments made. A system should be used whereby the productivity index is increased according to an agreed formula to reflect increases in productivity due to capital investment in new plant or machinery. A system should also be whereby the productivity index is adjusted to take account of the changes that are outside the direct control of the workforce and would otherwise adversely affect it.

When the economy is crying for a leap forward, no doubt it is industrial growth that has become an immediate prerequisite. With more and more tightening of the conditionalities from the aid consortium, turning the losing concerns into profitable ventures has inevitably become a national priority. After decades of war, poverty, and communist oppression, Vietnam, Laos and Cambodia have finally jumped aboard the free-market bandwagon. When we are still pondering to reshape our economic policies in this direction, these new Indochinese nations have already slashed inflation, stabilised their economies and are openly welcoming foreign investors. Perhaps the competition has already become steeper and has not left much time for soul searching as to why we are failing so miserably to attract foreign investors. Ironically, when both the public and private sector industries are continuously failing to keep themselves afloat as productive and profitable ventures, labour un-

rest for irrational wage increase has persistently been drawing political sympathy. However, by way of citing above examples of some tested productivity schemes and the related criteria, I have tried to only highlight the possible ways and means to linking unresistable labour cost increase with the productivity in a micro situation i.e., productivity scheme in a company.

Launching a successful scheme. Having spelled out the various productivity measures and the methods of calculation, to launch a suitable productivity scheme, all concerned persons in the scheme must have a clear understanding of its objectives, the method of calculation, the influence of outside factors and the role that each individual or group can play in obtaining improvements. There must be a clearly established and agreed relationship between improvements in productivity and improvements in pay. The employees concerned must have the opportunity through regular meetings with management to discuss, analyse and recommend all matters relevant to the productivity measures used. The scheme must be so designed as to encourage the achievement of true corporate objectives and not individual or sectional objectives which may be in conflict with these. There must be regular reviews of both the productivity measures used and the related payment scales. As a general rule these reviews should be at not more than annual intervals.

The writer is Employees Relations Manager in Bangladesh Tobacco Company.