

BCCI trial put off until Apr 9

ABU DHABI, Apr 3: An Abu Dhabi court on Saturday again postponed hearings in the trial of BCCI bank executives until April 9 pending a report on civil claims against the defendants, reports AP.

But legal sources said the postponement of one week, instead of the usual one month, was an indication that the trial has reached its final stages. They said a verdict is expected within two months.

The report by the Arthur Andersen auditing firm will detail losses suffered by BCCI shareholders, mainly the Abu Dhabi government.

Meanwhile, Judge Shihab Abdul-Rahman refused defence lawyers' pleas to release the defendants, citing fears they may jump bail and flee the country, court officials told reporters. All sources demanded anonymity.

Ten of the 13 executives of the collapsed Bank of Credit and Commerce International on trial here are in police custody. One was released on bail for health reasons before the trial started in October, while two others including the bank's ailing elderly Pakistani founder Agha Hasan Abedi are being tried in absentia.

Abedi is in Pakistan and former BCCI treasurer Ziauddin Ali Akbar is now serving a six-year prison sentence in Britain on related charges.

US GDP grows in fourth quarter

WASHINGTON, Apr 3: The US economy grew at a revised annual rate of seven per cent during the last quarter of 1993, according to final figures released by the Department of Commerce, according to a USIS release.

The fourth quarter figure for gross domestic product (GDP) — the total value of goods and services produced in the United States after adjustment for inflation — was 0.5 per cent point less than the preliminary estimate announced March 1. However, it was still the strongest quarterly period of GDP growth since the first quarter of 1984, when the economy expanded at a 7.9 per cent rate.

In the third quarter, real GDP increased at a 2.9 per cent rate, while growth for all of 1993 was 3.0 per cent, the best annual growth since 1988 when the economy expanded 3.9 per cent. GDP growth in 1992 was 2.6 per cent.

Commerce Secretary Ronald Brown said the fact that strong GDP growth in the fourth quarter was accompanied by a significant increase in corporate profits "is good news about the economy's fundamental strength and balance."

The largest downward revisions in the final fourth quarter estimate were in inventory investment and in personal consumption expenditures.

Inflation, as measured by the GDP fixed-weights price index, was at an annual rate of 2.3 per cent in the fourth quarter, the same as the preliminary estimate of March 1. The fixed-weights index rose at a 2.1 per cent rate in the third quarter, and 3.1 per cent for all of 1993.

Located half way between Europe and the Far East, Bangladesh is rapidly developing into a highly profit-earning centre for export-oriented industries. The country has a number of natural advantages that gives it an edge over many neighbouring countries in respect of attracting foreign investment.

The "plus-points" of the Export Processing Zones of Bangladesh include most inexpensive, adequate and productive supply of local labour (both skilled and unskilled), proximity to international sea and air ports, accessibility of the zones to the global markets, adequate supply of various utility services like power, water, gas, telecommunications and fully serviced industrial-plots with necessary infrastructure, favourable weather, suitable living accommodations and educational facilities for investors and their dependents.

The Export Processing Zones of Bangladesh are getting the attention of the global manufacturers. The entrepreneurs are attaching utmost importance to the EPZs of Bangladesh also because of the country's close proximity to the fast growing ASEAN markets and within easy reach of the Middle East and the Central Asia.

Bangladesh is easily accessible by air from Europe, Asia and the United States of America. Almost all the shipping lines trading in the

DSE to go for automation of trading system soon

By Sohel Manzur

The Dhaka Stock Exchange (DSE) will soon go for automation of its trading system to cope with the increasing volume of trade.

Some foreign firms have already contacted the DSE offering their consultancy services for the changeover to a computerised system.

The DSE has asked them to come up with proposals and negotiate with the donors for mobilising funds for the modernisation, the sources said.

Birla Technical Services of India, Dukas Associates

International of UK, Citi Corp Inc of USA and a UK-US based Bangladeshi firm — United Management and Trading Services Ltd— have offered their services to the DSE so far.

Khurshid Alam, Chairman of the country's solitary bourse, when contacted yesterday, said automation of the trading system has become inevitable in the context of the increased volume of trade in the capital market. However, the automation would be done in phases because the staff of the stock

exchange. Would need time to adjust to the new system, he said. Recruitment of new staff and their training will have to be ensured before starting automation of the trading system, he said.

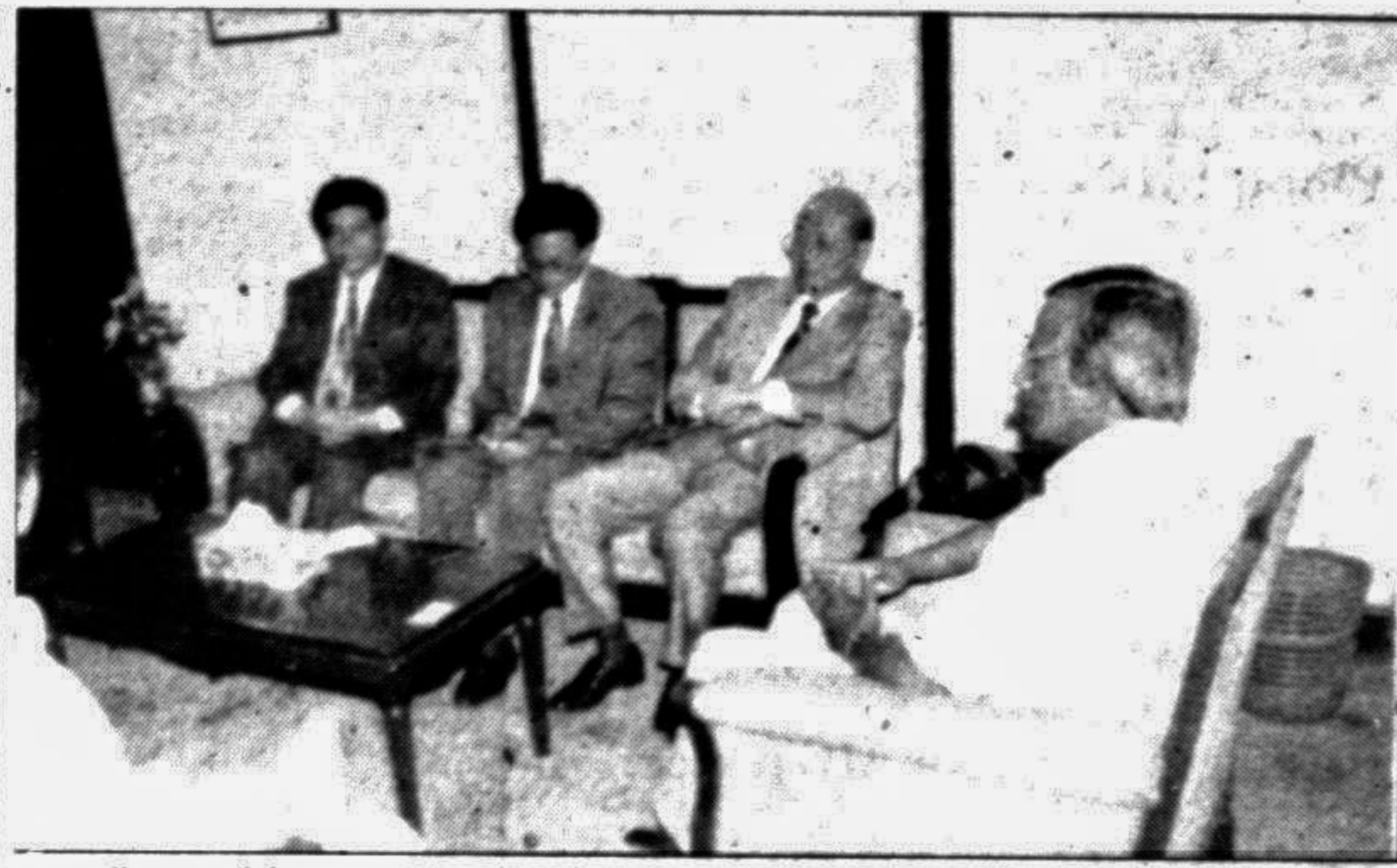
Khurshid Alam said the DSE had already earned the confidence of the people, which is being reflected in the recent spurt of trading on its floor. Automation would increase the confidence further, he said.

He said the scope of manipulating the outcome of the

dealings would also be removed through automation.

With computerization the transparency of the capital market would increase further. This, in turn, would help the market forces to operate under a free market economy, the DSE Chairman explained.

About 40 foreign investors have purchased the shares of leading companies listed with the DSE, in recent months, thereby increasing the market capitalisation to over Tk 3500 crore, he added.



A Chinese delegation visited BCIC in the city yesterday. Chinese ambassador Zhang Huiyang, members of the team, BCIC Chairman Waseq Al Azad are seen in the picture.

'Changes in cooperative management a must'

LGRD Minister Barrister Abdus Salam Talukder said the desired goal of cooperatives movement would not be achieved until the existing co-operatives management system and working procedure were changed, reports UNB.

"We have identified some specific problems in cooperative sector but those cannot be removed unless we are more efficient, sincere and industrious in reaching the benefit of cooperatives movement to grassroots level," he said.

The LGRD minister was inaugurating a workshop on "Operationalisation of Monitoring and Evaluation (M and E) Mechanism for Impact of Cooperatives at Members Level" at

a hotel in the city, Saturday.

Cooperatives Department and CIRDP have jointly organised the workshop being participated by 24 representatives.

State Minister for Planning Dr Abdul Moyeen Khan, Salah Uddin Ahmed MP, CIRDP Director Dr Somporn Hanpongpanth, and Azizul Haq Bhuiyan addressed the inaugural function chaired by Secretary of Rural Development and Cooperatives Division, Ministry of LGRD, Md Mahe Alam.

Dwelling on the progress of cooperatives movement, Salam Talukder said it has emerged as an important institutional mechanism for poverty alleviation. More than 3.5 crore people of 1.29 lakh Samities

throughout the country are involved in the cooperatives movement, he said.

"Today, cooperatives is an international movement. So concerted efforts including international cooperation are needed to make it more viable at grassroots level," the minister said.

He said the management should give emphasis on increasing savings on the individual level and to unite the small professional groups in village level.

Talukder further said that the government had taken a lot of steps to make cooperatives more dynamic so that remarkable improvement took place in many institutions.

Kuwait hopes to bury \$19b debt scandal

KUWAIT, Apr 3: Kuwait this week tries to bury a financial scandal that has haunted the economy for 12 years, slowed post-Gulf War recovery and hit confidence in its banks, reports Reuters.

The 19 billion dollar debt problem, unwanted progeny of a freewheeling stock market that crashed, confounded repeated attempts in the 1980s to commit it to the grave.

But by close of business on Thursday bankers hope to have won promises of repayment from the 9,546 debtors who owe the equivalent of 90 per cent of Kuwait's Gross Domestic Product.

"It will be a great achievement," said a banker, saying it was the best chance yet to end the embarrassing episode.

But he added: "of course, abiding by the law is on thing. Fulfilling what the law requires of you is another."

ASEAN agrees to share power grid

KUALA LUMPUR, Apr 3: Southeast Asian Energy Ministers have agreed to expedite work on a power grid linking the electricity supplies of the six members of the Association of South-East Nations, a Malaysian official has said, reports Reuters.

Energy Minister S Samy Vellu said the grid, proposed three years ago, would allow the ASEAN states of Malaysia, Brunei, Singapore, Thailand, the Philippines and Indonesia to share power. The grid is estimated to cost about 10 billion US dollars.

The decision to speed up work was made at a two-day meeting of energy ministers in Brunei. Samy told reporters on his return to Malaysia late on Saturday.

"This [grid] is important as countries like Malaysia, Thailand and the Philippines need a lot of power for their industries," Samy was quoted as saying by the National Bernama news agency.

Beijing to help set up 50,000 MT paper mills

Bangladesh and China have discussed the possibilities of setting up a 50,000 MT paper mills in the country as a joint venture project, says a press release.

The discussion was held when the visiting Chinese delegation called on the Chairman of Bangladesh Chemical Industries Corporation (BCIC) in the city yesterday.

They exchanged views on matters concerning the establishment of the proposed mill based on green jute.

From the Chinese side, the Ambassador of the People's Republic of China, Zhaung Huijiang, the President of Chengdu Chemical Engineering Corporation of China Miao Da Wei and the representatives of China National

Chemical Engineering Group Corporation were present.

Waseq Al Azad, Chairman, BCIC and Dr Azizur Rahman, Director (Production and Research) were present from Bangladesh team.

During the meeting, the Chinese delegation expressed their willingness to carryout techno-commercial feasibility study immediately and they would have discussion with concerned officials of BCIC.

The Chinese delegation was impressed with the quality of industrial grade paper already produced out of green jute.

They expressed their optimism about the possibility of setting up the paper mill in Bangladesh and eventual export of green jute based pulp from Bangladesh to China.

Chinese salaries rising faster than inflation

BEIJING, Apr 3: Chinese salaries are rising faster than inflation, thanks to a near doubling of pay by foreign-invested and private enterprises, an official report said Sunday, reports AP.

In January and February, China's total payroll outlay was 82.9 billion yuan (9.56 billion dollar), up 26.3 per cent from the same period last year, the China Daily's Business Weekly reported, citing figures from the State Statistics Administration.

Retail prices nationwide rose 20 per cent in January and February from a year earlier.

The report did not say what the average monthly salary was. But it said government employees and workers in state-owned enterprises were paid a total of nearly 65 billion yuan (7.5 billion dollar), up 25.8 per cent.

China won't seek GATT membership

BEIJING, Apr 3: China wants to join GATT but will not take membership at any price and can live without the world free trade body if necessary, an official newspaper said today, reports Reuters.

"With or without access to GATT, China will emerge as a powerful global competitor", the China Daily quoted a senior official as saying.

The newspaper said Li Zhongzhou, Deputy Director General for International Relations at the Ministry of Foreign Trade and Economic Cooperation, ruled out accepting membership of the General Agreement on Tariffs and Trade at any cost.

The bottom line is equal treatment, Li told the newspaper.

"China hopes to obtain unconditional Most Favoured Nation (MFN) treatment equivalent to that accorded to all other contracting parties, by participating in GATT," Li said.

"It is important to point out that this is the fundamental international principle applied universally, not a privilege as claimed by certain political arguments."

The official newspaper criticised the United States for its approach on MFN for China.

Washington insists China makes progress on human rights before it will renew the low-tariff policy for Beijing this year.

Without MFN Chinese goods would not be competitive in the huge and important US market.

The China Daily said China believed the US approach "runs counter to the spirit of GATT."

Li pledged that even if China failed to join GATT, its policy of economic reform and opening to the world would continue.

But he warned that if China failed to get membership in the world body, countries that

wanted access to the huge Chinese domestic market would have to negotiate individually with Beijing.

"The world trade community has a choice between accepting China as an equal trading partner by granting it GATT membership, or competing for access to the Chinese market on a reciprocal basis."

China's bid to join GATT has been stalled by western objections, particularly from the United States, that Beijing has not yet made enough of a transition from a socialist-style planned economy to a capitalist-style market system.

Pak budget deficit may fall

ISLAMABAD, Apr 3: Pakistan's budget deficit is expected to fall during the current financial year but it will not be enough to achieve a target agreement with international aid agencies, a top official said yesterday, reports AFP.

The deficit is estimated at 6.5 per cent of Gross Domestic Product (GDP) in the current 1993-94 financial year ending June 30, down from 7.5 per cent in 1992-93, said V A Jaffery, the top economic aide

to Prime Minister Benazir Bhutto.

But, the drop will be short of a deficit target of 4.8 per cent of GDP in structural adjustment agreements with the World Bank and International Monetary Fund, Jaffery said in a speech to a seminar.

"The fiscal position has not shown the expected progress due to continuing difficulties in enlarging the tax base and reducing non-development expenditure to a sustainable level," he said.

EPZs of Bangladesh: New horizons for investors

Akhtar Hamid Mansur

Indian and the Pacific oceans regularly call at Chittagong, the country's principal sea port.

Chittagong port can handle large container ships and roll-on/roll-off vessels. The port has a large container yard, berthing and cargo handling capacity of the port is quite good with modern technical facilities.

Modern telecommunications facilities including international direct dialing system through satellite earth stations are offered to zone enterprises. A nation-wide dialing system connects Chittagong EPZ with the rest of the country. Three hundred telephone lines have been kept reserved for Chittagong Export Processing Zone.

Labour is another important element. Law forbids formation of labour union in the EPZs of Bangladesh. Strike is illegal in the zones. BEPZA is vested with the responsibility to administer labour matters for all enterprises in the zones. Labour laws applicable to the EPZ enterprises properly safeguard the interest of investors. These laws ensure among others uninterrupted production schedules. At the same time, BEPZA looks after welfare of the workers.

Bangladesh is quite rich in

human resource. Today, Bangladesh has a growing number of professionals including managerial and technical personnel and skilled and unskilled labour. They are available for wages which are the lowest in Asia and competitive world-wide. Bangladesh workers are diligent, adaptable and eager to learn which are very vital for any industrial concern. This energetic and under utilised labour force of 46.5 million is likely to grow to more than 50 million by the turn of the century. The government of Bangladesh is attaching great importance on attainment of skill with a view to increasing labour productivity. With this end in view, concerted efforts of the government and the private organisations are under way in the overall development of human resources not only in general education but in the technical and vocational fields. The calibre and competence of Bangladeshi managers, technicians and workers are praised by the foreign investors without exception.

All investments in the EPZs of Bangladesh are protected by law. The law ensures fair and equitable treatment to all foreign private investors. Under the law, foreign investment in

Bangladesh can neither be expropriated nor nationalised. Among others, the law also guarantees full repatriation of profits and capital, provides full indemnification in the event of financial loss due to civil unrest.

A number of international organisations like Multinational Investment Guarantee Agency (MIGA) and International Centre for the Settlement of Investment Disputes (ICSID) also ensure adequate investment guarantee.

MIGA is a member of the World Bank group to help foreign investors and the host countries in the event of dispute, while ICSID extends arbitration facilities. The Overseas Private Investment Corporation (OPIC) of USA operates its insurance and finance programmes in the EPZs of Bangladesh.

The first EPZ in Bangladesh was established in Chittagong in 1983. The zone, spreading over an area of 453 acres of land, is situated in the southern part of Chittagong. It is only 2.4 kms away from the sea port, 7.24 kms from the international airport and only 5.63 kms away from the main business centre of Chittagong. The second EPZ, known as

Dhaka Export Processing Zone, has been established at Savar, 35 kms away from the city centre and 25 kms from the Zia International airport. Dhaka EPZ is basically an air-freighted zone. Besides fully developed and serviced industrial plots, both the EPZs offer standard factory buildings on rent. The plots and factory buildings are ready for immediate construction of factory and installation of machineries.

Three types of investments are allowed in the EPZs of Bangladesh. These are: (i) 100 per cent foreign owned including Bangladesh nationals ordinarily resident abroad (ii) joint venture projects between foreign and Bangladeshi entrepreneurs resident in Bangladesh and (iii) 100 per cent Bangladesh entrepreneurs resident in Bangladesh.

There is no ceiling on foreign investment in the EPZs of Bangladesh. In the EPZs of Bangladesh, foreign private investment can be made either independently or through joint venture on mutually beneficial terms and conditions.

An investor has option to establish either public or private limited company or sole proprietorship or partnership concern.

Investors may also take advantage of the Generalized System of Preference (GSP) which allows duty free/reduced duty access to American, European and Japanese markets under certain conditions. Import into the United States from Bangladesh also enjoys Most Favoured Nation (MFN) status.

Bangladesh Export Processing Zones Authority extends "One Window Same Day Service" to investors. It also pursues a simplified procedure. Rules, regulations, export-import documentation and procedures have been framed to make them simple with minimum formalities. Procedures have been so simplified that while submitting application for plots, an investor needs only to give bank reference certificate of the sponsor, project feasibility report and Memorandum and Article of Association of the Company. The investors are required to deal only with BEPZA for investment and all other operational purposes.

BEPZA sanctions project generally within one week. The authority issues required import/export permits within 24 hours. It also issues work permits for foreign nationals working in enterprises of both

Chittagong and Dhaka EPZs. In the EPZs of Bangladesh everything is done under "One Umbrella".

The Bangladesh EPZ Authority offers highly competitive and attractive package of fiscal and non-fiscal incentives to the investors. These include tax holiday for ten years, exemption of income tax on interest on borrowed capital, relief from double taxation subject to bilateral agreement, complete exemption from dividend tax for tax holiday period for foreign nationals and exemption of income tax on salaries of foreign technicians for three years. The package also includes free import of machineries, equipment, raw and construction materials for factory buildings in the zones and export of goods produced in the EPZs of Bangladesh.

The Bangladesh Export Processing Zones Authority allows full repatriation of profit, capital and investment including capital gains. The authority permits remittances of all post tax profit and dividend on foreign capital, savings from earnings, retirement benefits, personal assets of individual on retirement or termination of service and approved royalties

and technical fees.

Investors in the EPZs of Bangladesh enjoy freedom from national import policy restrictions. Import of raw materials for industries are allowed on Documentary Acceptance (DA) basis. The investors enjoy advantage of opening back to back LC for certain types of industries for import of raw materials. Import of goods from the domestic tariff area is also permitted. All customs formalities are done at the premises of the factories concerned in the zone.

Industries from Japan, South Korea, Hong Kong, USA, Singapore, UK, Pakistan, Holland, Sweden, Thailand, India, Germany, Canada, Australia and Bangladesh are now operating in the EPZs of Bangladesh.

Within a short span of time, the Export Processing Zones of Bangladesh have succeeded in drawing attention of the global investors. Today, both Chittagong and Dhaka EPZs are pulsating with production and export. The Export Processing Zones of Bangladesh have become turning points for many entrepreneurs. And investors around the world who reckon the EPZs of Bangladesh as a safe and profitable place for investment.

[The author is a Deputy General Manager (Public Relations) of Bangladesh Export Processing Zones Authority.]