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DHAKA MONDAY, APRIL 25, 1994

15 industrial sub-sectors facing steady decline in production

The Centre for Policy Dialogue in its third consecutive session has discussed import liberalisation and its implications for industrial development in Bangladesh, reports UNB.

Held in the conference room of the centre on Thursday, the dialogue was moderated by its Chairman, Professor Rehman Sobhan and participated by Members of Parliament Abul Hossain and Amir Khasru, senior civil servants, M K Alamgir and M I Talukdar, leading businessmen Salman F Rahman, A S Mahmud and Anisuzzaman Khan, former senior policymakers and executives such as Muzaffar Ahmed, S Al-Husainy, Nazrul Islam, Nefaur Rahman and wellknown academics Zaid Bakht and Abul Bayes.

Initiating the dialogue Prof Rehman Sobhan said of the 30 major sub-sectors, 15 had been experiencing a steady decline in output from mid-eighties. 8 sub-sectors were stagnant with uneven growth and seven witnessing a steady growth in output.

The declining industries are jute, footwear, iron and steel, cement and rubber, chemical products etc. The industries facing uneven growth in output are fish and sea food, vegetable oil, tea, cotton textiles, leather etc. The

growing industries include garments, printing and publishing, drugs and pharmaceuticals, glass and glass products, fertilizer etc.

The dialogue focused on negative as well as positive implications for domestic industry due to import liberalisation and on the need to rationalise the policy to promote growth and greater efficiency of domestic industries.

It was pointed out by the participants that the current move for rapid liberalisation of imports appeared to have been insensitive to sectoral needs and helped certain sectors, particularly exports. But a number of industries may have been adversely affected.

It was noted with concern that there was no current reliable information on the actual impact of the process of import liberalisation on particular industries.

The dialogue addressed the issue of creating an even-playing field for domestic industries so that they could compete on relatively equal terms with industries from other countries.

It was observed that local industry was exposed to inadequate infrastructure, anomalies in the tariff structure, lack of credibility and transparency in government policies, weak and obstructive administration.

law and order problems and lack of technological support. Weakness in entrepreneurial behaviour was also examined.

The dialogue emphasised the importance of government policy and action to distinguish the specific problems of particular industries, particularly small industries, in designing both the pace of import liberalisation and the supportive interventions to make particular industries competitive.

With regard to the types of interventions the negative results from the excessive use of quantitative restrictions were recognised and the use of tariffs as a more appropriate instrument of protection was emphasised.

However, in the setting of such tariffs the need for caution in too hasty and indiscriminate moves towards liberalisation was recognised. It was suggested that the pace of tariff reductions need to be tailored to the specific needs of particular industries.

The dialogue emphasised the importance of recognising that import liberalisation was not an end in itself but a means to accelerate and diversify the process of industrialisation in Bangladesh.

Liberalisation must thus be related to the broader issue of

an industrial strategy for Bangladesh. The centre for policy dialogue thus intends to organise further such micro-dialogues in preparation for a major dialogue on industrial strategy.

Indonesian grant for flood victims in Bangladesh

Indonesian government has provided some financial assistance for the recent flood victims of the country, reports UNB.

Hadi Wayarabi Alhadar, Ambassador of Indonesia to Bangladesh, handed over a cheque to State Minister for Disaster Management and Relief Harun-al-Rashid at his office yesterday.

The State Minister expressed gratitude and thanked the Indonesian government for extending help during natural disasters in Bangladesh. They also discussed various matters of mutual interest and hoped that the existing good relations between the two brotherly countries would further strengthen in future.

Hafizuddin Khan, Additional Secretary of the Ministry, was present on the occasion.



Abdul Qadir Chowdhury, General Manager of the House Building Finance Corporation (HBFC) speaking at a meeting of the borrowers in the city on Saturday. Suhel Ahmed, Managing Director of the corporation is seen sitting beside him.

India plans to turn Andaman, Nicobar into free trade zone

NEW DELHI, Apr 24: India is considering a plan to convert the Andaman and Nicobar Islands in the Bay of Bengal into a free trade zone on the pattern of Hong Kong and Singapore, a minister was quoted as saying, reports AFP.

Minister of State for External Affairs Raghunandan Lal Bhatia told reporters in the northern city of Amritsar on Saturday that Indian businessmen in Hong Kong and

Thailand had urged New Delhi to make the islands an open trade centre.

Indian businessmen in Hong Kong were especially keen on the proposal, as the deadline for the British colony's transfer to Chinese rule approaches, the United News of India quoted him as saying in the report published here today.

Hong Kong is to revert to China in 1997, creating some

uncertainty over the future of Indians in the colony.

Bhatia expressed confidence that China would ensure their "freedom and liberty of trade," UNI said.

The commerce ministry, meanwhile, is considering the proposal to make the Andaman and Nicobar Islands a free trade zone, the minister said, adding that New Delhi had kept its options open.

Progress of jute export reviewed

A meeting of the Consultative Committee on Jute on Saturday reviewed the progress of raw jute export during the current financial year and the impact of withdrawal of Export Price Check (EPC) on exporting jute, reports UNB.

The jute traders and the jute mills owners requested the committee for further lowering the interest rate on working capital borrowed from the banks.

They were assured by bank representatives in the meeting to consider the matter. Jute Minister A S M Hannan Shah chaired the meeting held at Bangladesh Jute Mills Corporation (BJMC) Headquarters.

The meeting was informed that of the total annual demand of 4,000 metric tons of jute seeds in the country, Bangladesh Agricultural Development Corporation (BADC) produce and supply only 790 metric tons every year. This is quite inadequate to meet the demands of the farmers.

The committee decided that from now onwards Bangladesh Jute Research Institute (BJRI) and BADC will jointly make endeavours to produce more jute seeds for the farmers.

The meeting was attended by Bangladesh Jute Association President Rezaul Karim MP and the representatives of Bangladesh Jute Mills Association, Bangladesh Jute Goods Exporters Association, Bangladesh Spinners Association, banks, BJRI and BADC.

'Irresponsible reporting can damage prospects of share market'

By Staff Correspondent

Chairman of the Dhaka Stock Exchange (DSE) Khurshid Alam Sunday called upon the journalists to be cautious in reporting about the country's capital market.

The DSE Chairman said, a single newspaper report can damage the growing prospects of the sensitive market, which is largely dependent on the credibility of the people.

Khurshid Alam was speaking at an open discussion with the newsmen, organised by the Centre for Free Mind Free Market at the National Press Club.

Referring to some reports about the share market published in a section of newspapers he said, the reports might create confusion among the foreign investors and dis-

courage them from investing in Bangladesh. He, however, observed that the journalists can play a vital role in activating the primary entry point of foreign investment by publishing objective and promotional news items.

The DSE Chairman said, the companies should provide the shareholders with unaudited accounts every three months to ensure more transparency. Free flow of the accounts and other information regarding the companies, would help check underhand trading, he said.

Khurshid Alam said, although the country's share market is very small compared to that of the other neighbouring countries, it has proved to be a potential market for the

foreign investors. More and more foreigners have been coming up with investment in the share market, he said, adding the amount of total foreign investment in the share market is about 35 million US dollars.

Termining the equity investment a highly risk-involving business, he said the investors who have not enough knowledge of the matter, should take the help of professional persons before investing their money.

The discussion meeting was participated by Vice President of the DSE Imtiaz Hossain, Honorary General Secretary M A Huq Howlader, President of the centre Ershad Majumder and the officials of the DSE.

Aquaculture-a major growth vehicle in Latin America?

An armed guard points his binoculars toward the horizon as the speedboat races across the Bay of Guayaquil, its destination one of the area's numerous shrimp-packing plants.

The boat-driver ignores the rough sea in his eagerness to push the craft, and its valuable marine cargo, through the no-man's land of the unpatrolled estuary.

"It may seem like this is all a bit much," shouts agri-engineer Xavier Portes, straining to make himself heard above the roar of the two 400-horsepower motors, "but there's a few thousand dollars worth of shrimp on-board, and we know the pirates are out there."

The possibility that armed thieves will resort to violence in their attempts to hijack shipments of jumbo prawns on their way to market lends a touch of excitement to an otherwise prosaic endeavour—growing shrimp in high-tech fish ponds.

Unromantic though it may be, aquaculture has become the darling of economists and development experts across Latin America, many of whom are convinced that fish farming and the like will become a major growth vehicle for the region's developing economies.

Ecuador's 450 million US dollars shrimp industry is a great success story. Started 25 years ago by coastal fisherman who trapped shrimp larvae in tidal pools, it has grown to become this tiny Andean nation's third-largest generator of foreign exchange, after petroleum and banana exports of 1.2 billion and 600 million US dollar respectively.

Others have been quick to catch on. In Chile, farm-raised salmon exports reached 265

million US dollars in 1993, while a host of other fish-farming products, from canned mussels to sea urchins, also rack up impressive export numbers.

In Peru, farmers raise scallops in their natural ocean beds for later shipment to Asia. And farmers from Mexico to Colombia and Brazil have all grabbed shares of a worldwide market for freshwater trout estimated at 150,000 tons a year.

to Eduardo Egas, executive director of the Ecuadorian Federation of Shrimp Exporters (FEDECAM).

Ecuadorians now pilot the small boats that trawl the Pacific in search of wild seedstock. They run the high-tech hatcheries and farms in which shrimp larvae are raised. And they operate the modern packing plants which clean, deep-freeze and ship the crop to North American and European consumers.

As in every development story, the history of Ecuador's shrimp sector has had its detractors, especially ecologists who say shrimp farming threatens the biological bal-

ance of the Bay of Guayaquil, the largest Pacific Coast estuary in Latin America.

"Shrimp farming is not the cleanest industry in the world," said Alvaro Encalada, of the Fundacion Natura, Ecuador's largest non-governmental environmental organisation, "and from what we've seen, environmental protection working for anything in the Guayaquil area."

Fundacion Natura and other

environmental groups contend that shrimp farming destroys wildlife habitat, leads of deforestation of supposedly protected mangrove swamps and causes irrevocable damage to once-vibrant offshore fisheries.

They charge that the long-standing practice of pumping pond water and tons of mineral-rich shrimp feed powder back into the open ocean has changed the biological make-up of the bay. The pallid, discoloured hues evident near shrimp farm drainage pipes seem to back up their accusation.

Shrimp farmers also say that environmental damage has been done, but they blame a lack of governmental regulation. A boat-ride along the garbage-strewn shores of the Guayas River, where thousands of squatters have set up small towns in recent years, or alongside any of the tankers pouring waste directly into the harbour, gives credence to their point.

"It's a bit disgusting to think about," says California transplant Bill Bright, who owns and operates a 200-hectare shrimp farm near Guayaquil, "but every time you flush the toilet or throw something away here it heads downriver, right into the shrimp farms."

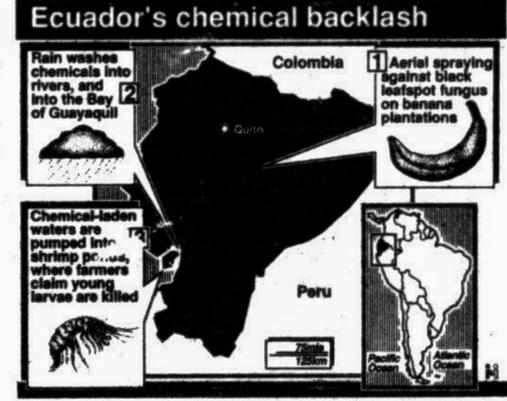
Under regulation, according to FEDECAM officials, has also led to the spread of a perilous waterborne syndrome that they say is killing millions of dollars worth of shrimp.

The shrimp-growers are convinced that the Taura Syndrome, as the shrimp-killer is now known, was first detected in 1989 when banana producers began spraying massive amounts of fungicides to quell a virulent strain of black leafspot fungus.

The banana producers, along with the companies which manufacture the chemicals—and to an extent, the Ecuadorian government—have predictably denied that chemical spraying is to blame for a 70 million US dollar drop in shrimp exports in 1993 which the shrimp farmers blame on chemical run-off.

FEDECAM members point out that although high concentrations of two fungicides have been found in water samples, the syndrome has not affected Ecuador's US Food and Drug Administration rating.

"This isn't a question of producing contaminated shrimp," says Gilberto J Escobar, leader of the FEDECAM sub-committee that has spent more than 300,000 US dollar studying the syndrome. "It's a question of not producing shrimp at all—or anything else in the Bay, for that matter—if we aren't able to control this."



Dhaka Stock Exchange (DSE) Chairman Khurshid Alam (3rd-L) is seen exchanging views with newsmen on capital market organised by the Centre for Free Mind, Free Market at the Jatiya Press Club yesterday. Imtiaz Hussein, Vice Chairman of DSE was also present.

Commodity markets: Prices of gold, sugar, grains fall, oil, cotton stable

LONDON, Apr 24: The price of gold and platinum collapsed during the week, falling to their lowest level since January, after the Zulu nationalist party, Inkatha, decided to join the multi-racial elections in South Africa, reports AFP.

Precious metals had previously risen sharply on fears that the political situation in South Africa—the world's premier producer of gold and platinum—could erupt into further violence or civil war.

Aluminum fell sharply on fears that Russian producers would not honour their promises to cut production, but these were eased later in the week after a Brussels meeting of the world's six key producing regions.

The price of Brent Crude North Sea oil was firm as was the price of rubber.

Coffee rose to its highest level since 1989, on reduced supply of robusta.

Tea was irregular in a nervous market which feared cuts in exports from the strife-torn countries of Rwanda and Burundi.

Cocoa and sugar declined in calm trading.

Grains were lower in a nervous market, while vegetable

oils lifted, notably soya and palm oil, wool and cotton remained firm at good prices.

GOLD: Sharply lower. The price of gold continued to erode during the week, dropping five dollars, after prospects of a civil war diminished in South Africa.

Tuesday's announcement that the Zulu nationalist party Inkatha would take part in the country's first multi-racial elections calmed dealers fears for the immediate future of the country.

SILVER: Lower and stable. Silver dropped this week on lack of interest from investors, stagnating at around 5.25 dollars per ounce.

Silver has fallen 0.30 dollars since speculative investment funds withdrew two weeks ago.

PLATINUM: Sharply lower. The price of platinum, like gold lost a lot of ground on the announcement that Inkatha would take part in the South African elections.

Prices dropped nine dollars on Tuesday, dipping to 366.25 dollars per ounce.

COPPER: Stable. Copper moved within a very narrow range this week, ending the week around only two dollars higher from the closing price

on Friday of 1.883.

Copper was encouraged early in the week by a further 3,875-tonne drawdown in LME warehouse inventories, but the metal was essentially range-trading in a market lacking news, dealers said.

Later in the week, copper lifted on a sharp rebound in US housing starts figures after the cold winter. The figures showed March housing starts were 35 per cent higher than March 1993.

LEAD: Slightly lower. Lead declined gradually during the week from 456 dollars per tonne on Friday to 441 at the Thursday close.

Much of the week was spent range trading as the metal drifted lower with the rest of the complex on lack of news.

Experts said that of all the base metals, lead was by far the lowest stock overhang which would be quickly eroded by a slight rise in demand or a fall in production.

ALUMINIUM: Lower. Aluminium fell from 1,307 dollars per tonne on Friday to about 1,275 dollars per tonne at the end of the week, after having fallen sharply on Wednesday.

Early in the week, dealers were bracing themselves for sell-offs ahead of the April 21 meeting in Brussels of the six largest aluminium producing regions on world production cuts.

The market was generally pessimistic that Russian smelters would be able to meet agreed output reduction targets of 500,000 tonnes by the end of June.

NICKEL: Sharply lower. Nickel slumped almost 300 dollars during the week from 5,585 dollars per tonne on Friday to 5,290 at the Thursday close.

The metal slumped on news that negotiations for a new collective agreement between the Canadian producer Inco and its nickel unions could turn into a major labour dispute. The labour agreement is set to expire on May 31.

COCOA: Lower. Prices dropped during the week and the reference price (for delivery in two months) fell below the 900-pounds-per-tonne barrier, essentially on lack of interest from traders.

Traders noted that selling from investment funds weighed on prices. CN trade house said chocolate produc-

ers were waiting till prices fell further before buying.

COFFEE: Sharply higher. The price of robusta rose sharply on Wednesday after large-scale buying by the Merrill Lynch trade house for investment funds.

Reference prices rose above 1,500 dollars per tonne to their highest level since 1989. Coffee, however, began the week lower after the Brazilian government announced on April 15 that it was selling 2.4 million bags (of 60 kilograms each) which had been held by the state.

SUGAR: Lower. The price of white sugar dropped to around 300 dollars per tonne, a cut of around 40 dollars compared with its highest-level on March 31.

Price rose sharply in March after large-scale speculative buying, aided by a world restriction in supply, suddenly lost ground this week after investment funds pulled out.

VEGETABLE OILS: Higher. The price of soya oil lifted again on the European markets after a delay in deliveries from Brazil.

Traders said Brazilian ports were overcome by a massive number of soya cargo ships

waiting round the port of Paranaguá. Around 50 ship are waiting offshore to be filled.

Brazilian exports for the first quarter were estimated at over half a million tonnes, or around five times more than the previous year at the same time.

OIL: Stable. The price of Brent Crude North Sea oil remained relatively stable in a clam market.

A report from the London research group the Centre for Global Energy Studies (CGES), said that the price of crude oil could rise sharply towards the end of the year if the production from OPEC countries remained close to the ceiling production at 24.52 million barrels per day.

RUBBER: Stable. The price of rubber remained at 90 pounds per tonne after several weeks of rises.

Demonstrations and social unrest in the Indonesian town of Medan are beginning to worry traders.

The protests over conditions have degenerated into anti-Chinese demonstrations and could see a cut in exports from Indonesia, the world's second exporter after Thailand.

The market did not react to the failure of discussions between rubber producers and consumers in Geneva against the background of an international agreement which is to replace the current agreement.

GRAINS: Lower. After sharp rises in recent weeks, the price of grain dropped several pounds, but remained generally high in nervous trading.

One trader said it was impossible to know what direction the market would take, as prices peaked towards the end of March and the beginning of April.

Traders said the market remained generally strong on weak supply and strong demand.

TEA: While the medium auction price dropped slightly, the price of top quality tea rose sharply to above 281 pence per kilo, compared with 220 pence the previous week.

The price soared on the current troubles in Rwanda and Burundi, which both produce extremely high quality tea.

The highest price was obtained by a lot of tea from Rwanda at 312 pence per kilo, compared to the highest price

the previous week of 268 pence. Dealers fear that exports from Rwanda and Burundi will diminish.

COTTON: Firm. The price of cotton remained at a high level, above 0.84 dollars per pound as dealers said demand on the European markets was good, particularly for cotton to be delivered this summer.

Egyptian exports have risen five fold so far this year compared to the previous year at more than 291,000 bales of cotton, thanks to massive buying from India.

WOOL: Firm. The reference price on the Bradford market remained at a generally high level, above four pounds per kilo, the highest level since February 1993.

The Executive Director of the important Australian Council of Wool Exports said the rise in prices since the beginning of the year "didn't surprise anyone" and that it was likely to continue as long as there was an economic recovery.

He added that for the moment, the major long-term risk was "that the growers and sheep will just disappear" from Australia.