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Arabs moving at snail's pace to build industrial base

ABU DHABI, May 17: Arab states have made slow progress in their long-standing efforts to build an industrial base to lessen reliance on oil and cut a huge import bill, official reports showed yesterday, says AFP.

While the oil sector has steadily declined over the past decade, non-oil industries have grown slightly in some states while they receded in others due to lack of investment and political instability.

The Abu Dhabi-based Arab Monetary Fund and other official institutions said the per capita share of total Arab industrial production plunged to 648 dollars in 1992, from 1,500 dollars in 1980, mainly due to a drop in oil prices.

But the share of the non-oil industries rose to 212 dollars from 160 dollars over the same period.

The workforce in the Arab industrial sector has grown by around four per cent per year over the past decade to reach 12 million, but the oil price decline lowered per capita productivity to 9,545 dollars from 14,246 dollars per year.

A report by the Organisation of Arab Petroleum Exporting Countries showed that non-oil industries remained far smaller than the oil sector in terms of value added, the difference between output and goods consumed in output. It said the value added in extractive industries, which include oil and mining, stood at 101 billion dollars in 1992 and its share in the Gross Domestic Product (GDP) reached 21 per cent.

Value added in non-oil industries stood at 45 billion dollars and share of GDP at around 10 per cent.

"Industries intended to replace imports rather than destined for exports have remained the main element in the Arab industrial sector except for petro-chemicals, refining and minerals," the AMF said.

"In general, non-oil industries still lack technology and have failed to achieve considerable expansion in electrical products and other equipment."

Most of the non-oil industries in the Arab world are still limited to light products such as building materials, food stuff, clothes and textile, chemicals, home appliances, paper and spare parts.

Cement emerged as the biggest productive sector in those industries with the Arab League's 22 members having around 105 plants with an output capacity of nearly 99 million tonnes per year.

Steel production, mostly in Egypt, Morocco, Algeria and Saudi Arabia stood at 10 million tonnes per year.

"The non-oil industrial sector has steadily grown over the past years but the growth was weak an fluctuating," the AMF said. "Productivity has also remained relatively small as such a sector is still in the initial stages."

The report showed Arab non-oil industrial exports have also steadily grown but remained much lower than the industrial imports.

While exports jumped from 1.3 billion dollars in 1975 to 21.6 billion dollars in 1992, industrial imports surged from 14 billion dollars to 62.3 billion dollars.

A breakdown showed the value added, the barometre of actual industrial growth, rose modestly in most member states while it fell in others.

Between 1987 and 1992, it rose from six billion dollars to 8.4 billion dollars in Saudi Arabia, from 2.2 billion dollars to 2.7 billion dollars in the United Arab Emirates, from 2.8 billion dollars to 3.1 billion dollars in Kuwait.

In Jordan, it rose from 511 million dollars to 601 million dollars, from 4.2 billion dollars to 5.4 billion dollars in Morocco, and from 4.6 billion dollars to 6.5 billion dollars in Egypt.

It fell from 3.5 billion dollars to two billion dollars in Syria, from 7.6 billion dollars to 4.2 billion dollars in Algeria.

Khorshed Alam, Governor, Bangladesh Bank seen speaking at the monthly meeting of the American Bangladesh Economic Forum (ABEF) at the Dhaka Sheraton on Tuesday. Sitting from left are: A Gafur, Executive Secretary-ABEF, Forrest Cookson, President-ABEF, M Nurul Islam, Vice President-ABEF, Mahesh K Rao, Executive Director-ABEF. — Star photo

EU-Russia trade accord held up for objections

BRUSSELS, May 17: French objections to Russian sales of cheap uranium held up a decision by European Union foreign ministers here yesterday to sign a new trade cooperation and partnership accord with Russia, reports AFP.

But diplomats predicted that the agreement would be wrapped up in mid-June.

The Greek Chairman of the EU council of minister, Theodoro Pangalo, said it might be signed by EU leader and Russian President Boris Yeltsin at EU summit on the Greek island of Corfu on June 24 and 25.

The accord would give Russia better access to western European markets and open up the prospect of a Russia-EU free trade area after 1997 if Moscow implements market reforms.

It also recognises Russia as an economy in transition towards a free market, rather than "state-controlled. This concession translates into better trade terms.

French Foreign Minister Alain Juppee blocked the agreement on the grounds that it would favour Russian exports of cut-rate uranium to the EU, where France has 60 per cent of the market.

Juppee insisted that nuclear fuels should be excluded from the accord, at least until it has won more favourable terms from Moscow. He is due in Moscow later this week to discuss the issue.

But diplomats suggested that the French objection was tactical and temporary, aimed at placating the influential French nuclear industry.

EU trade commissioner Sir Leon Brittan said: "I'm delighted at the reception given by our proposals on nuclear and banking. The agreement is effectively resolved and I am confident it will be agreed in June."

The accord has been held up for more than a year by Moscow's insistence on incorporating nuclear fuels, and on restricting the operations of foreign banks in Russia.

In a gesture to France, the European Commission has proposed that the EU retain the right to curb surges of cheap imported Russian uranium.

The EU executive has also accepted Russian insistence that foreign banks should be allowed no more than 12 per cent of the Russian banking system's capital — at least until a review after five year.

An EU diplomat reported a general sentiment at Monday's meeting that Russia would not budge and that the deal was the best that could be got.

The EU minister also gave their approval to the signature of a similar trade, cooperation and partnership agreement with Ukraine, which was initialled in March.

Diplomats said Ukrainian president Leonard Kravchuk might sign the accord with EU Foreign Minister at a meeting in Luxembourg on June 14.

They said he had asked for the signing ceremony to be held ahead of a Ukrainian presidential election at the end of June.

DCCI president to attend ESCAP seminar

A Rob Chowdhury, president, Dhaka Chamber of Commerce and Industry (DCCI) left Dhaka yesterday to attend ESCAP and the World Bank seminar on 'East and South East Asian Growth Experience,' says a DCCI press release.

The two-day seminar — beginning tomorrow — will be held at the United Nations Conference Centre in Bangkok. The discussions will be led by panels of internationally reputed experts on development issues and policies drawn from among policy makers, academic and business community.

The seminar is likely to make a valuable contribution to the continuing development dialogue in the region and provide practical insights for policy formulation in many developing countries

One litre petrol costs Tk 100 in Pabna?

PABNA, May 17: Petrol and diesel were selling at exorbitant prices in the town today (Tuesday) due to a fuel crisis following water transport strike, reports UNB.

Consumers said one litre petrol was now selling at Taka 100 against its usual price of Taka 13.70.

No barge could reach Baghabari oil depot due to the countrywide water transport strike, officials said.

ONGC of India – world's 24th largest oil producer

NEW DELHI, May 17: India's main state-owned oil firm, born before the country knew it had any oil, has grown into a giant company on the verge of a billion-dollar equity issue, reports Reuter.

The Oil and Natural Gas Corporation Ltd (ONGC), one of Asia's biggest oil exploration firms, started life in 1959 as a state body with only a few hundred employees — some of them on second men from government mining departments.

"There are very few state-owned companies like us with no inheritance. We started with virtually nothing, no place, no rig," ONGC chairman S K Manglik told Reuters.

"Today we are the 24th largest producers of oil in the world."

Before ONGC was set up there had been no extensive search for oil in India and the infrastructure to support and oil industry was still in the making.

Now the company pumps and average of 500,000 barrels of crude per day, has assets of 3.1 billion US dollars and employs 48,000 people.

Now ONGC, converted to a public limited company and renamed as a corporation on February 1, plans to tap the markets for more funds as the government liberalises the oil sector. Manglik said ONGC intended to go ahead with issues on the domestic and foreign markets.

"We are going to place in the market shares valued at 30 billion rupees (970 million US dollars) half of it will be in the domestic market and the rest in the international market," Manglik said.

He said ONGC hoped to come out with its domestic issue in June or July, following up with international GDRs (Global Depository Receipts) later in the year.

At present, government capital in ONGC stands at only 3.4 billion rupees (110 million US dollars), compared with the company's net worth of 107... billion rupees (3.5 billion US dollars).

Foreign investors commit $4.7b to India

NEW DELHI, May 17: Foreign investors have committed 4.7 billion dollars to projects in India since the doors were opened to them by a liberalisation programme in August 1991, the government said Monday, reports AFP.

More than 80 per cent of the funds were pledged to "priority industries," the fuel and the oil refining sector topping the list followed by power generation, food processing and matallargical industries.

Actual investment between August 1991 and March 1994, which marked the end of the last financial year, amounted to a modest 1.1 billion dollars, a government statement said.

US companies pumped in 218 million dollars of that sum, followed by British and German companies with 153 million dollars and 78 million dollars respectively.

The government has previously attributed the large gap between funds committed by foreign investors and actual inflows to a long gestation period required for projects in high-tech, capital-intensive areas to materialise.

BIBM workshop concludes

A two-day workshop on "Time Management" concluded yesterday, says a press release.

The Bangladesh Institute of Bank Management (BIBM) conducted this workshop first time with a view to developing knowledge about effective use of time for increasing the efficiency of officers and employees of banks. Participants were drawn from different banks and financial institutions.

A H M Nurul Islam Choudhuri, Director General, BIBM, presided over the concluding session of the workshop and gave away certificates to the participants.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) accorded a reception to the Myanmar delegation led by Trade Minister Lt Gen Tun Kyi (C) in the city yesterday. BGMEA President Redwan Ahmed MP (L) and Myanmar Ambassador in Dhaka Hla Myint Oo (R) are also seen in the picture. — Star photo

BGMEA proposes to set up garment industries in Myanmar

By Staff Correspondent

The visiting Myanmar Minister for Trade, Lieutenant General Tun Kyi said there are much possibilities to expand overall trade between the two neighbouring countries, Bangladesh and Myanmar, as his country is now open for cent per cent foreign investment.

Speaking at a reception accorded by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in his honour at its office Tuesday the minister said, during his visit he had extensive discussions with the high officials including six ministers to expand bilateral trade relations between the two countries.

Referring to his visit to Bangladesh the Myanmar minister said, "I have come to Bangladesh for two vital reasons. First, to sign a trade agreement and second, to improve the friendly ties in every sector including politics and economics."

This time friendship is more important than any other thing, he said. "We have to take some steps to strengthen friendship," he opined.

Welcoming the minister Redwan Ahmed MP, President of BGMEA, said Bangladesh has, by this time, developed good entrepreneurship in the garment sector.

He also proposed to help Myanmar in setting up garment industries and joint venture projects in the garment sector which will lead to mutual understanding among the industrialists of both the countries.

Myanmar trade team meets President

The four-member Myanmar trade delegation led by the Minister for Trade Lieutenant General Tun Kyi yesterday called on the President Abdur Rahman Biswas at Bangabhaban, reports BSS.

Exchanging views with the Myanmar minister, President Biswas expressed satisfaction over the cordial and friendly relations between the two countries.

He said that shared culture and history provided good basis for further development of Bangladesh-Myanmar bilateral relations.

He stressed the need for expansion of bilateral trade and economic cooperation for mutual benefits of the people of the two countries and appreciated the personal efforts of Trade Minister Tun Kyi finalising the border trade agreement with Bangladesh.

Vietnam's foreign trade growing

HANOI, May 17: Vietnam's foreign trade is growing, but imports are increasing faster than exports, confirming a trend towards a trade deficit, according to new figures reported on Monday, reports Reuter.

The official Evening News said exports in the first four months of 1994 were 940 million dollar while imports were 1.09 billion dollar, increases of 17.1 per cent and 28.6 per cent respectively over the same period last year.

Exports of crude oil increased by 21.4 per cent, of coal by 25.8 per cent, of rubber by 27 per cent, of coffee by 51.7per cent of maritime products by 21 per cent and of garments by 13.9 per cent, the newspaper said.

Imports of steel, fertilizer, electronic kits, cars and motorbikes increased, it added, without giving figures.