

World Bank report on Bangladesh says

Labour-management harmony to speed up industrial growth

World Bank has suggested a harmonious labour-management relationship to speed up the country's industrial growth by striking a balance between the need of the enterprise and the workers' aspirations for wage growth, reports UNB.

This can lead to better motivation and the acceptance of short-term sacrifices to achieve medium term benefits," said the bank's latest country report on Bangladesh.

It states that the system of industrial relations in the country does not generally succeed in achieving this co-operation, and many entrepreneurs consider poor industrial relations, and law and order problems linked to it, to be key factors discouraging them from investing and expanding their operations.

According to the WB report, the labour movement in Bangladesh is characterised by the large number of unions, a small percentage of unionised workers, and a division at the national level into many labour federations associated with different political parties.

Official sources said the number of trade unions has been increasing steadily since independence, reaching 4,065 registered unions in 1992 with a total membership of around

1.6 million workers.

The bank found that only 3.5 per cent of the total labour force and 33 per cent of the formal sector workers belong to labour unions, and the average size of a union is only 400 members. The unions are organised at the national level into 23 federations and 14 of them are associated with 11 political parties.

Labour Directorate officials said, there were only 11 industrial disputes in 1992, all for economic reasons, and they led to a loss in production valued at Tk 86 million.

This data does not reflect the overall picture of disruptions caused by politicisation, as at concerns only disputes arising under the Industrial Relations Ordinance (IRO) and does not include those growing number of strikes which take place outside the IRO framework.

The World Bank report says that trade union multiplicity and politicisation, which are manifestations of the same phenomenon, are not conducive to sound industrial relations.

It identifies the importance of state owned enterprises in industry and the direct involvement of government in

their management through civil servants is one of the causes of this unhealthy phenomenon.

The World Bank observed that the centralisation of managerial authority in the public sector restricts the trade unions to pursue their objectives like wage improvement through the normal machinery of industrial relations.

Under these circumstances, the report says, it is quite natural that trade unions become dependent on political parties in trying to achieve their objectives. Thus, the plurality of political parties is reflected in the structure of the trade union movement.

Moreover, the efficiency of different political parties in satisfying union demands explains the fact that the unions affiliated with the ruling political party of the time tend to dominate the trade union movement.

So long as industrial relations at the plant level involve government rather than management and unions as the main actors, the workplace will continue to be scene of "proxy wars" among different political parties through their respective unions, the WB report said.

It prescribed privatization

to help resolve this problem, as it would imply that a smaller proportion of the labour force would be directly affected by government labour market activities.

Similarly, measures to decentralise the wage determination process for those enterprises that will remain in the public domain would help further depoliticise industrial relations.

Strengthening the position of Collective Bargaining Agents (CBAs) would also help improve industrial relations, because inter-union rivalries mostly result from attacks launched by minority unions on the position of the CBA.

In spite of past failures, the WB says, the government should renew its efforts to promote cooperation and consultation, focussing mainly at the enterprise level. Joint consultation is best promoted as a voluntary exercise based on collective bargaining.

Government should take steps to improve the efficiency of conciliation and the labour courts. In order to improve conciliation government should leave employers and trade unions to settle their differences with minimal political intervention.

Pakistan to get \$100m loan from ADB

MANILA, June 24: Pakistan will receive a 100 million dollar concessional loan from the Asian Development Bank (ADB) for a programme aimed at curbing its rapid population growth, the Philippines-based institution said today, reports AFP.

Islamabad "has achieved an impressive average economic growth rate of five per cent for decades. But compared with other countries of a similar level of economic development, Pakistan lags behind in the social sectors," a bank statement said.

The country has a high three per cent birth rate and an average fertility rate of six per cent child-bearing women, while it had low life expectancy and a literacy rate of 30 per cent, including only five per cent for rural women, it added.

The government's five-year, 7.7 billion dollar social action programme aims to reduce the birth rate to 2.7 per cent, increase school participation and literacy, especially among girls, raise immunization levels and improve access to rural water supply and sanitation, the ADB said.

The interest-free loan is payable over 35 years, including a 10-year grace period with a one per cent annual service charge. The World Bank and the Netherlands are cofinancing the programme.

GATT accord to affect US textile, apparel industries

WASHINGTON, June 24: The US textile and apparel industry will be the big losers under the new worldwide trade agreement, but the bulk of American businesses will realize modest gains, a government study says, reports AP.

The US International Trade Commission studied 58 business sectors to determine how the General Agreement on Tariffs and Trade would affect their exports and the competition they will face.

A commission report released Thursday predicts 38 of the sectors will realize positive benefits, meaning their overseas sales will increase by more than they would lose to increased foreign competition in the United States.

But the impact for 31 of the industries was described as small or negligible, defined as a net gain in sales of 5 per cent or less.

In six other sectors, the report projected net sales increases of between 5 per cent and 15 per cent.

Of the 20 sectors expected to suffer, the report says 13 will experience small or negligible sales effects of 5 per cent or less.

The industries range from wood and lumber to consumer electronics.

One sector — toys, musical instruments and sporting

goods — will experience modest negative effects, or sales declines of 5 per cent to 15 per cent, while two sectors — textiles and apparel — will suffer sizeable sales losses of 15 per cent or more, the report predicted.

The ITC report was prepared at the request of the House Ways and Means Committee and The Senate Finance Committee.

Oman moving ahead with more economic reforms

ABU DHABI, June 24: The Gulf state of Oman is pushing firmly into a new economic era, where priority will be given to non-oil projects and the private sector will lead the development process, officials said Thursday, reports AFP.

Stung by low oil prices, the government is pressing ahead with large-scale reforms, opening more outlets for foreign investors and drawing up a landmark five year development plan targeting high growth in the non-oil sector.

"We are determined to pursue privatisation and other economic reform programmes. Privatisation will continue as long as the market allows," said Mahmud Al-Jarwani, Director of the Muscat Stock Exchange.

Sen. Fritz Hollings said the study was further proof that the agreement threatened the jobs of 1.8 million American textile and apparel workers.

"GATT is an outright trade of American jobs for the expansion of opportunities for the big boys — financial wheeler-dealers and large multinational companies," said Hollings.

But while opponents used the ITC report to warn of American job losses, the administration released two separate studies touting the economic benefits of passing the 122-nation agreement.

The Treasury Department estimated the tariff reductions in GATT would result in a \$175 billion tax cut for consumers and businesses worldwide over the next decade, including \$13 billion in reduced tariffs in the United States.

Meanwhile, a four-volume Commerce Department study concluded that every state had recognized sizable gains in exports over the past seven years, with exports doubling in 21 states.

"These reports demonstrate that exports are a critical component of the economy of every state, not just a few large states," said Commerce Secretary Ron Brown.

Vietnam to raise taxes by 10pc

HANOI, June 24: Vietnam will increase taxes by ten per cent this year in the hope of curbing its worsening budget deficit, a finance ministry official was quoted Thursday as saying, reports AFP.

The unidentified official was quoted by the Saigon Giai Phong daily in Ho Chi Minh city. "He admitted the budget shortfall was the government's main economic problem at the moment, with last year's deficit topping one billion dollars.

Government revenues, which proceeded at "a normal pace" in the first half of 1994, were only enough to cover immediate spending and debt service, the official was quoted as saying.

The government has not even begun to spend on certain infrastructure and other projects promised in the 1994 budget, adding to its fiscal problems.

By mid-June, the construction sector had received just 21.4 per cent of its budgeted money, a delay blamed on problems in mobilizing local capital and foreign lending, the official said.

As an example, he cited the poor investor response to the government's attempt since the beginning of the year to issue treasury bonds.

To raise money, the government will raise taxes by ten per cent.

The official said there would be increases in the price of electricity, cement, fuel, and less expensive real estate.

A five per cent government spending cut is also in the offing, for savings of between 1.3 and 1.6 billion dong (130 to 160 million dollars), the official said.

India's trade with Japan improves

NEW DELHI, June 24: India's trade with Japan improved in 1993 despite the Japanese economy grappling with recession, according to an official data received here yesterday, reports Xinhua.

The bilateral trade between the two countries amounted to 3.83 billion US dollars in 1993 against 3.5 billion dollars in 1992.

India registered its highest exports to Japan in the last four years. Its exports in 1993 amounted to 2.27 billion US dollars against 2.03 billion US dollars in the previous year.

The data showed that gems and jewelry continued to be the leader in India's export to Japan with a 29 per cent share of export value.

Iron ore has been an important factor in India's exports to Japan. However, with recessionary trends in Japan, India's exports to Japan of iron ore earned 409 million dollars in 1993 showing a seven per cent drop from the earning of 440 million dollars in 1992.

India increased marine products to Japan in recent years. Its earnings in this sector were 366.8 million dollars in 1993 as against 270.9 million dollars in 1992, showing increase of 35 per cent.



US Ambassador in Bangladesh David N Merrill along with ASF Rahman (R), Chairman, BEXIMCO Group, visited the Padma Textile Mills Ltd. at Tatki in Narayanganj on Thursday.

Steps taken to amend age-old Companies Act: Moyeen

The State Minister for Planning Dr. Abdul Moyeen Khan said the government had undertaken steps to amend the age-old Companies Act with a provision for audit of cost accounts, reports UNB.

He made the announcement while inaugurating a day-long workshop on "Cost Accounting Use in Bangladesh" at the ICMAB auditorium yesterday.

The State Minister said the cost and management accountants can play a pivotal role in the process of country's industrialisation and economic development.

"Management accountants can make substantial contribu-

tion by identifying the areas of strength and weakness of an organisation and thus transforming it into a profitable venture," he said.

The cost and management accountants services should properly be utilised by the public and private sector entrepreneurs for attaining better efficiency, Khan told the function.

The government is interested in creating a congenial atmosphere for sustainable growth of the economy, minimisation of dependence on foreign aid by mobilising domestic resources, the State Minister pointed out.

Minimisation of waste and elimination of inefficiency both in public and private sectors are inevitable to continue the successful implementation of the structural reform programme, the State Minister said adding that cost and management accountants could play an effective role in this regard.

President of the Institute of Cost and Management Accountants of Bangladesh (ICMAB) Chowdhury Hafizur Rahman and its Vice President Mozaffar Ahmed and Chairman of the seminar and conference committee Habibur Rahman also addressed the inaugural session.

Asian stock markets close lower

HONG KONG, June 24: Asian stock markets closed mostly lower Friday, with share prices falling in Tokyo after the US dollar fell to another postwar low against the Japanese yen, reports AP.

Tokyo's 225-issue Nikkei Stock Average closed at 20,766.75, down 273.46 points, or 1.29 per cent. The index rose 458.89 points, or 2.23 per cent, to close at 21,040.21 on Thursday.

The Tokyo Stock Price Index of all issues listed on the first section was down 8.17 points or 0.48 per cent, to 1,681.24.

Prices fell because the dollar's slip discouraged the market, while Japanese domestic institutions took profits from Thursday's gains, traders said.

The dollar closed at 100.40 yen, down 0.91 yen from Thursday's finish and below its overnight finish in New York at 101.25 yen.

Reports that Yasushi Mieno, governor of the Bank of Japan, said intervention isn't always a quick fix to currency market turmoil drove the US currency down in afternoon trading.

overseas and reducing the value of their profits abroad when translated into yen.

In Hong Kong, share prices also fell in light trading.

The Hang Seng Index, the Hong Kong market's key indicator of blue chips, fell 85.79 points, or 0.9 per cent, closing at 8,881.00. On Thursday, the index had risen 89 points.

Brokers said the market's slump was due to profit-taking and the failure of Britain and China to agree on the funding of Hong Kong's new airport following the latest round of talks Friday on the project.

The airport is to open in 1997, when China regains sovereignty over Hong Kong.

MANILA: Share prices

Pak Steel Mills produces record 1m tons of steel

KARACHI, June 24: State-owned Pakistan Steel Mills (PSM) produced a record one million tons of steel during fiscal 1993-94, the highest since it was commissioned in 1985, officials said Wednesday, reports AFP.

closed lower in moderate trading. The Philippines' unified composite index of 31 selected issues fell 32.39 points to 2,789.76.

SYDNEY: Share prices closed slightly lower in heavy trading. The All Ordinaries Index fell 4.6 points to 2,017.9.

SEOUL: Share prices closed lower for the fourth straight day in moderate trading. The Korea Composite Stock Price Index fell 6.12 points to 929.45.

SINGAPORE: Share prices closed lower in thin trading. The 30-share Straits Times Industrial Index fell 4.63 points to 2,245.82.

KUALA LUMPUR: Malaysian share prices closed mixed. The Kuala Lumpur Stock Exchange's Composite Index rose 11.55 points to 1,015.03.

BANGKOK: Thai share prices closed lower for the fifth straight day with brokers saying that investors were worried about a possible interest rate increase in the United States. The Stock Exchange of Thailand index fell 12.32 points to 1,292.54.

JAKARTA: The stock exchange composite fell 2.085 points to close at 468.872.

Riyadh discovers new gas field

RIYADH, June 24: Saudi Arabia has discovered a gas field in its central region and is planning to continue drilling to assess its reserves, Oil Minister Hisham Nazer was quoted on Thursday as saying, reports AFP.

The first part of Abu Markha field was flowing at 13.4 million cubic feet (4,02,000 cubic metres) of gas per day and 643 barrels per day (BPD) of hydrocarbons while the second part was flowing at 17.5 million cubic feet (525,000 cubic metres) of gas per day and 1,834 BPD of hydrocarbons, Nazer told the official Saudi Press Agency (SPA).

He said the first part of the field, 160 kilometres (100 miles) southeast of Riyadh, was drilled by the national oil company Aramco at 9,490 feet (2,875 metres) and the second at 9,333 feet (2,828 metres). "Aramco is planning to continue drilling in the field to appraise its gas reserves," Nazer said.

Saudi Arabia is the world's leading oil producer and its crude reserves of around 260 billion barrels account for nearly a quarter of the total world reserves.

Its gas reserves are estimated at 170 trillion cubic feet (5.1 trillion cubic metres) but the kingdom has yet to exploit the gas in an independent industry as it is mostly associated.

Consortium signs accord with Russia to develop oil, gas

TOKYO, June 24: A consortium of Japanese, US and European companies on Thursday signed an agreement with Russia to develop oil and natural gas reserves off the Sea of Okhotsk Island of Sakhalin, companies said, reports AFP.

The one trillion yen (10 billion dollar) project will be launched in the autumn of 1997, with production expected to start in the year 2001, they said.

Marathon oil of the United States will own 30 per cent of the joint company, while Japan's Mitsui and Co, McDermott Inc. of the United States and Royal Dutch Shell are putting up 20 per cent each. The remaining 10 per cent will be held by Mitsubishi Corp of Japan.

The group will develop two concessions in the northeast of the island with estimated reserves of 1.05 billion barrels of crude oil and 400 billion cubic meters of natural gas, they said.

The project envisages daily production of 1,80,000 barrels of crude oil and 42 million cubic meters of natural gas for 20 to 30 years.

Output will mostly be exported to Japan and other Asian countries, although about one third of natural gas will be used in Russia, the companies said.

Recovery of French economy fragile

PARIS, June 24: Recovery of the French economy is fragile and should be supported by additional measures, the French CNPF Employers' Federation said on Thursday, reports AFP.

The President of the CNPF's economic commission, Ernest Antoine Seilliere, in what was interpreted as a reference to official views of the recovery, said that the extent of the recovery was being "exaggerated here and there".

In a six-monthly situation report to the press, he said: "The recovery remains slow, varied and fragile even though the general situation is improving."

A survey of 87 federations and 150 organisations of employers throughout the French

economy had shown that 56 per cent of them had experienced an improvement, owing mainly to demand from abroad.

But 71 per cent of them had expressed the view that the recovery would be "weak" during the second half of the year. One third of them had said that the situation might remain unchanged.

Overall 65 per cent of business managers held that the recovery was "fragile" and 30 per cent saw no signs of a recovery.

The domestic market lacked dynamism and the recovery was uneven. Business in the sectors of consumption and construction continued to suffer. Only basic industries and services to business were recovering, the CNPF said.

Economic ban on Haiti getting tighter

PORT-AU-PRINCE, June 24: The economic noose around Haiti is drawing tighter with the departure of the last US planes to Miami and New York, reports AP.

A US-led ban on commercial air travel to and from Haiti is the latest Clinton administration effort to force Haitian military rulers to reinstate President Jean-Bertrand Aristide, deposed in September 1991.

On Wednesday, President Clinton fortified a months-old UN economic embargo by freezing the financial assets of Haitians living in Haiti but with accounts in US-based banks.

Citibank and Bank of Boston complied by closing their branches in Haiti on Thursday, cutting off easy access to dollars by thousands of depositors.

In Haiti's collapsing economy, dollars have been a parallel currency, accepted in many upscale restaurants and shops.

The embargo, on nearly everything except food and medicine, has devastated Haitian business. But the mil-

itary ruler, Lt Gen Raoul Cedras, and his hand-picked civilian government are defiant.

Hours after Citibank and Bank of Boston closed their offices, the Central Bank ordered them to reopen, independent Radio Metropole reported. It wasn't immediately clear what authority the Central Bank had over the US-based banks or whether they would comply.

Anyone not booked on flights today will have to wait several days to get a seat on Air France, the only major carrier connecting Haiti with other Caribbean nations.

Thousands of foreigners chose to stay despite the warnings of their governments. Of 8,000 US citizens registered with the U. Embassy 2,500 left Haiti.

Embassy spokesman Stanley Schragger said he expected no panic scenes at the airport. "We believe that most Americans who want to leave will be out of here by the end of the day," he said.

Japan's upper house okays budget

TOKYO, June 24: Japan's parliament approved Thursday the budget for the current fiscal year following a considerable delay over political confusion, reports AFP.

The upper house gave a final stamp to the 73.1 trillion yen (700 billion dollars) budget, which was approved by the powerful lower house on June 8.

The delays represent the first time since 1955 that a Japanese government has failed to conclude budget talks until late June.

Budget debate for the fiscal year that began April, was stalled for more than three months as opposition parties blocked its passage, accusing former prime minister Morihiro Hosokawa of involvement in dubious money transactions.

Hosokawa, who resigned in April, testified in parliament to his role in loans from a scandal-tainted trucking firm and dubious stock deals.

The budget features 5.47 trillion yen in personal tax cuts and nine million yen public works.

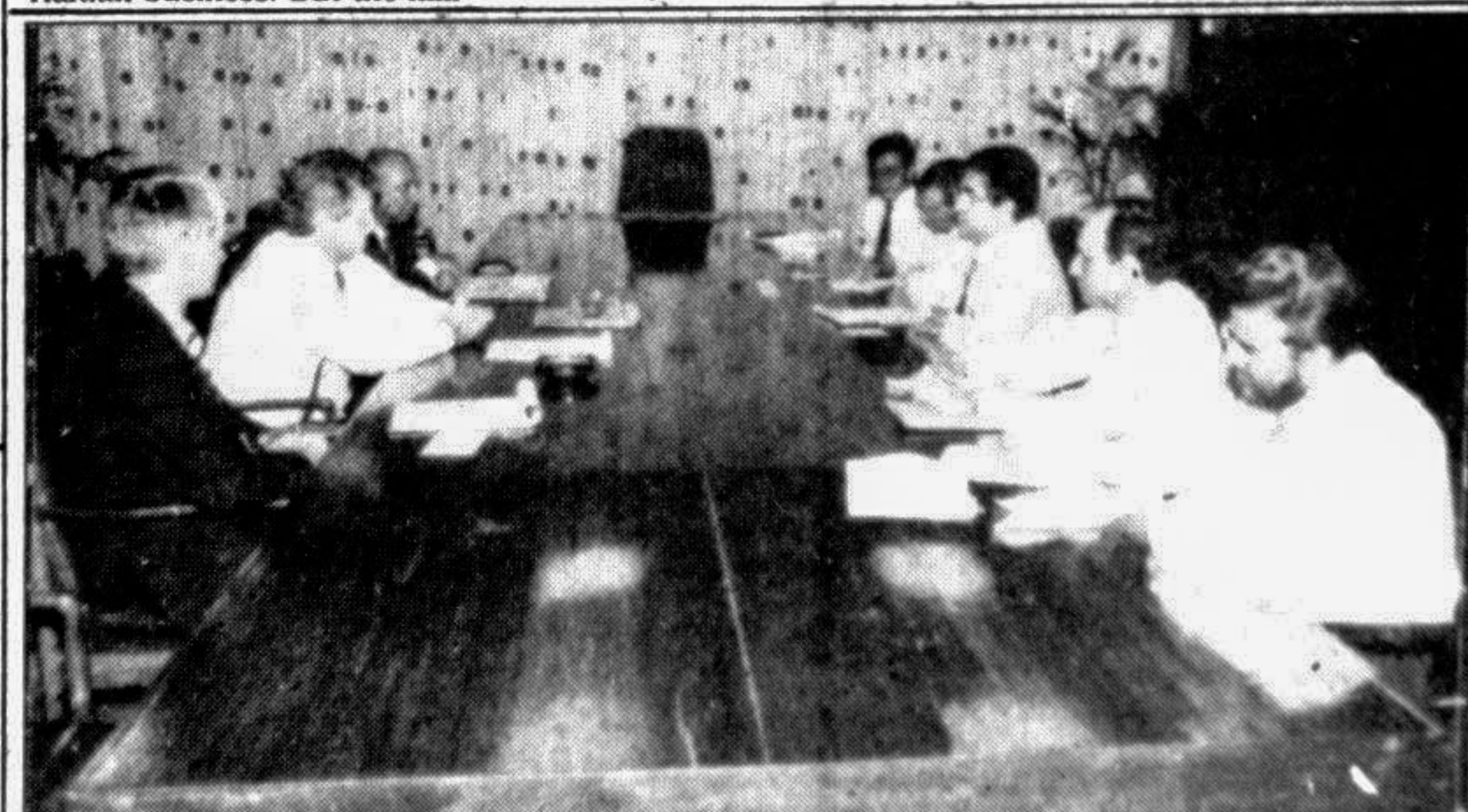
Kuwait to seek higher oil production quota

KUWAIT CITY, June 24: Kuwait will seek a higher oil production quota when the Organisation of Petroleum Exporting Countries (OPEC) reviews its production ceiling, Oil Minister Abdel Mohsen Midaj said Wednesday, reports AFP.

Midaj, quoted by official agency Kuna, said Kuwait wanted its quota to return to pre-August 1990 levels, before the invasion by Iraq.

Before the invasion, Kuwait's quota stood at 2.2 million barrels per day (BPD), compared to the current quota of two million BPD.

A higher quota would "give Kuwait back its rights," Midaj said, adding that its output capacity is 2.4 million BPD.



A meeting between Biman Bangladesh Airlines and KLM was held at the Biman Bhaban on Thursday to discuss KLM's proposal to operate twice-weekly flights into Bangladesh. AH Salahuddin, Director, Marketing & Sales (3rd R), led the Biman team while the KLM team was led by PHMM Swaving, Director, Foreign Relations & Co-operation (2nd L).