

ADB team meets  
Moyeen Khan

The visiting six-member team of the board of directors of Asian Development Bank (ADB) led by Executive Director, Peter McCawley, met with Minister of State for Planning Dr. Abdul Moyeen Khan at the conference room of the ministry in the city yesterday, reports BSS.

During the meeting, they held discussions on the priority of development budget, its financing and the likely inflow of net foreign aid in the coming years.

Issues regarding the success of the government in macro-economic stabilisation, domestic resources mobilisation, increasing emphasis on human development programmes and the on-going structural adjustment measures came up in the discussion.

The ADB directors wanted to know about the existing planning process of the country, and several issues and challenges facing the Bangladesh economy.

Audit objection  
reports on JB  
discussed

Standing Committee on Public Accounts at a meeting on Wednesday in the city discussed some audit objection reports on different foreign branches of Janata Bank, reports UNB.

The committee members called for taking legal action against the people or group of people responsible for financial irregularities in the foreign branches of the bank. They also called for immediate steps to realise the embezzled bank's money.

The meeting also took some decisions on the reports placed by the Comptroller General and directed the bank to take necessary steps in this regard.

Chairman of the committee L. K. Siddiqi presided over the meeting held at Sangsad Bhavan.

Money rates range  
from 1.25 to 6 pc

Money rates in the call money market during the week ending Wednesday ranged from 1.25 per cent to 6.00 per cent, a Bangladesh Bank press release said yesterday, reports BSS.

During the same week, interest rates offered by the banks on certificate of deposits varied from 3.50 per cent to 8.25 per cent. The bank rate, however, remained unchanged at 5.50 per cent.

Bribery scandal  
Tokyo court  
convicts two

TOKYO, July 21: A Tokyo court convicted Thursday two former executives involved in a major bid-rigging and bribery scandal that has rocked Japan's top construction companies, reports AP.

The Tokyo District Court sentenced Sukemasa Uera former chairman of Tobishima Corp. to a two-year suspended sentence. Uera's eldest son and Tobishima's former vice-president, Seichiro Uera, was given an 18-month suspended sentence.

The two were among 32 people arrested over the past year in a series of bribery scandals involving public works projects. Those arrested include two governors, two mayors and executives from eight major construction companies.

Uera and his son were found guilty of giving more than 10 million yen (102,000 dollars) to former prefectural Governor Fujio Takeuchi in January 1991 in exchange for favourable treatment in a dam project.

Takeuchi is being tried separately, court officials said. In Thursday's ruling, Tokyo District Court presiding Judge Kenjiro Tao said the bribing-giving by the two men was a "foul act" that stopped at nothing for the profit of the company.

But he said the court handed down suspended sentences to them because they had seriously reflected upon their crime.

On February 15, four local officials were convicted of accepting bribes from a construction company.

Bid-rigging has been common in consensus-oriented Japan, where personal contacts and group harmony are highly valued in business. Groups of suppliers or construction contractors frequently arrange bids to ensure that each member of the group obtains a share of contracts.

WB wants Dhaka to ensure private  
investment in power sector

World Bank has suggested that the government's monopoly of the power sector be broken up and private sector entry ensured to overcome deficiencies in the management and institutional capacity of PDB and DESA, reports UNB.

Weak management, strong unions, the shortage of trained manpower and the absence of competition have exacerbated institutional weaknesses. PDB is vertically integrated, making it difficult to identify areas of, and responsibilities for, poor performance clearly.

The overriding reform objective is for the power sector to operate on a commercial basis without government subsidies or at least with explicit and minimum subsidies and provide adequate and reliable power supply to its consumers at competitive prices, WB sources said.

This is likely to require breaking up the government's monopoly of the power sector and introducing competition, setting up a transparent regulatory framework to deal with investors and to protect consumers, and encouraging private sector entry by creating an environment that allows it to compete on an equal basis.

The WB suggested a firm political commitment to this reform, sufficient to allow fo-

cus implementation over a reasonably short time frame of 3-5 years.

It set three priorities for improving the power sector's performance over the medium term — restructuring the existing utilities, developing an appropriate regulatory framework to promote efficiency and competition and attracting private sector participation.

Country's installed generating capacity has tripled between 1980 and 1993, from 822 megawatt (MW) to 2608 MW, and power generation has grown at 11 per cent, compared to GDP growth of four per cent per annum.

But only about 12 per cent of households are now electrified and per capita generation, at about 80 kwh, is among the lowest in the world. Sri Lanka, India and Pakistan are in the range of 200-350 kwh and Thailand is about 800 kwh.

About 26 per cent of the installed generating capacity (nearly 700 MW) is out of service awaiting major maintenance or rehabilitation.

The annual load factor, at about 58 per cent, is low compared with good practice (60-65 per cent) and with neighbouring countries (India 62 per cent, Pakistan 64 per cent and Thailand 74 per cent).

Reliability of supply has also

been a growing problem. The effective reserve margin of only five per cent in the recent years (good industry practices is 15-20 per cent) has resulted in increased outages and forced users who cannot afford supply interruptions to rely on standby generators.

Bangladesh's investment requirements for the power sector over the remainder of the decade are estimated at about Tk 100 billion for getting better output from the sector.

The country is fortunate in having relatively low cost gas for power generation east of the Jamuna, provided government and Petrobangla can overcome the constraints on gas sector's development, according to World Bank.

But the sector's continuing poor performance prompted International Development Agency (IDA) and other donors to withdraw support from the sector in late 1990, eroding the possibility of foreign support of investment.

System loss has often exceeded 40 per cent of gross generation, and cash collections have been less than 80 per cent of current billing in recent years. One per cent system loss means loss of Tk 20 crore.

Bangladesh Power Development Board (BPDB) and Dhaka

Electric Supply Authority's (DESA) cash income has been less than half of the sales value of power generated.

While situation improved somewhat in 1993, and the collection to generation ratio increased to 58 per cent (36 per cent system losses and 89 per cent gross collections). Their revenues foregone, due to the failure to bill or collect, amounted to over Tk five billion (or staggering seven per cent of the FY93 realised ADP).

System losses in neighbouring countries (Thailand 15 per cent, Sri Lanka 17 per cent, Pakistan 24 per cent and India 28 per cent) are also significantly less than those of BPDB and DESA.

The ratio of consumers to employees for BPDB, at 41, is among the lowest in the world.

Comparable figures are 50 for Pakistan, 61 for Sri Lanka, 65 for India and 107 for Thailand. For DESA, which is responsible only for distribution, the ratio of consumers to employees is 85 as compared with 163 for the PBSS.

World Bank sources said that the availability of an adequate, reliable and reasonably priced source of electricity is a prerequisite for the country to achieve its target growth of 6-7 per cent per annum by the end of the decade.

British trade  
team to visit  
Dhaka in Nov

CHITTAGONG, July 21: A British trade team will visit Bangladesh in November next with a view to further improving trade relations between the two countries, reports BSS.

British High Commissioner in Bangladesh Peter J Fowler said this while exchanging views with members of the Chittagong Chamber of Commerce and Industries at the chamber office here yesterday afternoon.

Fowler said Bangladesh export to UK was 48 per cent while her import from UK was 38 per cent. Bangladesh though a small country had its share in export and import businesses, he added.

Fowler said Bangladesh had bright prospect for economic development but her progress was hampered by natural calamity and political movements. Bangladesh would have to overcome these problems to ensure her economic development, he said adding development of communications, infrastructural improvement and political stability were needed to achieve the goal.

Earlier, Chamber President S M Abul Kalam welcoming the high commissioner called for better cooperation between UK and Bangladesh for mutual benefit.

Jute season begins this month  
Most traders yet to  
start operation

The jute season began this month with the prospect of about 50 lakh bales harvest compared to 45 lakh bales last year.

Reports from major jute growing areas showed jute was selling at prices varying from Taka 200 to 250 per maund at the primary markets in the absence of adequate buyers.

Bangladesh Jute Association (BJA) sources told UNB on Wednesday that most of the traders could not yet start operation owing to absence of finance from the banks.

Agriculture Ministry and BJA estimated that jute was cultivated this year on more than 12 lakh acres, same as last year, when the harvest was 45 lakh bales.

"The crop was better this year and we expect at least 50 lakh bales," said vice-president of BJA Rezaul Karim.

The total availability of jute will be around 58 lakh bales. Keeping a provision of about 30 lakh bales for the jute and spinning mills and five lakh bales for domestic use, 23 lakh bales will be available for export this year.

About 12 lakh bales were exported till June 30 and the figure is likely to be 13 lakh bales by the end of July, BJA sources said.

Export to some traditional buyers including Egypt, Indonesia, Ivory Coast, Brazil, Turkey and Russia declined last fiscal year.

But export to India was more than double — 1.26 lakh bales during July-March compared to 66,000 bales in 1992-93.

BJA officials quoting International Jute Organisation (IJO) figures said Indian share of the world jute market increased to 17 per cent in 1990 compared to Bangladesh's share of 57 per cent.

Wondering at IJO figures, the officials said they are not aware of India exporting jute. "Our information is that production in India fell short of their requirement, and they are buying bulk of jute from us," said Rezaul Karim.

Informed sources said Indian traders take advantage of the weak marketing in Bangladesh. Traders from across the border procure bulk of jute from Bangladesh through legal and illegal channels.

About jute marketing in Bangladesh, BJA officials said the number of shippers was now reduced to 40-50 as may of them sustained continuous losses and in the process were eliminated from the trade.



Federal Reserve Chairman Alan Greenspan speaks with US Senator Lauch Faircloth (R) before testifying to the Senate Banking Committee on Capitol Hill in Washington on Wednesday. Greenspan warned Congress that interest rates may need to be increased to check inflation.

— AFP photo

Sony to close  
one factory  
in Japan

TOKYO, July 21: Sony Corporation, which has been suffering from weak sales and the high yen, said Thursday it will close one of its factories in Japan early next year to cut costs and increase efficiency, reports AP.

The Atsuta plant in Nagoya, Sony's first factory in Japan to close, has produced mainly printed circuit boards for video recorders and mixtape players.

The work will be shifted to Sony's Neagari plant in Ishikawa prefecture (state), about 160 kilometers (100 miles) north of Atsuta, said a Sony official, speaking on condition of anonymity.

The official said Neagari has better water supplies to wash circuit boards and more land for future expansion.

Sony said it is asking the Atsuta plant's 210 workers whether they want to be transferred to Neagari or stay in Nagoya and work at other Sony affiliates.

The Atsuta plant began operating about 20 years ago and its sales totaled roughly 10 billion yen (100 million dollars) last year. Annual sales of the Neagari plant, which has mainly produced optic parts for compact disc players, totalled about 2 billion yen (20 million dollars).

Corp. reported that group profits plunged 57.8 per cent to 15.30 billion yen (155 million dollars) in the fiscal year ended March 31. Group sales slipped 6.5 per cent to 3.73 trillion yen (37.8 billion dollars).

Japan has been in an economic recession for three years. Sony president Norio Ohga said in May that because of the high yen, we need to raise prices. But because we can't do that (and remain competitive), Japan's economy is declining. However, if we manufacture everything overseas, Japan's economy will decline further.

Prices of building  
materials up  
in Gazipur

GAZIPUR, July 21: Prices of building materials have shot up abnormally hampering the development work in six thanas of the district, reports UNB.

Prices of CI sheet, bricks, MS rod, cement and clumps have shot up in the district. Bricks are now being sold between Taka 2,400 and 2,600 per thousand as against Tk 1800. Cement is also being sold between Taka 225 and Taka 240 per bag as against Taka 180 only.

MS rod is being sold between Taka 25,000 and Taka 27,000 per ton as against Taka 15,000 only. Accordingly, price of CI sheet and clumps have also shot up.

Some businessmen said government has sanctioned huge amount of money for construction work in the thana areas.

Dhaka-Istanbul joint  
chamber set up

A joint chamber known as Dhaka-Istanbul Chamber of Commerce has been set up in Dhaka, says a press release.

Its headquarters is in Dhaka and Dhaka Chamber of Commerce and Industry (DCCI) will provide necessary secretarial services till a secretariat for the chamber is established.

The object of the joint chamber is to develop commercial, industrial, financial and tourist relationship between Bangladesh and Turkey.

A 10-member ad-hoc administrative committee has been formed to run the chamber till a permanent council is elected by the general assembly. A Rob Chowdhury is the president of the chamber while Sajjatur Jamma and Rashed Maksud Khan are the two vice presidents. A Y Md Kamal is

the treasurer of the chamber. On the occasion the Turkish ambassador in Bangladesh held a reception at his residence in Dhaka yesterday.

In a brief outline, Ambassador Kutlu Ozgunc spoke of the objective of the creation of the joint Chamber.

A Rob Chowdhury, President of DCCI, gave vote of thanks to the ambassador for arranging the reception. Among the guests attended the reception included industry secretary, commerce secretary, chamber leaders, former diplomats and leading journalists of the country.

The organisers of the reception sought cooperation of all quarters to fulfil the objective of the newly created joint chamber.

India doesn't consider privatisation  
to be answer for ills of public sector

NEW DELHI, July 21: The Indian government does not consider privatisation to be answer for the ills of its gigantic public sector, Commerce Minister Pranab Mukherjee said yesterday, reports AFP.

Mukherjee told a seminar here that while the government believed sweeping economic reforms began in 1991, it would not privatise all loss-making state-run public sector enterprises in the country.

"We cannot go for such simplistic approach," he said. "The public sector has its relevance in the context of the new economic policy," Mukherjee said, and added that privatisation alone will not be able to restore the health of unviable companies.

"The public sector will con-

tinue to play a crucial role," he said.

The government of Prime Minister P V Narasimha Rao has put public sector restructuring at the top of its agenda since launching its programme of economic liberalisation.

It first began offering equity in select firms to domestic and foreign institutions in a phased privatisation programme, while in April, the government said four loss-making public sector firms would be closed.

But the government, after coming under attack from trade unions and the opposition for slowly dismantling the public sector under the alleged orders of international aid agencies, appears to have decided to go slow on the move.

On July 14, hundreds of

thousands of Indian public sector workers struck in a massive anti-privatisation protest. The same day, Rao told a public rally here that he would pursue his economic reforms cautiously.

India's public sector includes more than 200 companies covering such vital businesses as railways, oil, telecommunications, steel, aviation, shipbuilding, bus transport and hotels.

Mukherjee said the government was worried about mounting unemployment. Union leaders say some 160,000 public sector employees have lost their jobs under the economic reforms.

Minister of State for Industry Krishna Sahi, who also spoke at the seminar, said

while New Delhi would not bail out the unprofitable companies, "We may try to arrange financial support as an interim measure."

"Public enterprises would be encouraged to become more competitive and professional and exercise greater managerial autonomy," Sahi said, adding that the public sector had played a pioneering role in India's industrialisation.

More than half of public sector companies are in the red and notorious for inefficiency and low productivity. Successive governments have in the past four decades poured more than 40 billion dollars into the sector.

But returns on investment in many companies has rarely exceeded two per cent.

Eximbank expanding market  
coverage in Bangladesh

WASHINGTON, July 21: The Export-Import Bank of the United States is expanding its financing programmes to give greater assistance to US exporters in markets in more than 40 countries including Bangladesh, the bank has announced, according to USIS.

In a July 20 release, Eximbank pointed out that its policy has been to restrict its export loans, guarantees and insurance coverage in markets where the risk of non-repayment is high. But the breakup of the Soviet Union and the expansion of trade elsewhere have created "promising avenues for US export growth" that justify expanding coverage in many of these markets, it said.

Beginning August 1, it said, medium-term loan, guarantee and insurance coverage, with a total term of seven years or less, will become available to support US exports in a num-

ber of markets where the bank now offers only short-term insurance coverage of less than one year.

Long-term coverage, with a total term of more than seven years, will become available to support US exports in a number of markets where only short- and medium-term programmes now are offered.

To offset the increased risk associated with this expansion, the bank is also raising its fees for longer-term coverage in riskier markets. According to Eximbank, this will place its risk-related fees in the middle of the range charged by the major foreign competitor export credit agencies in these markets. Since many export credit agencies offer no or only extremely limited coverage in these markets, Eximbank's fees will generally provide US exporters with highly competitive export finance support.

Eximbank Chairman

Kenneth Brody said the move "is fully consistent with the new National Export Promotion Strategy set forth by the Clinton administration, that recognises the growing importance of exports to American jobs and economic strength."

Following is a list of countries where Eximbank coverage is being expanded: Benin, Burkina, Faso, Cameroon, Central Afr. Republic, Chad, Comoros, Cote d'ivoire, Djibouti, Equatorial Guinea, Gambia, Ghana, Guinea, Mali, Niger, Sao Tome & Principe, Senegal, Uganda, Argentina, Bolivia, Costa Rica, Dominican Republic, Ecuador, Guyana, Honduras, Jamaica, Panama, Paraguay, Peru, Bangladesh, Bhutan, Marshall Is, Mongolia, Nepal, Belarus, Bulgaria, Estonia, Kazakhstan, Latvia, Lithuania, Poland, Romania, Slovakia, Turkmenistan and Uzbekistan.



Fariduddin Ahmed, Managing Director of National Credit and Commerce Bank Limited, inaugurating a two-day seminar on Manager and his job at the bank's Training and Research Institute in the city yesterday. Qazi Sarwar-E-Alam, Mohammed Ali, Executive Vice Presidents of the bank and Fazlul Quader Quaderi, Principal of the institute, are also seen in the picture.

Pakistan to  
privatise oil  
development co

ISLAMABAD, July 21: Pakistan's large Oil and Gas Development Corporation (OGDC) will offer nearly half of its shares to the public in a major privatisation move, officials said yesterday, reports AFP.

The government will sell 49 per cent of the shares of OGDC by June next year, Minister for Petroleum and Natural Resources Anwar Saifullah told reporters.

He said OGDC's productive fields would be converted into joint stock companies, with the government retaining 51 per cent of the shares.

The minister said 20 per cent of the shares would be offered to the public through the stock exchange, while 10 per cent would be reserved for the employees and the rest auctioned through open international bidding.

Japan may call off trade  
talks with US

TOKYO, July 21: Japan said on Wednesday it reserved the right to call off talks with the United States on public procurement if Washington moved toward sanctions as a last resort to prise open Japanese markets, reports Reuter.

"We reserve the right to call off talks under the economic framework pact (if unilateral measures are taken)," a government official said.

"We would have to take various factors into account, but it is possible that we would exercise that right," he added.

Last month, the United States gave Japan until July 31 to avoid sanction proceedings and open up public contracting in the fields of telecommunications and medical technology, areas targeted in the 1993 economic framework pact.

US officials said this week that not enough progress had been made in the dispute and some said no major strides

were likely before the July 31 deadline.

"We see no movement and we expect none," a well-placed Washington source said.

Financial markets, the US officials said, should brace for a rise in trans-Pacific tensions which in turn could drive the yen higher. The yen recently hit a post-world war two high against the dollar.

Japan believes its public procurement procedures are not discriminatory and are more transparent than required under the General Agreement on Tariffs and Trade, a Japanese foreign ministry official said.

"We took steps in our March external economic package to improve procedures and they are now more transparent than the GATT Cod (on public procurement)," he said. "If, despite that, the US says our procedures are discriminatory, I think it is not persuasive."