

Favourable investment climate prevails in country: Saifur

Finance Minister M Saifur Rahman said here yesterday that a congenial investment climate existed in Bangladesh with favourable factors of production, reports BSS.

Giving a lecture on trade policies at North South University, the Finance Minister described the scope for rapid growth in the export oriented industrial sector in the country as unlimited.

"Our export oriented industries like the garments, ceramic and leather sectors have been competing in the international market with sound footings," he said.

In an hour-long deliberations, the Finance Minister dwelt on different aspects of the economy and the trade policy and said that the present government had effected comprehensive economic reforms and evolved sound macro economic policies for sustainable growth.

The Finance Minister said that the reform policies had created confidence among the foreign entrepreneurs for investment in the country's private sector. The govern-

ment, he added, opened up most areas including the telecommunications, sector for foreign investment.

Referring to slow response from the investors, he, however, stressed carrying out reforms in the labour sector, and legal aspects. He underlined the importance of maintaining sustainable stability in the non economic areas like political, social and law and order factors.

Dwelling on different aspects of foreign investment, the Finance Minister, who is also the Chairman of Board of Governors of the IMF and the World Bank, suggested that the best way to drive in capital and technology in the country for rapid industrialisation was to allow the trans national corporations instead of bringing consultants as advised by the World Bank.

The Finance Minister said as a result of pragmatic measures taken by the government, the high inflationary trend in the economy had successfully been curbed, high inflation reduces purchasing ca-

pacity of the people, erode savings and affects the overall growth in any economy, he added.

He referred to the achievement of self sufficiency in foodgrains production through massive reforms in the agriculture sector. Now we shall have to pursue crop diversification programme in the agriculture sector particularly in cereals, oil seeds and pulses.

The said that the government had made the Bangladesh currency convertible creating confidence among other investors. The capital account costs will also be made convertible, he said.

Defending the withdrawal of protections for local industries, the finance minister said excessive protectionism in the past taxed heavily on the consumers.

He said that the government had eliminated licensing system and all kinds of restrictions to stop unnecessary taxation on the consumers and rent seeking activities in the name of protection to some local industries.

The Finance Minister said good governance with accountability and transparency was needed for development as well as industrialisation. He pleaded for further reforms in the machinery of the government, corporations and banking sector to ensure positive bureaucratic responses towards development aspirations.

About free market, he said it does not allow free style in the economy but to act within the parameters of free policies and not to deceive the people.

Replying to a question, the Finance Minister said Bangladesh consumer goods like leather, ceramics and garments could better compete in the Indian market provided the Indian authority reduces its tariff rates.

Earlier on arrival at the University campus, the Finance Minister was received by the President of North South University, Muslehuddin Ahmed and senior members of the faculties. Dr Salauddin Ahmed introduced the Finance Minister to the students.

SCB's Offshore Banking branch operates from Tuesday

Standard Chartered Bank's Trade Finance and Offshore Banking branch will go into operation from August 16 (Tuesday) in the Dhaka Export Processing Zone at Savar, reports UNB.

The offshore banking, first of its kind in the country, will facilitate the exporters, including the foreign direct investors in Bangladesh, on a priority basis.

To address the special requirements of the exporters and their trade-related problems is the other objective of the offshore bank branch. It will also lend credit to the manufacturers in the export processing zones.

Local banks, which deposit their surplus outside the country, now be able to deposit in the country, and the offshore bank will shoulder all the liabilities. The branch will maintain separate book of accounts in foreign currency.

Commerce Minister M Shamsul Islam will inaugurate the branch operations at the DEPZ. British High Commissioner to Bangladesh Peter J. Fowler CMG will attend the function as special guest.

Sources in banking circles said offshore banking by definition is tax-free, and this kind of banks are operating free of tax all over the world.

Standard Chartered Bank has already applied to Bangladesh Bank for tax-free operation of its offshore branch.

Sales of Daily Telegraph highest in UK

LONDON, Aug 13: Sales of the Daily Telegraph at their highest for more than two years, according to Audit Bureau of Circulation figures released Friday, the paper reported today, reports AFP.

The Telegraph sold 1,070,908 copies in July compared to 993,395 in May before its cover price was reduced from 48 pence to 30 pence (0.72 to 0.45 dollars), said the paper.

The Times, which lowered its price from 30 to 20 pence (0.3 dollars) following the Telegraph price cut, sold 599,358 in July compared to 517,575 in May.

Mid-market tabloids are also said to have been affected by the broadsheet circulation war which intensified in late June, with their circulation figures dipping slightly in July.

The Daily Mail dropped from 1,807,476 to 1,757,982 and the Daily Express slipped from 1,342,981 to 1,333,908.

According to the Telegraph's report, the effect of the Independent's July price cut from 50 (0.75 dollar) to 30 pence has not yet shown in the figures which placed the paper's sales at 257,812 last month.

The Sunday Telegraph was the only broadsheet Sunday newspaper to show a month-on-month rise, climbing to 666,622 in July from 646,537 in May — a 1.78 per cent rise.

S Korea approves \$ 20.47m purchases from DPRK

SEOUL, Aug 13: The South Korean government approved purchases from North Korea worth 20.47 million dollars last month when prospects for an inter-Korean summit were high, Yonhap news agency reported yesterday, says AFP.

The agency quoted government officials as saying that despite the death of North Korean leader Kim Il-Sung on July 8, the upbeat trading mood continued throughout the month, pushing the figure up from 17.6 million in July 1993, a rise of 16.3 per cent.

January-June two way trade figures stood at 92.69 million dollars, with the second quarter depressed because of sanctions against North Korea over its suspect nuclear programme.

Total approvals for the seven-month period through July 31 stood at 113 million, a 0.5 per cent increase over the same period in 1993, with the lion's share, or 102 million, taken up by South Korean firms' purchases from the North.

High on the list of South Korean imports were gold and zinc ingots, textiles agricultural and fisheries products.

The South sold textiles, chemicals, sugar and furniture, it said.

South Korea is listed as North Korea's fourth largest trading partner after China, Japan and Russia.



Dr Antonio Loche (R), Secretary-General, Italian Institute for Asia, met Latifur Rahman (C), President and Azimur Rahman (L), Vice-President of Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka yesterday.

India spends \$ 13.03b for debt servicing on accounts

NEW DELHI, Aug 13: India spent 95.52 billion rupees (13.03 billion US dollars) for debt servicing on government and non-government accounts during the fiscal year 1993-94 while it received foreign loans worth 108.954 billion rupees (3.459 billion dollars), reports Xinhua.

Minister of State for Finance M V Chandrashekhara Murthy also told the house today in a written reply that till June this year the country spent 22,873 billion rupees (726 million dollars) on debt servicing including repayment of principal and payment of interest.

During the first three months of this fiscal year (April 1, 1993 to March 31, 1994), India received foreign loans of 11,6567 billion rupees, equalling to 370 million dollars.

Chandrashekhara said that India's foreign exchange reserves had amounted to 21.67 billion dollars at the end of July this year. A larger part of the reserves is foreign loans.

During 1991-92 fiscal year

and 1992-93 fiscal year, the government respectively spent 66,5633 billion rupees (2.1 billion dollars) and 87,4979 billion rupees (2.77 billion dollars) for debt servicing.

The government received loans of 101.02 billion rupees (3.21 billion dollars) in 1992-93 fiscal year, the minister added.

New Delhi may attend Casablanca conference

A PTI report says: India will be invited to participate in a conference on the economic development in West Asia to be hosted by Morocco in Casablanca from October 30.

The invitation from the King of Morocco, King Hussein the Second, seeking Indian participation, will be formally extended when his special envoy arrives here on a four-day visit from August 15. The special envoy, Mehdi Zentar will have over the royal invitation when he calls on the Prime Minister P V Narasimha Rao here.

The three day conference is being held in the context of the on-going West Asia peace conference. India has been participating in the multi-lateral part of the West Asia peace process as one of the non-regional participants.

Besides calling on the Vice-President, K R Narayanan and Rao, the Moroccan Special Envoy will have a meeting with the Minister of State for External Affairs, R L Bhatia.

Indo-South African joint commission soon

Another report adds: India and South Africa will launch their first ever joint commission during the visit of the latter's Deputy Foreign Minister Aziz Farhad shortly.

The agreement for setting up the commission is expected to concretise the Indo-South African economic cooperation. A three member team of Indian officials which had recently visited South Africa for foreign office consultations discussed the draft of the agreement with their counterparts.

Single country trade fair concludes in Moscow

Dhaka receives \$8.4m export orders

By Staff Correspondent

Dhaka received orders of various items worth 8.4 million US dollars at the recently concluded three-day single country Bangladesh trade fair in Moscow.

Besides 656 trade inquiries, a number of contracts were signed during the fair held from July 20 to 23 last," said a high ranking source of the Bangladesh Export Promotion Bureau (EPB), which organised the fair.

A total of 33 export houses — 21 from Dhaka and 12 Moscow-based — Bangladesh

firms participated in the fair held at Soving Centre also known as World Trade Centre in Moscow.

There is much demand for Bangladeshi products, specially for garments. So, trade fair should be held regularly to secure the market of this region," an officer of the EPB who returned from the fair told The Daily Star. He suggested holding this type of trade fair in other big commercial cities. "Instead of an annual fair, a number of trade fairs could be held in a year"

he opined.

During the fair, a leather manufacturing company received spot orders for supply of leather goods worth 4 million US dollars.

They have signed an agreement for immediate shipment of 20 container load of sports and jogging shoes, 15 container leather shoes, 10 thousand pieces of ladies goods and 5 container winter boots.

Among the items displayed at the trade fair, readymade garments, leather jackets, specialised textile, melamine

products, toiletries, jute carpets and jute goods were main.

Bangladesh Melamine Industries Ltd, Apex Footwear Ltd, Knit Fashion Ltd, Doel Group of Industries, Bangladesh Jute Mills Corporation and Rony Textile Mills were the main firms which had participated in the trade.

Bangladesh earned 26.3 million US dollars from its exports to Russia in 1992-93 fiscal. The earning stood at 25.8 million dollars in first nine months of fiscal 93-94.

SMC's sale revenue rises

The total sales revenue of the Social Marketing Company (SMC) has increased by 37 per cent, says a press release.

This was revealed at the fifth Annual General Meeting of the company held at its office in the city recently.

The chairman of the Board of Directors of the Social Marketing Company Rashidul Hasan presided over the meeting.

It was attended by other directors M Mahbubuzzaman, Dr. Mohammad Alauddin, Dr. Mohammad Habibullah, Mizanur Rahman, Joya Pati, Taherunnessa Abdullah and Managing Director Waliur Rahman. David L Piet, Director of population and health, USAID in Dhaka, and Daniel M Lissance, Acting Country Representative of Population Services International were also present.

The annual performance of SMC during 1993 was reviewed in the meeting. The board noted with satisfaction that SMC sold 138 million pieces of condoms, 10 million cycles of oral contraceptives and 25 million cycles of oral contraceptives and 25 million sachets of ORS during the year thus contributing significantly to the national family planning and MCH programme.

It may be mentioned that SMC is currently pursuing a strategy to be self sustaining by 1998.

C M Murshed, former ambassador, has been elected the new Chairman and Dr. Halida H. Akhter a Director of the SMC Board.

Romania produces enough grain

BUCHAREST, Aug 13: For the first time since the overthrow of Communist rule almost five years ago, Romania has produced enough grain for its internal needs, the government said Friday, reports AP.

Agriculture Minister Ioan Oancea was quoted by the official Rompres news agency as saying there may even be some left over to export from a bumper grain harvest of 20 million tons.

In the early part of this century Romania was known a major European grain producer, but mismanagement and collectivization of the land during the more than 40 years of communism brought a slide in production.



Rashidul Hasan, Chairman of the Board of Directors of Social Marketing Company (SMC) presided over the 5th Annual General Meeting of the company at its office in the city recently.

US dollar falls modestly in NY

NEW YORK, Aug 13: The American dollar fell modestly against other key currencies on Friday as most US dealers shrugged off an early plunge in European trading and focused instead on rallies in American bond and stock prices, reports AP.

For a second day, European investors fled to the perceived safety of the German mark in the wake of Thursday's interest rate hikes in Italy and Sweden, which fueled expectations for higher rates across the continent.

Gold prices declined on US markets after rising overseas. On New York's Commodity Exchange, gold for current delivery fell 2.50 to 376.20 dollars per troy ounce. Republic National Bank quoted gold at 37.70 dollars off 2.20 dollars, at 4 am EDT (2000 GMT).

A strong recovery in the Treasury bond market on positive inflation data helped offset the dollar's weakness in Europe, where the US currency dropped sharply against the mark and fell at one point below 10 Japanese yen.

"The dollar looked precarious this morning," said Steve Jury, chief dealer in New York for Union Bank of Switzerland. "But we recovered in tandem with the bond market after the CPI data. If it wasn't for the bond market, the dollar would have come off quite a bit."

The Labour Department reported a modest 0.3 per cent increase in the US consumer

price index last month. Inflation-wary bond investors reacted by bidding the price of the 30-year Treasury about 7.50 dollars higher per 1,000 dollars face value.

In late New York trading, the dollar was quoted at 1.5515 marks, down from 1.5608 late Thursday. In London, the dollar fell to 1.5555 marks from 1.5750.

The dollar also was changing hands in New York at 100.15 yen; down from 100.23. In London, the dollar finished at 100.15 yen, down from 100.80, after falling as low as 99.48.

New York dealers adjusted their positions in anticipation of an increase in short-term US interest rates after Federal Reserve policymakers meet

GQ Ball Pen declares 40 pc dividend

GQ Ball Pen Industries Ltd, the manufacturers of Econo Ball Pen, has declared a 40 per cent dividend for the year 1993, reports UNB.

The company has also declared to issue 50 per cent right share at a premium of Tk 90 and 50 per cent bonus share to the shareholders.

Share register of the company, however, will remain closed from September 6 to 15, says a press release.

next Tuesday.

The central bank is widely expected to raise its target for the federal funds rate — the interest banks charge each other on overnight loans — one quarter to one-half percentage point in a pre-emptive strike against inflation.

A positive reception in the bond market to the expected rate hike would support the dollar, since demand for the currency rises when US securities perform well.

A hike would also benefit the dollar by narrowing the gap between American rates and currently higher European rates, a disparity that tends to draw short-term investment funds away from the United States.

Fears that Europe's economic recovery will mean rising rates throughout the continent was behind the mark's surge on Thursday and Friday, which analysts said was an overreaction to the unexpected Swedish and Italian hikes.

"The market was caught totally by surprise, there was tremendous demand for marks," said Union Bank of Switzerland's Jury. It put a lot of pressure on the system and the dollar was one of the victims.

"If the Fed doesn't act on Tuesday, the dollar could fall. But the market is convinced we will see something," he said.

Italian PM seems perfectly in line to control economy

ROME, Aug 13: Prime Minister Silvio Berlusconi faced a crisis of confidence in his government today after edgy investors took flight at squabbling within the fraying coalition and dumped lira assets, reports Reuters.

In a last ditch attempt to shoe up a currency which has been battered by weeks of political fighting, The Bank of Italy raised its key discount rate late on Thursday to 7.5 per cent from seven per cent.

The move increased pressure on Berlusconi to show he is in charge of a strong unified coalition that is capable of taking tough decisions to control the economy.

Financial markets read the rate rise as a sign of panic and drove the lira down to historic lows against the German mark a further slap in the face for Berlusconi, whose political ascent seemed unstoppable just a month ago.

By the close of trading in Europe, the currency stood at 1,016.50 to the mark a loss of 10 lire on the day.

The lira is a staggering 35 per cent down in value since the last big crisis of confidence in Italy which led to the currency's stunning devaluation in September 1992.

Government ministers said the latest crisis highlighted an urgent need for Berlusconi to

unit his coalition, which has been undermined by squabbling since it was installed in May after a strong election victory in March.

We will not be able to confront the future without a coherence within the Parliamentary majority, said Labour Minister Clemente Mastella.

Pierferdinando Casini, leader of the small Christian Democratic Centre (CCD) which is part of Berlusconi's coalition, called on the government to prove its worth.

"The increase in the discount rate is an alarm bell which shows how late we are

Japan's trade surplus grows

TOKYO, Aug 13: Japan's trade surplus grew four per cent from a year earlier to 12.3 billion dollars in July, down from 11.4 billion dollars in June, the finance ministry said yesterday, reports AFP.

The ministry said exports rose 6.9 per cent to 34.4 billion dollars as imports leapt 8.5 per cent to 22.1 billion dollars.

Japan's trade surplus with Asia was 6.3 billion dollars. Exports to the region jumped 12.1 per cent to 13.9 billion dollars and imports were up 10.8 per cent at 7.6 billion dollars.

in the economic field," Casini told reporters. "It is now time for the executive to do its bit."

Casini had earlier raised pressure on Berlusconi by indicating the CCD could pull out of the Conservative government which he said was behaving irresponsibly.

The rate rise was a major blow for media tycoon Berlusconi, who stormed to power only two months after entering politics.

A string of political defeats in the past month have taken the bloom off early successes.

He was first foiled in a bid to limit magistrates' powers of pre-trial custody. Embarrassment over a graft probe into his Fininvest Media holding company swiftly followed and his younger brother and business partner Paolo remains under house arrest on suspicion of paying bribes.

As his woes piled up, so did dissent within his coalition including constant sniping from the federalist northern league, the largest and most troublesome government partner.

In an interview published on Friday in the Paris-based international Herald Tribune newspaper, Berlusconi acknowledged that Fininvest executives had paid "ridiculously small" bribes to government tax officials.