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Rhone-Poulenc awarded Japan Export Prize, '94

By Staff Correspondent

Rhone-Poulenc, the French pharmaceutical company, was recently awarded the 'Japan Export Prize' for 1994, according to a statement released by Rhone-Poulenc Bangladesh Ltd on Thursday.

On October 20, Rhone-Poulenc received the award from Japan's International Trade and Industry Minister in Tokyo. The president of JETRO and the French Ambassador in Tokyo were also present during the award giving ceremony.

The Japan Export Prize is awarded every year by MITI to the best performing Japanese export companies, and exceptionally to foreign companies, for their potentialities in managing business in the Japanese market.

Rhone-Poulenc is the first French company to win such an award and it is a tribute to 25 years of continuous growth in sales of the company's products in Japan.

The statement said that the rapid development of its activities throughout Asia is a priority objective of Rhone-Poulenc, and strengthening of its presence on the particularly competitive and innovative Japanese market is a key factor in pursuing this objective.

Meanwhile, the French multinational announced operational results for the first six months of 1994 showing marked improvement.

The group's sales and operating income before restructuring provisions and non-recurring items rose by 5.9 per cent and 14.6 per cent respectively compared to the previous year.

Consolidated net sales for the first six months of 1994 amounted to French franc 42.38 billion compared with 40 billion French franc during the corresponding period of 1993.

For the full year of 1994, the group anticipates an increase in net income due to continued improvement in operating activities, especially in the sectors sensitive to recession including health. In addition, the restructuring of the group's activities should generate significant capital gains this year, the statement added.

Exporters, officials suggest

Country's leather subsector can be made strong export performer

The country can convert the leather subsector into a strong export performer with considerable efforts towards improving handling procedures, exporters and officials said, reports UNB.

There are over 200 tanneries altogether, 168 of which are registered with the Ministry of Industries. Only 75 of them are operational and the rest are debt ridden and closed. Out of 75 tanneries, 50 are engaged in domestic supply.

Multiple problems grip firms in leather sector and some of them are unable to serve properly due to debt burdens, according to Bangladesh Finished Leather and Leather Goods Exporters Association.

To the entrepreneurs, the domestic market for leather, footwear and other leather products is still more important than exports.

Officials at Export Promotion Bureau said Bangladesh exported finished leather worth Tk 6701.60 million and leather goods worth Tk 6726.80 million in fiscal 1993-94. The export target has been fixed at Tk 8400 million for finished leather and at Tk 7000 million for leather goods in fiscal 1994-95.

Finished leather worth 29.33 million dollar and leather goods worth 2.66 million dollar were exported in the first two months (July-August) of the current fiscal year (1994-95).

Bangladesh produces between two and three per cent of the world's leather. Most of the livestock base for this production is domestic, which the Food and Agricultural Organisation (FAO) estimates as comprising 1.8 per cent of the world's cattle stock and 3.7 per cent of the goat stock.

The hides and skins have a good international reputation, but considerable value is lost through poor handling and transport practices, exporters said.

According to a World Bank study, the surveyed entrepreneurs in leather sector identified the high cost of capital as a leading cause of unprofitability. As many as 60 per cent of the existing tanneries and other leather enterprises may be in considerable financial stress and many need to close.

While special bonded warehouses (SBW) are used for import facilitation in leather exports, entrepreneurs identified one of its "unintended effects", which constrains greater export of leather goods and therefore greater value added.

SBW is restricted to 100 per cent exporters and to use this facility, the largest and most technologically qualified tanneries have abandoned the domestic market for finished leather where transaction costs are higher than for export.

Together with the high tariff on finished leather imports, this lack of high quality finished leather has deprived domestic leather goods makers of a reliable and price-competitive source of supply, accounting for low level of leather goods export.

The World Bank survey revealed that domestic leather goods makers pay more for low quality finished leather in Bangladesh than their foreign competitors to import higher quality finished leather.

Raw material supply constraints also affect the tanneries due to the high tariffs on hides and skins and on wet-blue. The association says, this is the main cause of grossly unutilised tanning capacity. Tanning capacity of the existing tanneries is 230 million square feet leather against available leather of 160 million square feet.

The "prohibitive" tariff yields almost no revenue for the government. The high tariffs also support the rents earned from smuggling cattle and hides, and the higher prices obtained for domestic hides and skins.

Export facilitation through the duty drawback scheme is reported to be abused by exporters, who may be shipping crust leather as finished leather in order to earn the higher flat rate rebate on the latter.

These flat rates, amounting to 18-20 per cent f.o.b value, apply regardless of quality or price of the chemicals used and of the resulting leather.

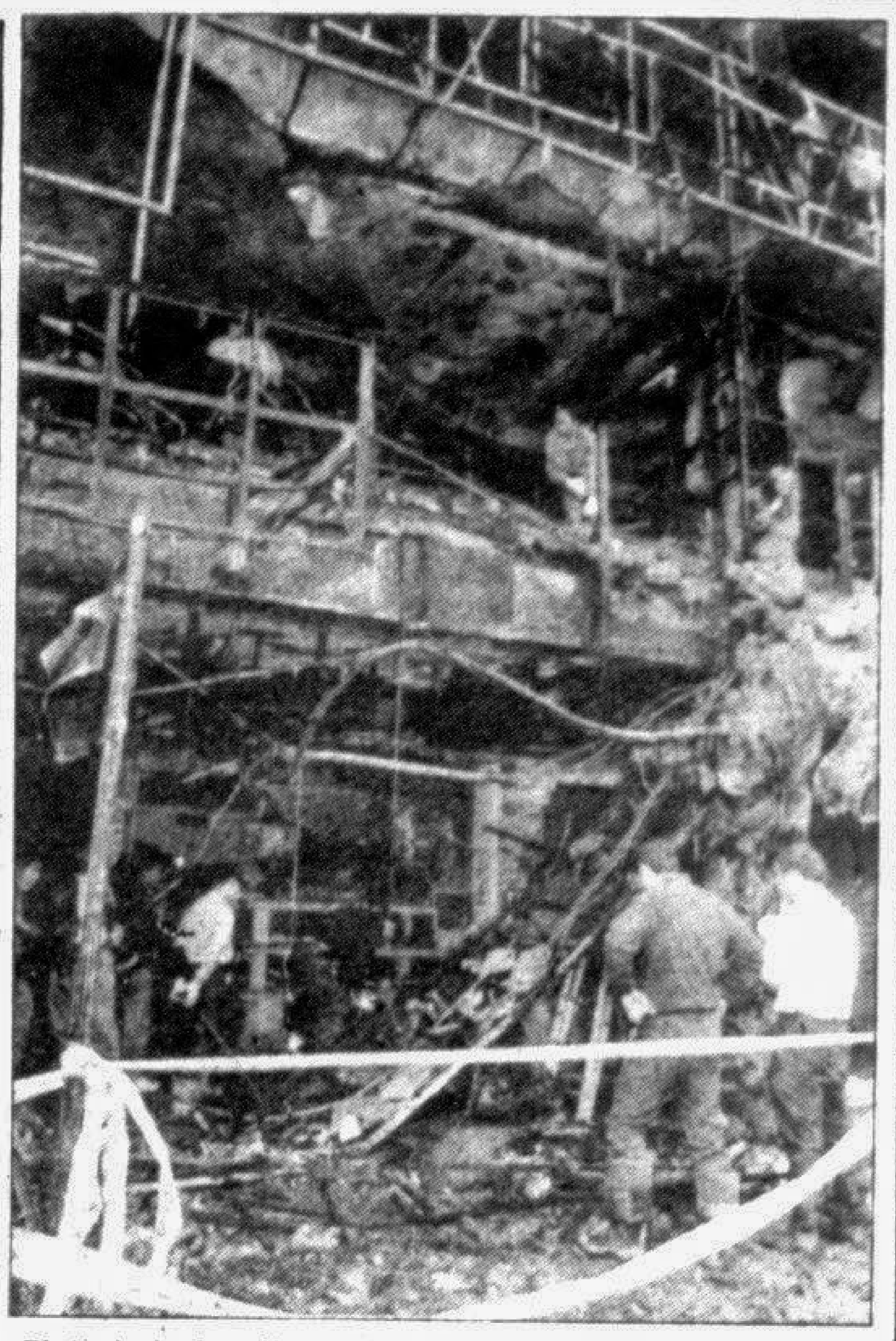
These values have not been adjusted in three years despite inflation, other price changes and significant tariff reduction. The entrepreneurs felt that the recent Indian and Pakistani devaluations had enabled those countries' leather industries to undersell Bangladeshi leather by about 20 per cent.

Many tanneries use inefficient and often environmentally poor technology. Entrepreneurs also pointed out the lack of well trained workers and technicians, mainly due to political unrest in Dhaka University and its impact on its Leather Institute, and the moth-balling of the Leather Finishing Centre shortly after it was built in 1987.

Frequent power failures and voltage surges are a serious problem for the firms as is the cost of power. The government's order to eliminate peak rates for three shift factories exporting most of their output is not being implemented. Transport and communications facilities are cited as secondary impediments.

On foreign direct investment and marketing, the entrepreneurs say, Bangladesh is not able to attract investors who could assist their industry through the production of tanning chemicals and additional production of footwear for export.

They are less worried about the absence of foreign buyers in the Bangladesh market, expecting that such buyers will appear as soon as the country produces competitive leather goods to offer them.



Plainclothed police investigate the gutted four-storey Superstar Diamond Karaoke Bar in Taipei Wednesday as they try to determine the cause of the blaze which killed 13 people and seriously injured one late Tuesday night. — AFP photo

FTC to seek court order to stop sale of American Tobacco Co

WASHINGTON, Oct 28: The US Federal Trade Commission said yesterday it would seek a temporary federal court order to bar the British firm BAT Industries PLC from acquiring American Tobacco Co from American Brands Inc, reports Reuter.

It said the planned one billion US dollars acquisition could substantially reduce competition in the US market, resulting in higher cigarette prices.

American Brands announced the planned sale last April.

The FTC said it would ask the court to stop the sale until the conclusion of an administrative trial and any appeals.

BAT, British Firm, owns Brown and Williamson Tobacco Co., based in Louisville, Kentucky, the maker of Kool cigarettes and other brands, and Stamford, Connecticut-based American tobacco's brands include Carlton, Pall Mall and Lucky Strike.

American's announced sale of its tobacco interests comes as anti-smoking sentiment is growing in the US and new laws restricting smoking are being passed. Cigarette sales volumes are falling.

Tobacco sales generated the majority of the company's sales and profits last year.

Other conglomerates are also weighing the sale of their tobacco interests or moving them into separate corporate units.

The FTC said its staff would argue in court that the US cigarette market is highly concentrated and largely shielded from new entrants and a takeover would remove one of six major cigarette makers from the small market.

It said it would also argue that an acquisition would spur anti-competitive pricing because American has not followed price increases by others in the industry, and the takeover would remove an aggressive competitor from the US market.

Deregulated price shops in Cuba from December

HAVANA, Oct 28: Shops selling consumer goods at deregulated prices will open in Cuba from December 1, following a government decree on Wednesday announcing the liberalisation of trade in manufactured goods and crafts, reports Reuter.

Interior Trade Minister Maunel Vila Sosa was quoted by the ruling communist party newspaper Granma yesterday as giving the date, along with details of how authorities intend to prepare the ground for the new system.

Under the decree, Cuba's latest move to lift the state monopoly on domestic trade, sale of surplus products made by stats industrial firm and goods made by licensed individual craftsmen will be at prices set by the market, rather than fixed by the state.

Sales will be through the new retail shops, the holding of fairs and what the decree called "other options to promote sales of goods in public places."

Peru's growth rate highest in Latin America: Fujimori

NEW YORK, Oct 28: Peru's economic growth rate "places us among the top five economies worldwide," President Alberto Fujimori said Thursday at a conference on business in Latin America, reports AP.

"For the second consecutive year Peru's growth rate is the highest on the continent, and this year will be about 10 per cent Fujimori said.

"You understand what this means," Fujimori remarked, pointing out that his country had been racked for years by inflation, guerilla warfare and economic decay.

The Peruvian president was the keynote speaker Thursday at a two-day meeting hosted by the Wall Street Journal, attended by about 300 business leaders.

"Virtually all of Latin America is rich with opportunity for investment in almost any industry," an American telephone company executive told the meeting.

"The region as a whole has a combined economy of 6.5 trillion dollars and a population of 480 million," Roger Dorf, president of AT and T Network Systems-Caribbean-Latin America, told an audience representing countries from Canada to Argentina.

"Government privatization of many former state-owned industries, from telecommunications and transportation to energy and airlines has opened these industries to investors," Dorf said.

He noted that about 11 billion dollars in foreign investments has poured into Chile since 1986.

Carlos E Sanchez, Argentina's secretary of commerce, said his nation was becoming "thoroughly integrated in the global economy" through widescale economic reforms.

He estimated that through the year 2000, the country's potential demand for investment in railroads, subways, natural gas, electric power, telecommunications, ports and highways will total 35 billion dollars."

Judge predicts rise in economic crimes in China

BEIJING, Oct 28: China's senior most judge warned Friday that the number of economic crimes will surge in the coming years and urged all courts nationwide to boost efforts in dealing with such cases, reports AFP.

Addressing a national conference on economic cases, Supreme People's Court President Ren Jiaxin said "judicial guarantees" were essential to the implementation of China's reform programme and new economic laws.

As the country moves ahead with the construction of its "socialist market economy," the incidence of economic crimes is bound to accelerate, the Xinhua news agency quoted Ren as saying.

Food Minister Mir Shawkat Ali presiding over the meeting of inter-ministerial food planning and monitoring committee held at the conference room of Food Ministry on Thursday. State Minister for Disaster Management and Relief Harun-Al-Rashid was also present in the meeting. — PID photo

US do's, don'ts to sell food overseas

WASHINGTON, Oct 28: Exporters planning to sell food overseas need to know who's buying what, reports AP.

The Foreign Agricultural Service, a division of the USDA, offers some advice for the would-be food exporter in a recent issue of AgExporter magazine. It recommends that American producers travel to the countries involved to do market research and learn about the market and culture in which the products are to be sold.

Potential exporters should participate in trade shows to gather information on competitors, test-market food products, and meet qualified agents and distributors, the magazine says.

Nutritious and wholesome foods, as well as ready-to-serve and single-serving foods, are in demand. Product labels must meet import requirements in each country, and certification often is required to get certain products across the border.

Beyond these general suggestions, the Foreign Agricultural Service also offers marketing tips for consumer food exports to certain countries.

Spicy Tex-Mex foods sell well in the Netherlands, for example, Belgians prefer natural ingredients and France has the most rigorous packaging and labeling regulations in the European Union.

Other dos and don'ts:

— CANADA: This is a great starting place for first-time exporters, but it's not exactly the same as the United States so don't forget bilingual (French and English) labels and metric packaging.

— DENMARK: As Danish eating habits change from traditional high-fat to health-conscious, demand has risen for low-fat foods such as pasta noodles and turkey or chicken.

— ITALY: Cultural differences require that American foods be explained to consumers. Exporters shouldn't assume that a photograph showing how the product is used in the United States is sufficient explanation.

—JAPAN: For this potentially rewarding market with demanding standards, be prepared to repackage and reformulate your product until it meets consumers' demands.

— MALAYSIA: Don't make the costly mistake of overlooking this countryis mostly Muslim consumer base, which creates the need for special packaging and labeling. Also, reliable distribution is an important key to sales in this market.

— MEXICO: Unsolicited information is viewed as junk mail, so don't expect to do business by telephone or fax without meeting buyers first.

— POLAND: While this country offers great potential for many types of American food and agricultural products, US origins should always be clearly marked and products should comply with a number of import regulations, including Polish language labeling.

— SPAIN: The second-highest consumer of fish and shellfish in the world, this country also has a steadily increasing pet food market, reflecting its rising national income.

— SWITZERLAND: A pair of supermarket chains dominate the market, so that successful imports must offer something that they do not. Also, remember that many of the world's finest cooking schools are in this small country, so specialty and gourmet products face a particularly competitive market.

Keating says

Australia to benefit from free trade within APEC

BRISBANE, Australia, Oct 28: Free trade within the Asia Pacific Economic Cooperation forum would earn Australia billions of dollars Prime Minister Paul Keating says, reports AFP.

When APEC leaders meet in Bogor, Indonesia, next month, Australia wants a commitment to regional free trade by a realistic date, Keating said.

He described the APEC summit, due to start November 15, as the most important meeting in South East Asia since the 1955 Bandung conference which established the Non-Aligned movement.

"I am not worried about the end date we set, so long as it is not too distant," Keating told the Asia Australia Institute Wednesday in Brisbane.

He said free trade within APEC "would bring Australia benefits several times those of the Uruguay Round" of the General Agreement on Tariffs and Trade (GATT), which led to a world trade liberalisation deal signed in December 1993.

The GATT deal was estimated to be worth two billion Australian dollars (1.5 billion US) a year to Australia by 2000.

China seeking $6b in loans for telecom

BEIJING, Oct 28: China is seeking six billion dollars in foreign loans through 2000 to develop telecommunications, an official report said Friday, reports AP.

The development is planned for the coastal areas, provinces along the Yangtze River and border areas, an official of the Ministry of Posts and Telecommunications was quoted as saying by the official Xinhua News Agency.

China has borrowed more than five billion dollars in foreign loans for telecommunications since 1983, the report said.

According to Xinhua, China has established more than 40 joint ventures in programme-controlled telephone exchanges production, optical telecommunications, and mobile and digital microwave communications equipment with dire 300 million invested from the United States, Britain, Germany, France, Japan and South Korea.

Dhaka, Nairobi discuss measures to bolster economic relations

The State Minister for Textiles, M A Mannan, on Thursday discussed with the Kenyan President, Daniel T Arap Moi, ways of increasing economic cooperation between Bangladesh and Kenya, reports BSS.

Mannan, who is in the Kenyan capital of Nairobi, leading a six-member Bangladesh delegation, paid a courtesy call on the Kenyan President and discussed possibilities of investments and strengthening bilateral ties, particularly in the fields of trade, culture, commerce and industry.

He explained economic progress made by Bangladesh under the leadership of Prime Minister Begum Khaleda Zia.

The Kenyan leader emphasised the need for more such exchange of visits between the two friendly countries.

President Arap Moi also expressed admiration over the recent achievements of Bangladesh in the economic field.

Mannan handed over a letter from the Bangladesh Prime Minister to the Kenyan President to visit Bangladesh, which he warmly accepted and assured the Textiles Minister that he would visit Bangladesh on the first opportunity.

According to a message received from Nairobi the delegation led by Mannan includes representatives from both the public and the private sectors.

The Bangladesh Textiles Minister met the Kenyan Minister for Foreign Affairs and International Cooperation, S K Musyoka and discussed bilateral cooperation.

Mannan said that it was time to reactivate the Bangladesh-Kenya Joint Economic Commission to rejuvenate the existing economic and trade relations between the two countries.

He proposed for convening the first meeting of the joint commission in Dhaka to give a fresh boost to the bilateral economic cooperation.

The Kenyan Foreign Minister described the visit by the Bangladesh minister's delegation as timely as it took place when the Kenyan economy was undergoing structural adjustments and was adapting the principle of free economy.

He also explained that due to financial constraint Kenya had not been able to open any new missions abroad and assured the Bangladesh minister that the opening of a mission in Dhaka was on the top of the list of his ministry.

The Bangladesh minister said that a Kenyan resident mission in Dhaka would facilitate broader cooperation between the two friendly countries. Musyoka apprised him of the special interest of the Kenyan President to open a Kenyan mission in Dhaka.

The Kenyan Foreign Minister accepted an invitation extended by Mannan on behalf of the Bangladesh Foreign Minister, A S M Mostafizur Rahman, to visit Bangladesh.

Mannan and his delegation attended a luncheon, hosted by the Kenyan Assistant Minister for Commerce and Industry, S K Osogo.

Later during a meeting with the Executive Chairman, Kenyan Investment Promotion Centre (IPC), M Kungoro, the two sides agreed that there existed "ample scope" for investment in each other's economy and for joint ventures.

Kungoro indicated that Kenya could act as a gateway for entry into the common market for East and Southern African countries with 300 million consumers.

Slow economic growth predicted in China

KUALA LUMPUR, Oct 28: China will experience slower growth over the next two years as it grapples with rising inflation, but it will still lead booming East Asia, a Malaysian government economic report said today, reports AFP.

East Asia's economies could grow by an average of eight per cent next year, led by an 8.0 per cent expansion in the Chinese economy, four per cent in Hong Kong, 6.9 per cent in South Korea and 6.4 per cent in Taiwan.

The six-member Association of South East Asian Nations(ASEAN) led this year by Singapore, would remain the world's fastest growing region, said the treasury report presented ahead of the 1995 budget in parliament.

This year, the ASEAN economies are expected to achieve a higher average weighted real growth in Gross Domestic Product (GDP) of 7.4 per cent compared with the 6.9 per cent expansion in 1993.

"Singapore's economy this year is expected to enjoy the region's highest growth rate of 10 per cent, followed by Malaysia's 8.5 per cent," senior Finance Ministry official said.

In East Asia, despite China's efforts to curb unsustainable growth, a strong growth rate of 10.5 per cent was projected for its economy in 1994 from 13.4 per cent last year, the report said.

In contrast, the economies of Hong Kong, South Korea and Taiwan were projected to grow at 5.0 per cent, 7.2 per cent, and 5.9 per cent respectively this year, the report said.

Economists, however, warned that inflation could dampen East Asia's economic expansion.

Nizam's jewels get $ 58m price tag

NEW DELHI, Oct 28: India's Supreme Court has ended a two-decade dispute over a jewellery collection from the former princely state of Hyderabad by offering it to the government for 1.8 billion rupees (58 million dollars), reports Reuter.

The court ruled late on Thursday that New Delhi would be given until the end of the year to buy all or part of the 173-piece collection which includes the fabled Jacob diamond bought in 1906 by Hyderabad's former ruler, the Nizam.

The court said if the government did not buy the jewels by then the Nizam's trust would be allowed to auction the collection to bidders from around the world.

The battle over the collection, which also includes pearls and antiques, began 22 years ago when the Nizam's heirs asked the government to buy the collection so it would not be removed from India.