

**Shrimp culture situation reviewed**

The fifth meeting of the cabinet sub-committee on shrimp management and export was held on Tuesday at the conference room of the Ministry of Industries, reports BSS.

Industries Minister A M Zahiruddin Khan presided over the meeting, an official hand-out said.

The State Minister for Land Md Kabir Hossain and State Minister for Finance Mojibar Rahman also attended the meeting.

The meeting reviewed overall situation of shrimp culture and semi-intensive shrimp culture in the country.

The meeting expressed satisfaction at the overall shrimp cultivation and the meeting took some important decision to accelerate the shrimp cultivation by semi-intensive process.

**Tk 68cr Norwegian grant for Grameen Bank**

Bangladesh and Norway yesterday signed an agreement of grant of 120 million Norwegian kroner equivalent to approximately taka 68 crore in the economic relations division (ERD) of the Ministry of Finance, reports BSS.

The entire grant money will be provided to the Grameen Bank by the government of Bangladesh as financial support to the project titled "Grameen Bank, Phase-IV," an official press release said.

The government of Bangladesh has been supporting the Grameen Bank's efforts to raise income and the standard of living of the most disadvantaged sections of the rural community through providing access to collateral free credit for the landless people.

The government has so far arranged approximately Tk 714 crore from different development partners to implement the programmes of the Grameen Bank in addition to the government's loan assistance to Grameen Bank from its own resources which is approximately Tk 435 crore to date since its inception.

A K M Rezaur Rahman, Joint Secretary, Economic Relations Division, Ministry of Finance and Berit Fladby, acting head of the mission, Royal Norwegian Embassy, Dhaka signed the agreement on behalf of their respective governments.

In recent years, Asia has become the centre of the world's economic growth. New business opportunities are emerging in East Asia, in areas such as NIES (Newly Industrialising Economies), ASEAN and China, with opportunities for further expansion found in the less developed areas such as Vietnam and India. There is a need to examine Asia very closely in order to achieve future business success.

The Asian market has grown remarkably in the past few decades. Today the size of the NIES market is 642 billion dollars; the ASEAN market is 342 billion dollars; and the Chinese market is 436 billion dollars. If you combine these markets with the Japanese market, in total the Asian market would equal 5.1 trillion dollars, which is equivalent to 74% per cent of the European market and 84 per cent of the US market. Furthermore according to the World Bank, the actual size of China's market is thought to be much bigger than statistics show, due to the under evaluation of Chinese currency. With this in mind, it is fair to assume that the size of the Asian market may be comparable to that of the European market. Moreover, it is still growing at a rapid annual pace of 7 per cent this year which is well over the US economic growth rate of 4 per cent, and the EC economic growth rate of 1.9 per cent. Asia has become the most dynamic economic growth centre in the world.

Asia's economic development began with the recovery and reconstruction of the Japanese economy after World War II. Subsequently the Asian NIES (Taiwan, Korea, Hong Kong and Singapore) expanded throughout the 70's and the ASEAN countries (Thailand, Malaysia, Indonesia, the Philippines, Singapore and Brunei) followed in the 80's. This unique pattern of economic expansion is called a "flying geese pattern," named by a Japanese economist, Professor Akamatsu, in the

**Weekly auction sale in Ctg Strong export demand leads to sharp rise in tea prices**

By Staff Correspondent

Strong export demand led to a sharp rise in the price levels for the larger brokens at this week's tea auction sale in Chittagong on Tuesday last.

According to a Unity Brokers market report, after several months of declining rates the prices often increased by Tk three to Tk five per kilogram with stiff competition from the buyers for Russia, Poland, Jordan and Sudan.

The market opened at fully firm to dearer rates by about Tk two to Tk three per kilogram but as the sale progressed, prices moved further upwards and gains were often upto Tk five per kilogram.

Leaf offerings at the sale consisted of 26,989 packages and withdrawals at the sale stood at 24 per cent as against last week's 22 per cent.

In the leaf category, the ex-

port buyers accounted for 66 per cent of the sale while the local traders purchased 21 per cent and the remaining 23 per cent was withdrawn.

In the dust category 4,194 packages were on offer, of which, the internal buyers brought 50 per cent of the sale while the export buyers purchased 21 per cent and 29 per cent of the offerings remained unsold.

Following is the category-wise market performance report as prepared by Unity Brokers:

CTC: Larger brokens met with strong demand and prices inclined by Tk 3/5.

Smaller brokens, particularly the well made sorts were fully firm. Plainer types also inclined substantially. Selective best lines sold between Tk 41.50 and Tk 51.70.

Cleaner well made fannings were firm to occasionally dearer by about a Taka. Mediums were about steady. Lower sorts however eased. Secondaries sold between Tk 20.00 and Tk 28.00 whilst the popular best lines realised between Tk 44.50 and Tk 52.60.

GREEN TEA: 240 packages were on offer. YH's sold at Tk 78.00 whilst the CTC FH and Hysons sold at Tk 38.00.

DUST: 4,194 packages were on offer. Best lines were about firm to occasionally dearer. Medium and the fibrous sorts eased. Well made powdery types sold at attractive levels.

The next tea auction sale is scheduled for December 6 in Chittagong. Total offerings would comprise of about 24,000 packages of leaf and another 4,200 packages of dust.

**BSB earns Tk 13.58 cr as pre-tax profit**

Bangladesh Shilpa Bank earned a pre-tax profit of Tk 13.58 crore in the last fiscal year (1993-94), reports UNB.

The figure was disclosed in the 8th meeting of the shareholders yesterday which approved the bank's 1993-94 audited accounts, a press release said.

The shareholders were apprised that BSB recovered Tk 69.44 crore in the last fiscal year from its outstanding loans. The recovery was Tk 11.84 crore more than that of the previous year.

**Majid calls for new strategy in water resource utilization**

Agriculture and Water Resources Minister M Majid-ul-Haq on Tuesday directed the officials concerned to evolve new strategy in the utilization of water resources, reports BSS.

He gave emphasis on the expansion of areas of modern irrigation, drainage and flood control throughout the country which was essential for agricultural production.

The minister was presiding over an interministerial meeting at the Bangladesh Secretariat, an official handout said.

It said 53 major projects were under implementation this year in the water management sector at a cost of Tk 786 crore.

The minister directed the officials to accelerate the implementation process of the projects and strengthen supervision to complete those in time.

The minister appreciated the engineers concern and asked the water development board (WDB) to record it in the annual confidential reports (ACR) of the engineers.

Majid-ul-Haq also reviewed the progress of the prime minister's committee projects and directed the engineers and officials to implement these as soon as possible.

Besides, foreign assisted projects including flood action plan and performances of dredging and equipment organs were also reviewed elaborately in the meeting.

Secretary, Ministry of Water Resources, Mohammad Nazrul Islam, Chairman, WDB, Majidul Islam and high officials of Finance Division, Planning Ministry, Implementation, Monitoring and Evaluation Division, Land Ministry and officials concerned were present.



Special envoy of the Prime Minister M Morshed Khan addressing as chief guest the certificate awarding ceremony of five training courses at the DCCI auditorium in the city yesterday. — Star photo

**Dhaka's trade prospects with Tokyo dwindling away**

While Japan's global and regional role as a donor and an overseas investor is increasing, Bangladesh's position as aid recipient is vacillating and as trading partner is shrinking, reports UNB.

This was stated by Mahbub H Khan, Executive Director of Business Advisory Services of Bangladesh, while presenting a paper at a seminar on "Two Decades of Japan-Bangladesh Cooperation" here Tuesday.

He said available statistics suggest that Japanese investment in Bangladesh may have come to a stalemate although at political level "we see a lot of enthusiasm."

At present 13 Japanese-financed projects are in operation in Chittagong EPZ while two more are under implementation. Total investment in these projects is about 40 million US dollar.

Another 26 Japanese projects involving 45 million dollar are outside EPZ. KAFCO, a

joint venture, is a 510 million dollar project in which Japanese involvement is 255 million.

Although Japan is the biggest investor in CEPZ, this position will soon be taken over by South Korea which has already financed 12 projects and has six in pipeline.

Japanese aid flow into Bangladesh also suggests that it has not been steady during the last one decade. Bilateral trade between the two countries is also on the decline.

"Surely there is something wrong in our handling of the whole affair," Khan told the first session of the two-day seminar, organised by Japan Study Circle of Centre for Policy Research (CPR) at Dhaka University.

He identified poor infrastructure, sudden and long-duration halt, low productivity of workers caused by illiteracy, lack of capable local entrepreneurs and bureaucracy

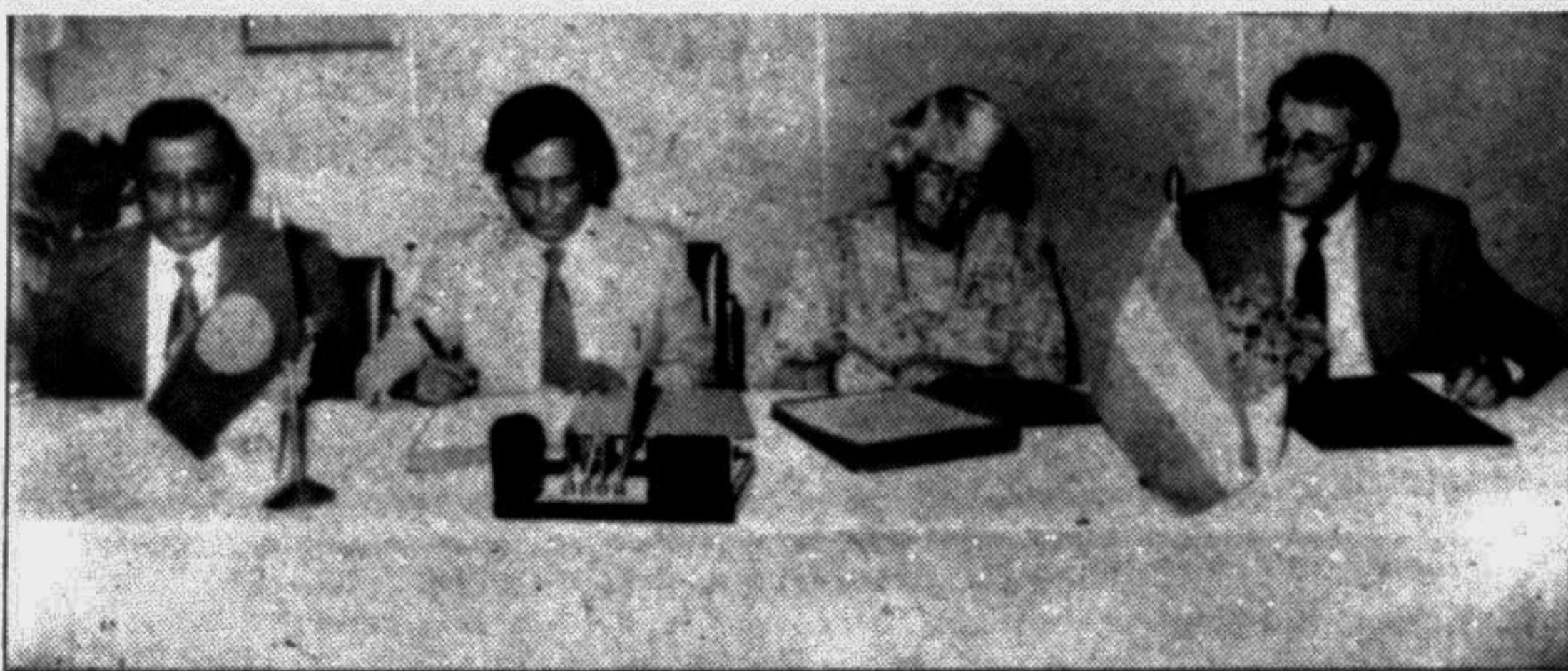
as impediments in foreign investment.

Khan said the dark and dirty office of Board of Investment and the overall management of the organisation do not appear to welcome a foreign investor.

Japanese Ambassador in Dhaka Shigeo Takenaka referred to the agreement between Bextimco and Marubeni of Japan on setting up a joint venture project in textile sector and described it as a great step in furthering the economic cooperation between the two countries.

Speaking at the opening session, he also mentioned the KAFCO project that is expected to go into formal operation early next year and hoped that Japanese investment would increase substantially in the coming years.

The Japanese envoy, however, noted that political instability, particularly frequent hartals, is "not helping or encouraging our investment."



Joint Secretary of Economic Relations Division A K M Rezaur Rahman and Acting Head of the Mission of Norwegian Embassy in Dhaka Berit Fladby signed an agreement on behalf of their respective governments in the city yesterday to provide Grameen Bank with about Tk 68 crore Norwegian grant. — PID photo

**China benefits from new recycled energy sources**

BEIJING, Nov 30: China is benefiting from the rapid development of new power sources and energy recycling, reports Xinhua.

According to today's China Daily, to date, new and recycled energy sources account for one-quarter of the country's total power supply, equalling 300 million tons of coal annually.

China has abundant new energy and power recycling resources, mainly including solar energy, wind power and bio-

geothermal, oceanic and hydrogen energy, they produce no or markedly less pollution than traditional fossil fuel sources, thus expecting to become the major power source in the future, the daily said.

The daily quoted Financial News as saying that solar energy has been widely used in chain for years. China-made solar cookers and water heaters, solar houses and greenhouses are among the best in the world in terms of design and quantity produced.

**Daewoo opens joint venture with Romanian firm**

SEOUL, Nov 30: South Korea's Daewoo Motor Company held a inaugural ceremony for the first auto joint-venture with a Romanian company Automobile Craiova, a Daewoo spokesman said here Tuesday, reports AFP.

Romanian President Ion Iliescu and Daewoo Chairman Kim Woo-Chong presided over the event, held in the Romanian capital of Bucharest on Tuesday.

**Jute dev motivators urged to work for expansion**

Jute Minister A S M Hannan Shah yesterday urged the jute development motivators to work for expansion and popularisation of the modern method of jute cultivation among the growers, reports BSS.

He was speaking as the chief guest at a three-day long reorientation training programme for jute development motivators of the Directorate of Jute.

Organised by Jute Depart-

ment at the Bangladesh Jute Research Institute (BJRI) the three-day programme began at BJRI auditorium in the city yesterday.

The opening function was addressed by the president, Bangladesh Jute Association, Rezaul Karim, MP, Jute Secretary A Z M Nasruddin, Director General, Directorate of Jute, M Badre Alam Khan, Director General of Bangladesh Jute Research Institute (BJRI).

**US dollar firm against yen in Tokyo**

TOKYO, Nov 30: The US dollar climbed to a six-week high against the Japanese yen Wednesday following its rally on overseas markets, reports AP.

The dollar closed at 98.98 yen, up 0.41 yen from Tuesday's finish in Tokyo and slightly above its late overnight trading level of 98.97 yen in New York. It was the highest close in Tokyo since 99.88 yen on October 13.

**Asia becomes centre for new business opportunities in world**

By Jiro Aiko

1930's. His vision is based on the idea that economic success in one country could trigger economic development in neighbouring countries, creating a chain reaction.

Japan experienced great economic growth during the 1950's, 1960's and the 1970's through a national effort which emphasized and promoted manufacturing and exporting. After Japan became one of the leading world economies and reached its peak, economic growth in the Asian NIES, namely Korea and Taiwan, picked up momentum during the 1960's. This was the beginning of the first stage of economic expansion in Asia. Economic development in Korea and Taiwan preceded that in other Asian countries. Key elements which led to this development were not only the early establishment of economic infrastructures but also, and more significant, the basic changes in their industrial policies. Initially after World War II, both the governments of Korea and Taiwan implemented an import substitution policy to rebuild their domestic market. However, since the governments realised the limitations of this policy, they decided to gradually shift their policies towards export oriented industrialization during the 60's. This policy change vitalised their economic activities by expanding their market into foreign countries. As a result, their labour intensive manufacturing industries were strengthened. Direct investments from foreign countries contributed to the further development of the economies of Korea and Taiwan.

The major event which helped to promote foreign direct investments into these two countries during the 70's was the Nixon shock in 1972. It implied the end of the fixed exchange rate system and caused the depreciation of the

dollar, affecting export into the US. With the depreciation of the dollar, or appreciation of the yen, Japanese labour intensive industries such as textiles were faced with difficulties in competing in the international market. In consequence they sought lower production costs outside of Japan. They found their solution in the Asian NIES which provided good infrastructure foundations and lower labour costs. This new flow of foreign direct investment into the Asian NIES brought with it new manufacturing technologies, which contributed to the rapid economic growth within the NIES region.

In particular, the electronics industry was quick to engage in direct investment into Asian NIES. Most of the major Japanese electronics companies went to Taiwan in the early 1960's with Matsushita Electronics being the first to expand its manufacturing operations to Taiwan. In the early 70's, Korea eased their investment regulations, which encouraged corporations to move to Korea. Sony was relatively a later comer in this respect. We established our first overseas manufacturing operation in Taiwan in 1967 and then in Korea in 1973. Such direct investment from the Japanese electronics companies influenced the industrial structures of those Asian countries. For instance, in Taiwan, the share of the electronics industry in terms of the total manufacturing output had grown from 0.9 per cent in 1954 to 59.9 per cent in 1986. Consequently, electronics became the largest industry in the manufacturing sector in Taiwan.

During the 1970's, economic growth in the Asian NIES was remarkable. While the average annual growth rate in developed countries dipped to about 4 per cent,

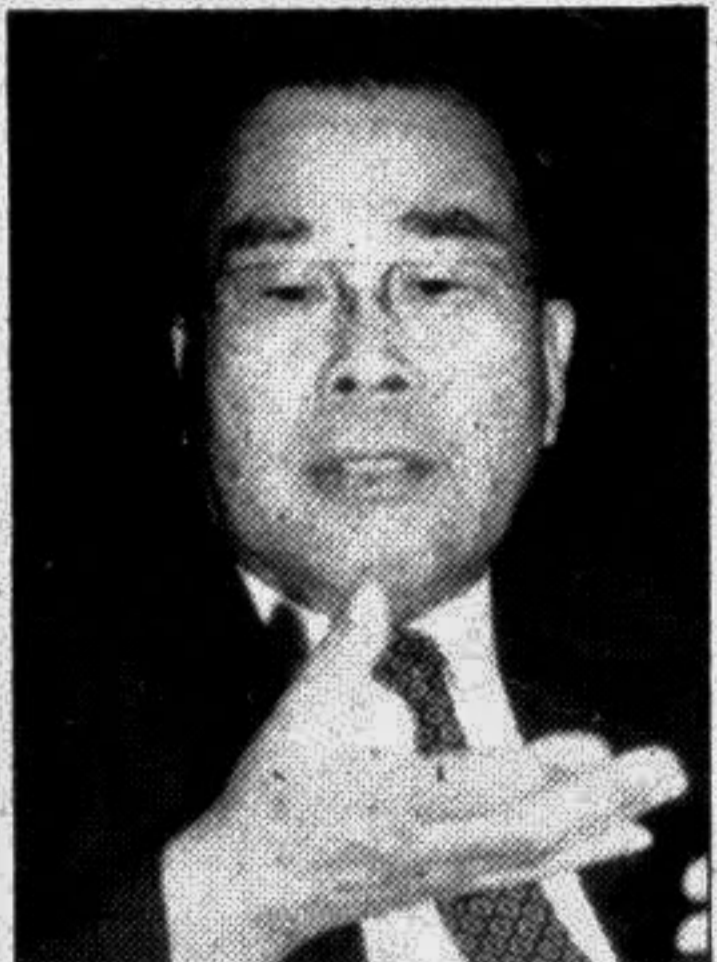
Asian NIES maintained a growth rate of between 8 and 10 per cent. Meanwhile, industrialisation in Asian NIES had progressed to a level comparable to that of the developed countries. This industrialisation prompted further development of the economy, considerably improving the living standards in NIES. We saw a shift in their industrial orientation from labour intensive to hi-tech and service industries.

The overall rise of labour costs in NIES prompted industries to seek elsewhere for production sites for labour intensive manufacturing. ASEAN with their lower labour costs was a prime candidate. Steep appreciation of the yen, due to the Plaza Accord in 1985, also promoted this movement. With this, we saw the second stage of economic expansion in Asia. Asian NIES and ASEAN nations made rapid economic progress during the 1980's. These two regions have not only successful manufacturing industries, but also important and sizable consumer markets. The market size of the NIES grew to 570 billion dollars in 1991, double that of 1985. The economies in ASEAN countries have grown at the annual rate of 7 to 9 per cent, and the total size of the market increased to 326 billion dollars.

Dynamic interdependence among the Asian nations was effectively created by economic expansion in East Asia. Such interdependence has done with the chain reaction of economic expansion from one Asian country to another, stemming from trade and direct investment, acting as stimuli. For example, developed countries, such as Japan, played an important role in establishing overseas manufacturing throughout the NIES. As the economy of NIES successfully developed, this region, in turn, made significant invest-

ments into ASEAN. In fact, NIES investment towards ASEAN surpassed that of Japan and the US.

As has been previously mentioned, such rapid economic growth in East Asia was mainly induced by changes in their economic policies and by foreign direct investments.



Jiro Aiko

There are, however, other factors such as regional political stability, and the vast consumer market in the developed countries which contributed to success in Asia. Commitment to education by each government of the Asian countries secured the vital labour force. ODA from industrialized countries helped to build the economic infrastructure necessary for the establishment of manufacturing facilities. Japan is a major donor of ODA to Asian countries. In 1992, ODA from Japan exceeded 8 billion dollars, 67 per cent of which went to Asian nations. They are used in establishing the infrastructure necessary for further development in the region. For instance in Indonesia, 30 per cent of the power plants and two thirds of the broadcasting systems were built with ODA from Japan.

We now see this remarkable economic expansion moving into China. The flow of direct investments for NIES and ASEAN countries started to decline after 1990, flowing into China after 1991. Though not large, foreign investment in search of a new frontier started to flow into Vietnam and India. This movement is the third wave of economic expansion in Asia. Centered on China, it will follow the developments in NIES and ASEAN.

The active involvement of overseas Chinese in Taiwan, Hong Kong, Singapore, and around the world, will play an important role in the third wave of expansion. Since 1949, when the Communist Party took over China, a certain distance has always existed between mainland China and the overseas Chinese. However, we are in the midst of a historic turning point. Now, both sides are showing cooperative attitude. China still remains a politically Communist country but deregulation to achieve market economy and massive investment from overseas have vitalized its economy at a surprisingly rapid speed. The annual economic growth rate increased to 13 per cent in 1993. Overseas Chinese, who have their own unique economic networks, have made major contributions toward these achievements.

The involvement of overseas Chinese in the economic growth of China is evident in their recent investments into mainland China. In 1993, in terms of country of origin, Hong Kong and Macao were the top foreign investors in to China, with a total investment figure of 42 billion dollars representing 70 per cent of total investment in China. Taiwan, the US and Japan each increased investment by 250 to 600 per cent as compared to the previous year. The total amount of direct investment

into China in 1992 was 58 billion dollars, equivalent to about four times that of the previous year.

The pace of economic expansion in China, as well as foreign direct investment into China, is expected to continue increasing. In particular, the current appreciation of the yen is boosting Japanese direct investment into China. In comparison with the first two waves (economic growth in the NIES and in ASEAN), the striking difference of the third wave is the magnitude of the population involved. China has the potential of becoming an enormous market. It has the world's largest population of 1.2 billion people and each individual possesses the potential to become a part of the labour force for the industrialization in China. Needless to say, the third wave will be a revolutionary movement. China's economy is expected to grow 8 to 9 per cent annually for the next 10 years, which means the Chinese economy will double its size in the early 21st century. The dramatic expansion of China's economy is and will be the biggest challenge for developed countries. It will also be a source of great opportunities for all of us.

The future possibility of economic expansion in Asia will not stop in China. Higher potential, after the economic development of China, lies in Vietnam and India, and they are expected to follow the successful path into the 21st century. No doubt the chain reaction which we have been in the economic developments of NIES and ASEAN will be repeated in those regions.

Due to the lack of infrastructure and insufficient experience with a market economy, Vietnam is still struggling for an economic take-off. However, considering the qualified

and hard working 80 million population, it seems likely that Vietnam will experience fast economic development. Although it will take time, the change will surely come and it will come strong. India is currently facing many problems which were created by the long standing centrally controlled economic system, their rigid import substitution strategy, and communal conflicts within the nation. Despite these problems, India with a population of 850 million also possesses massive potential energy. One estimates that 15 per cent of the Indian population has already become a medium income group, which can afford the "consumer lifestyle." 15 per cent of the Indian population means approximately 130 million people, which is equivalent to the Japanese market in size. During the era of the 21st century, India in the new Asian economy will become an economic giant following the success of China.

All the changes in the world will require huge adjustment efforts in various aspects, both politically and economically. We as nations and individual corporations are destined to face all and more of the new challenges. The adjustment process, which will last for a few decades, may be painful for both developed countries and developing countries, however, I believe the world will surely combine their efforts. Their cooperation will help the people of Asia to act positively in meeting these challenges and creating opportunities for further prosperity.

(The author is the Senior Managing Director of Sony Corporation and a former Japanese Ambassador to Kuwait and former Deputy Director of the Ministry of International Trade and Industry (MITI). The paper was presented at a seminar in the capital this week.)