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STOCK MARKET

Table with 2 columns: Index Name and Value. DSE Index: 635.59 (+1.17%), Market Capitalization: Tk. 40.40 billion, Turnover in volume: 95,291, Turnover in value: Tk. 14.19 million.

Travel & Tourism

Packaging Bangladesh for the Western Visitor; Hanoi Hilton Wall Tumbles to Make Way for Luxury Hotel; Travel Briefs; Three Tons of Coins, Gold Spoons Salvaged from Sunken Ship Page 8

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NEWS BRIEFS

ALWC meet tomorrow

By Staff Correspondent An emergency meeting of the Awami League Central Working Committee (ALWC) will be held tomorrow at 3 pm at party's Dhanmondi office with acting president Abdul Mannan in the chair. Awami League general secretary Zillur Rahman has requested all members of the working committee in Dhaka to attend the meeting in time.

One crushed under wheels

From Staff Correspondent SYLHET, Feb 4: A young man was crushed under the wheels of a speeding truck on Sylhet-Tamabil road this afternoon. The victim Abdun Noor, 26, met his tragic end at a place near Dagher Bazar. Police seized the truck but the driver managed to escape.

Shri, Ifar Timings

Table with 4 columns: Day, Shri, Ifar, and Time. Row 1: 4, 5, —, 5:51. Row 2: 5, 6, 5:17, 5:51. Row 3: 6, 7, 5:16, 5:52.

US declares trade war against China

WASHINGTON, Feb 4: The United States on Saturday announced sanctions that will double the price of 1.08 billion dollars worth of Chinese imports, setting off a trade war between two of the world's biggest trading partners, reports AP.

China responded almost immediately by raising tariffs 100 per cent on some US imports and taking other retaliatory measures against US companies.

The Chinese move came less than an hour after the United States imposed 100 per cent tariffs on 35 categories of Chinese imports covering everything from fishing rods to cellular telephones.

US Trade Representative Mickey Kantor said the action represented the largest trade retaliation ever taken by the US government.

"We cannot stand by while the interests of our fastest-growing, most competitive industries are sacrificed in China," Kantor said.

He said the step was necessary because the administration failed to resolve a dispute

with China over the pirating of American computer programmes, movies and music.

The US tariffs go into effect at 12:01 am on February 26.

The tariffs effectively would cause companies to stop shipping some Chinese products into the United States, which accounts for 40 per cent of China's overseas sales.

In Beijing, the official Xinhua news agency paraphrased an unidentified senior trade official as saying that under the country's foreign trade law, "China will have to take counter-retaliatory measures... to safeguard China's sovereignty and national dignity."

The Chinese official said Beijing plans to raise to 100 per cent tariffs on US electronic game players and their software, cassette tapes, compact discs, cigarettes, alcoholic beverages, cosmetics, rolls of film and computer-programmed switchboards.

China also will suspend negotiations with US auto companies seeking to set up joint ventures, suspend approval for US companies and their sub-

sidaries to set up holding companies, and withhold permission for US audio-visual manufacturers to set up branches or representative offices.

The measures also include breaking off ties with US industry associations such as the Business Software Alliance that have actively supported Washington's efforts to strengthen China's enforcement of laws and regulations protecting patents, copyrights and trademarks.

The Xinhua report did not say when the Chinese retaliatory sanctions will take effect.

US negotiators left Beijing a week ago, after talks broke down and Chinese officials failed to respond to Kantor's request that one last effort be made to resolve the issue before Saturday's deadline.

The stiff tariffs represent the amount of harm the United States claims American businesses suffer because of China's failure to crack down on the theft of US copyrights and patents.

The 1.08 billion dollars list See Page 12 Col 7

Small credit scheme ceiling raised to Tk 50 lakh

The government raised the amount under the small credit guarantee scheme from Tk 30 lakh to 50 lakh to increase credit flow to both industrial and agricultural investment sectors, reports UNB.

A high-level meeting held yesterday in the Bangladesh Bank board room to review the investment credit flow in the country also took a number of other decisions for strengthening the country's economy, particularly the rural-based economy.

Finance Minister M Saifur Rahman presided over the meeting. The Bangladesh Bank Governor, Secretaries of Finance Ministry, Internal Resources Division and Banking Division and MDs of different banks attended the meeting.

It was also decided that the social safety scheme for the voluntarily-retired personnel under golden handshake programme would be merged with the small credit guarantee scheme.

Non-Resident Bangladeshis (NRBs) earning abroad who want to come here and invest and the voluntarily-retired personnel will be given preference under the extended credit scheme.

The meeting also decided to create investment cells having two officers in each of the regional offices of the four NCBs to give further impetus to the investment drive.

Nationalised commercial banks (NCBs) in the meeting informed the Finance Minister that some of them had reduced their lending rate and

that others would do the same in the near future. In this context, the meeting noted that during the last two years the lending rate had fallen 4-5 per cent.

The minister directed the bank authorities to make special efforts to expedite and simplify the loan disbursement procedure.

"Due to the pragmatic economic policies of the government, the country's economy, particularly the rural economy, has undergone significant transformation over the last two years," Saifur Rahman told the meeting.

He said excellent public financial management and the stability of the purchasing power of the Taka are the result of the policies of the government. See Page 12 Col 7

Asylum seekers in Britain to stay in jails, rules court

LONDON, Feb 4: An appeal court ruled against a group of Asian immigrants on Friday in a landmark case that could have brought freedom to hundreds of asylum seekers now languishing in British jails, reports Reuter.

The immigrants, three from India and one from Pakistan, plan to appeal against the controversial decision, which means hundreds of foreigners seeking asylum in Britain, must stay in prison while their cases are considered.

"This was a policy decision, not based on the law. People from the Commonwealth look up to this country as their mother country, but even here they are persecuted," said Li-aqat Malik, solicitor for three of the immigrants.

"We're going to appeal against this to the House of Lords."

The case revolves around an immigrant's rights pending a government decision on political asylum.

The British government says it can hold or question illegal immigrants until it has weighed their applications, fearing the asylum-seekers might otherwise abscond.

Pressure groups, alarmed at what they consider a system weighted against immigrants, say it is wrong for fleeing persecution at home to face detention instead of a safe haven.

Claude Moraes, head of the Joint Council for the Welfare of Immigrants, said the ruling was a blow that let stand "this quite brutal policy" which he said was far more restrictive than immigration laws in other European nations.

He said 600 to 700 asylum seekers are stuck in British

jails awaiting a ruling, whereas other European governments provide accommodation and handle requests promptly, which both cuts their costs and assures humane treatment for the asylum seekers.

"That's what we want to see," Moraes said. "In this country asylum seekers are routinely imprisoned and we think that's not right."

Now the asylum seekers hope to take their cases to the House of Lords, which lawyers said could take another month.

Home Secretary Michael Howard welcomed Friday's ruling, saying "the government pursues its immigration policy firmly and fairly. Detention of asylum seekers is only used as a last resort."

Last month, in a surprise setback to Howard, the four won an appeals case when a



MOMENT OF CEREBRATION: Niaz Murshed (L), the lone Bangladeshi Grandmaster, drew his opening round match against Indonesian International Master Gunawan on the inaugural day of the second United Insurance Limited international Grandmasters' chess tournament at Hotel Purbani in the city yesterday. Report on Page 10 — Star photo

PM for reducing trade gap with Malaysia

Prime Minister Begum Khaleda Zia yesterday stressed the need for expanding the existing good economic relations between Bangladesh and Malaysia for reducing the trade gap between the two countries, reports UNB.

Talking to the newly-appointed Malaysian High Commissioner in Bangladesh Dato Mahayuddin Bin Abdul Rahman, who called on her at Prime Minister's office in the morning, she expressed her confidence that the bilateral relations would strengthen in days ahead.

Pointing at the strong religious and cultural affinity between the two nations, the Prime Minister said this had cemented the bonds between the two countries.

Begum Zia recalled the spe- See Page 12 Col 3

Govt-Opposition chasm keeps on widening

By Asiuzzaman

As the issue of resignation of 147 opposition MPs lingers on, the gap between the ruling party and the Opposition is widening, pushing both the sides to a point of no-return, sources in both the camps say.

Leaders of the ruling Bangladesh Nationalist Party (BNP) and the opposition Awami League felt that the prospect for a negotiated settlement had already been blighted with the lapse of time.

"I am not in touch with any opposition leader for the past several weeks. Our differences have widened to a great extent," ruling party leader and Chief Whip of Parliament Khandaker Delwar Hossain told The Daily Star.

"Even after the submission of resignation letters, we tried

our best for a negotiation but unfortunately we failed for reasons now known to you all," Khandaker Delwar said.

He said the matter is now lying with the court and "our next step depends on the court verdict." He declined to elaborate.

Awami League leader Mohammad Nasim, who was also chief whip of the Opposition, said "now there is no scope for a consensus which can bring us to Parliament."

"Time is over. The only issue we can discuss now is the date and timing of the next election under a caretaker government," he added.

Nasim said that the opposition parties also wanted that the fifth Parliament should See Page 12 Col 3

Arafat threatened by Syria-based Palestinians, says Rabin

JERUSALEM, Feb 4: PLO Chairman Yasser Arafat fears his life is being threatened by Syrian-based Palestinian groups opposed to his peace deal with Israel, Israeli Prime Minister Yitzhak Rabin said on Friday, reports Reuter.

Rabin told Israel television that Arafat had expressed his concern at the summit the two men had with Jordan's King Hussein and Egyptian President Hosni Mubarak in Cairo on Thursday.

Rabin said Arafat joined his demand that Damascus' stop providing a haven for an alliance of 10 radical Palestinian groups set on wrecking the 1993 Israel-PLO peace accord.

"In the four-way talks I had a partner, Arafat, to demand that the Syrians stop... Pales- See Page 12 Col 3

India bans trade in human organs

NEW DELHI, Feb 4: The Indian government today introduced a law banning transactions in human organs and prohibiting unauthorised removal of body parts from corpses in hospitals or prisons, officials here said, reports AFP.

The Transplantation of Human Organs Act, banning commercial transactions in kidneys, eyes, bladders and other vital human organs, was relayed by government notice to hospitals, clinics and prisons countrywide.

The legislation was first cleared by parliament last June See Page 12 Col 7

Benazir calls strike today in support of Kashmiris

ISLAMABAD, Feb 4: Prime Minister Benazir Bhutto, speaking ahead of a government-sponsored nationwide strike to manifest solidarity with Kashmiris, said today the day of Kashmir's freedom from India was not "far off," reports AFP.

She said in a televised address the nation would observe a countrywide strike on Sunday with "unity, discipline, enthusiasm and dignity to show the world that Kashmir is a life vein of Pakistan."

"The people of Kashmir desire to join Pakistan and India is pursuing a policy of keeping them in shackles by bayonets," she said.

An emotional and rhetoric Bhutto underlined the strength of Islamic faith, saying "Islam has in-built flexibility. It will bounce back with the same force with which it is suppressed."

She renewed support for the "self-determination" struggle in the Indian-controlled southern two-thirds of Kashmir, torn by a Muslim separatist campaign.

The drive, blamed by India on Pakistan which controls the northern third of the disputed Himalayan region, has claimed more than 10,000 lives since 1989. Pakistan denies Indian allegations that it arms and trains Kashmiri militants, but it pledges moral and political support for the insurgency, calling it a legitimate freedom movement.

Bhutto urged India to enter into "serious dialogue" with Pakistan on resolving the dispute, which has been a catalyst for two wars between the two countries since their 1947 independence from Britain.

But, she emphasised that See Page 12 Col 1

Bus strike on in Sirajganj, Betkandi route

From Our Correspondent SIRAJGANJ, Feb 4: Bus strike in Sirajganj-Betkandi route passed the third day today causing sufferings to thousands of people.

Bus communication in this route came to a halt on February 1 following a feud over fare at Betkandi bus stand. The authorities have not yet taken any steps to mitigate the sufferings of the people.

Suspension of bus services over trifling matters has become a regular feature in Sirajganj-Belkushi-Betkandi route.

Indefinite transport strike begins in Jhenidah

JHENIDAH, Feb 4: The Bus-Truck Owners' and Workers' Association enforced an indefinite strike here today after several drivers were roughed up by students of the Islamic University near the campus, reports UNB.

Police said the incident was a sequel to Thursday's killing of a student near the university campus. The student seeking admission to the university was allegedly thrown out of a running bus following altercation with a bus conductor.

The university students put up barricade on the Jhenidah-Kushia road and forced some 30 trucks to park inside the campus.

Police officials were holding talks with the student leaders on the campus to settle the issue.

Indonesia seeks higher quota for Hajj

JAKARTA, Feb 4: Indonesia, home to the world's largest Muslim population, said today it would ask Saudi Arabia to allow more people from this country to attend the annual Hajj pilgrimage to Mecca, reports Reuter.

"I will meet Saudi Arabian See Page 12 Col 2

Bureaucracy main obstacle to business in Bangladesh: US report

Star Report

The principal roadblock to doing business in Bangladesh is the government bureaucracy, says a US Embassy report on the commercial outlook of the country.

"Philosophically, the Bangladesh civil service's outlook assumes that government is intrinsically adept at managing economic activity," adds the 'Country commercial guide prepared by the Economic and Commercial Section of the US Embassy late last year.

"This perception has led the bureaucracy typically to view its role as controlling rather than facilitating commerce although the need to reverse their roles is the subject of extensive current debate."

Another roadblock, the report points out, is an inadequate legal system characterised by antiquated laws, ineffective courts and lack of enforcement.

It also singles out corruption as a major hindrance to business. "Corruption seriously

hampers commercial activity and is considered endemic in Bangladesh."

Although the macro-economic indicators appear to be healthy the report notes, the overall micro-economic picture is "less than encouraging."

The government is grappling with implementing a series of economic reform measures geared to reduce poverty by fostering higher private-sector led growth, the report says.

However, the reforms attendant political and social costs seem likely to inhibit the government from implementing aggressive structural adjustment programmes over the medium term.

Noting that little progress was made in privatising inefficient state-owned industries or reducing the public payroll, the report adds, "Bureaucratic bottlenecks, labour strife and a deteriorating law and order situation continue to discourage most domestic and foreign in-

vestors, keeping Bangladesh from reaching the 6-7 per cent sustained annual growth rate necessary to lift it out of poverty."

It predicts that the overall real GDP growth rate could be as high as 5.5 per cent, but will probably remain around 4.5 per cent in the 1995 fiscal.

Although many of the barriers to private investment have been reduced, the report notes "bureaucratic red-tape, compounded by rent-seeking activity slows decision-making."

The lack of effective commercial laws also makes it difficult to enforce business contracts, it says. "Barriers to investment also include the country's low labour productivity, poor infrastructure, and an uncertain law and order situation."

Among the available infrastructure facilities, the report says, the Chittagong Port although viewed as effective, is expensive and "corruption

riddled and the state controlled telephone service is inefficient, undermined by widespread petty corruption and lack of equipment."

It also notes that the country has so far failed to attract foreign investment, despite a government policy to pursue foreign investments actively.

"Although it has welcomed foreign investment since at least 1980, Bangladesh has been singularly unsuccessful in attracting it."

The embassy estimates that just over 100 foreign firms have invested in the country so far of which 26 existed prior to independence in 1971. Since 1986, the report says, overall private investment in Bangladesh has only been six per cent of GDP or less, the lowest in Asia.

It notes that many of the small number of foreign investors operating in the country have had favourable experiences. "However, when existing foreign investors encounter problems with policies

and regulations, the government does not pay adequate attention."

Three prominent foreign firms, the report points out, divested in 1993 including the US company Pfizer Laboratories, the Dutch firm Philips and the Swedish firm Swedish Match.

The investment climate is also still suffering from the government's holding up for a year in 1991 of the 520 million US dollar Kafco fertilizer plant project," it adds. "Kafco is seen by Japanese investors in particular as a bellwether of the government's treatment of foreign investment."

The report points out that some policies and regulations discriminate against foreign investors and singles out the Drug Policy to be discriminatory against foreign drug companies.

The government authority for dealing with foreign investment proposals is fragmented, and no office has the clout to be a 'one stop shop' it

says.

Although repatriation of capital and profits are guaranteed under the Foreign Investment Act, in some cases foreign firms faced problems in transferring the profits, the report adds. "Although the law provides in general for capital transfers there are still some significant restrictions in practice."

The US embassy report goes on to point out that underlying other impediments to investment in Bangladesh is a weak legal system in which, realistically, enforceability of contracts is in doubt.

"It is generally believed that in the lower courts where cases are first brought, private sector parties with the means to make good connections with the judge have an advantage, even in cases where the government is the opposing party," it says. "Nevertheless, the Supreme Court has retained a reputation for fairness and competence."