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SA body to devise ways for rapid growth

JOHANNESBURG, Feb 19: President Nelson Mandela Saturday launched a ground-breaking government, business and organised labour partnership aimed at devising strategies for rapid economic growth and social improvement in South Africa, reports AFP.

The National Economic Development and Labour Council (NEDLAC) "is one of the foremost products of the process that saw democracy being born out of the womb of the old order," Mandela told delegates at the launch of the council here.

Bringing together government, business, labour and community organisations, NEDLAC's task is to achieve national consensus on key economic, labour and social issues.

The council will be overseen by an executive of nine cabinet Ministers, director-generals of government departments senior business executives and secretary generals of labour federations.

It has four chambers dealing with public finance and monetary police, trade and industry, the labour market and development.

"Opposing camps have transformed themselves into partners, articulating different an often contradictory interests, but united in pursuit of common goals," Mandela said.

"NEDLAC represents the broadening and deepening of our democracy, by directly engaging sectors of society in formulating policies and in managing institutions governing our lives", he said. "Government is no more a hostile factor, but an active partner in a democratic compact."

CPA implementing Tk 18.26 cr project

CHITTAGONG, Feb 19: Chittagong Port Authority (CPA) is implementing a project costing Taka 18 crore 26 lakh during the current Annual Development Programme (ADP) with a view to ensuring quick handling of imported and exported goods, reports BSS.

Under the project, four straddle carrier, four fork lift trucks and 12 tractor trailors are being purchased, the port authority said.

Besides, the CPA has prepared a Taka 24 crore cyclone rehabilitation programme for maximum utilisation of port facilities. Navigational instruments and one radio tide measuring transmitter would be procured and six jetties and multi-purpose berth would be rehabilitated under the programme.

Meanwhile, the port authority has handled about 40 lakh 87 thousand tonnes of cargo, one lakh 12 thousand TEU (twenty feet equivalent unit) containers and 572 vessels during the first six months of the current fiscal year. It earned revenue worth Taka 121 crore during the period showing an increase of 25 per cent over the corresponding period of the last fiscal year, the authority said.

During the last fiscal year, the port handled about 90 lakh 95 thousand tonnes of cargo, one lakh 75 thousand TEU containers and 1232 vessels realising revenue worth Taka 205 crore. About 86 lakh 47 thousand tonnes of cargo, one lakh 50 thousand (TEU) containers and 1216 vessels were handled during 1992-93.

Aminul inaugurates training centre of thana resource dev

RAJSHAHI, Feb 19: State Minister for Establishment Barrister Aminul Huq said the government is trying hard to create employment opportunities for the unemployed youths and distressed women after imparting proper training, reports UNB.

The state minister was inaugurating the Rajshahi zonal training Centre of Thana Resource Development and Employment Generation Project of Youth Development Directorate on Saturday.

He said the present government want the unemployed male and female youths as skilled workforce play important role in the socio-economic development of the country. He also called upon all to take part in welfare activities of the government.

City Mayor Mizanur Rahman Minu, Director General of Youth Development Directorate Md Fazlul Huq, Project Director SZM Akramuzzaman and Zonal Manager M Moniruddin spoke, among others, on the occasion.

Dhaka Int'l Trade Fair '95

Goods worth Tk 5cr sold out

By Rafiq Hasan

Goods about Taka 5 crore were sold out and spot orders of 17 lakh dollars were received at the recently held Dhaka International Trade Fair.

Starting from January 7, the first international trade fair in the country continued till 29th of last month drawing over a million people.

Concerned officials of the Export Promotion Bureau (EPB) under whose auspices the fair was held said, "to find out exact sales figure of the fair is very difficult as the local participating companies are not much interested to disclose their business secret."

They said, "we are still receiving the sales data from the participating companies. Of 150 participating companies, only 50 responded to our questionnaires and the above figures are calculated on that basis," they added.

The main objective of the fair was to introduce the country to the world business community. This has been achieved a high ranking official of the EPB told The Daily Star. He described the fair as successful.

Everyday large number of people from all walks of life visited the fair place at Sher-e-Bangla Nagar and the total ticket sales fetched more than Taka 40 lakh.

The newly elected Board of Directors of Bangladesh Chamber of Industries led by its president A M Subid Ali called on Prime Minister Begum Khaleda Zia at her office yesterday. **(Story on page 1)** — PID photo

Tk 658 cr jute goods exported in 7 months

The country has exported two lakh ninety two thousand metric tons of jute goods worth about Tk 657 crore 93 lakh in the first seven months (July-January) of the current fiscal year which is 18.32 per cent and 101 crore 88 lakh higher than that of the corresponding period of the last financial year, reports BSS.

The jute goods included hessian, sacking, carpet, carpet backing cloth (CBC) and yarn produced by Bangladesh Jute Mills Corporation (BJMC), Bangladesh Jute Mills Association (BJMA) and Bangladesh Jute Spinners Association.

This was disclosed at the 25th meeting of the parliamentary standing committee on jute ministry with Jute Minister A S M Hannan Shah in the chair at the Jatiya Sangsad Bhaban here yesterday.

The committee members opined that demand of jute goods by the foreign countries was increasing day by day. Referring to the last week's 96-hour illegal strike and rail road blockade by jute and textile workers, Hannan said the foreign buyers are now shy of placing their orders here.

The committee recommended BJMC to make necessary modifications of their jute mills machinery for production of diversified goods to suit customers choice.

The committee members also reviewed the present situation and maintenance procedure of four jute mills of the BJMC which are now closed down.

Members of the committee Advocate Khairul Enam, MP, A K M Fazlul Haque, MP, and Jute Secretary A S M Naziruddin were present in the meeting.

Saifur says

Tk 20 cr to be spent for expansion of pry education

MAULVIBAZAR, Feb 19: Finance Minister M Saifur Rahman said that Taka 20 crore would be spent for expansion of primary education in the Dhaka city under the current year's Annual Development Programme (ADP), reports BSS.

Besides, another Taka 45 crore would be spent for expansion of secondary and college education in the city, he added.

The Finance Minister was addressing a meeting of the primary teachers from Maulvibazar Sadar and Rajnagar thana at Rajnagar yesterday.

The Finance Minister said, in spite of resource constraints the government had taken these two new projects for the expansion of primary, secondary and college education in the Dhaka city to cater to the needs of the ever increasing students seeking admission in the Dhaka city.

He said, the policies and programmes initiated by the government for the development of education in the country indicate its firm commitment to extend education for all.

Bank holiday

The Bangladesh Bank and all scheduled banks will remain closed on February 21 (Tuesday) on account of Shaheed Day.

'Govt aims at balanced development'

President Abdur Rahman Biswas said the present government has initiated area-based development projects with a view to ensuring balanced development in the country, reports BSS.

The president was speaking to the newly-elected office-bearers and members of the Hazi Mohammad Danesh Agricultural College Students Union who called on him at Bangabhaban yesterday. Begum Khurshid Jahan Huq, MP, was also present on the occasion.

Referring to the effective role of the agricultural scientists of the country in boosting good production, the president advised the students to utilise their time properly for making themselves useful citizens of the country in future.

President Biswas said the local elected representatives of any political party has a definite role in developing local educational institutions.

SEC guidelines to restrict foreign investors' right of share purchase

Foreign investors in the country's capital market will not be able to buy more then one-third of right shares renounced by existing shareholders and will be subjects to a lock-in-period of one year, according to the guidelines on issuance of right shares announced by the Securities and Exchange Commission (SEC), reports BSS.

The guidelines announced last night said foreign investors shall however be allowed to underwrite any offer of right shares subject to the limit of one-third of the amount of such offer.

It said in case offer of right shares is undersubscribed by the local investors, the shares not subscribed for by the local investors shall be allowed to be taken up by the foreign investors in addition to the aforesaid ceiling of one third referred earlier.

The SEC sources said under guidelines foreign investors will be allowed to use their primary holdings of share in subscribing the rights issues.

The guidelines said the issue of the offer shall have to furnish to the commission a statement of right shares acquired by foreign investors within seven days of the dare of allotment of such shares.

The SEC sources however said that the issuer of right share is not subjected to take any prior permission from SEC for making any rights offer but should comply with the guidelines.

The SEC said in order to protect investors' interest in securities by ensuring proper issuance thereof, the commission requires that any issue of right shares which may be renounced in favour of general investors other then existing shareholders should comply with the guidelines.

The other requirements of the guidelines are as follows:

Offer of right shares which may be renounced in favour of general investors other than existing shareholders, whether through any recognised stock exchange or otherwise, shall be made by a right share offer document. The right share offer document shall include the following information.

(a) Amount of right shares, divided into number of shares, par value and issue price of each share, and number of right shares offered for each existing share which should not normally exceed 10 (ten).

(b) The purposes of raising right shares, specifying clearly the heads of expenditure and amount of expenditure, and identifying various proposed projects and amount of expenditure for each project.

(c) Forecast cash-flow statement, profit and loss account and balance sheet for existing, proposed and combined projects for the next 5 years. Basis and assumptions of the forecast should also be stated in the right share offer document.

(d) Cash-flow statement, profit and loss account, balance sheet and notes to the accounts of the issuer made up to a date not earlier than 3 months from the right share offer document date, together with a certificate from the auditors that such accounts have been examined and found correct by them.

(e) A statement of profit or loss and dividend for each of the five years immediately preceding the issue of the right share offer document of such shorter period during which the issuer was in commercial operation, together with a certificate from the auditors that such accounts have been examined and found correct by them.

(f) Name of products manufactured, or to be manufactured, or services rendered or to be rendered by the issue, together with capacity or proposed capacity of existing and proposed industrial units.

(g) If the issue price or right share is different from the par value thereof, justification of the premium should be state with reference to (i) Average market price for the last three months prior to right offer, (ii) Ret asset value at historical and current cost, and (iii) price-earnings.

(h) The length of time during which the issuer has carried on business and the proposed dates of trial and commercial operation of proposed projects.

(i) Name and address of underwriters, issue managers and auditors.

(j) Name, address, description and occupation of directors, managing director and managers.

(k) Name of associated companies with main products, and turnover and net profit of such companies for the latest year.

(l) The time of opening and closing of subscription lists.

(m) Name and address of bankers to the right issue.

(n) Particulars of material contracts including vendors' agreement, underwriting agreement, issue management agreement, and contract for acquisition of property, plant and equipment.

(o) High lights of the right offer, risk factors, and management plans for reduction of such risks.

A copy of right share offer document shall be issued to the commission, all recognised stock exchange and all existing shareholders at least 7 days before the opening of subscription lists of right shares.

The issuer shall furnish to the commission half-year-wise financial and physical plans for utilisation of right issue fund before closing of right issue subscription lists, and thereafter, half-yearly statements of financial and physical progresses within 15 days of the end of each half-year so as to enable the commission to monitor utilisation of such fund.

The commission may at its discretion inspect any project so as to ensure proper utilisation of such fund in the public interest.

Violation of these guidelines will attract penal provisions under the Securities and Exchange Ordinance, 1969 (Ordinance no. XVII of 1969), the guidelines said.

'News of sabotaging Chinese rocket launch incredible'

HONG KONG, Feb 19: Accusations that US satellite firm Hughes Aircraft Co. sabotaged the recent launch of a Chinese rocket were "beyond the realms of the credible," a senior Hughes official said yesterday, reports AFP.

"There are simple errors of facts and physics involved in these claims," Hughes Chairman John Koehler told a lunch at the foreign correspondents' club here, adding, "It is not productive to take extensive notice of what is beyond the realms of the credible."

The Chinese-made long march 2E rocket exploded over China soon after launching on January 26, carrying the Hughes-manufactured Apstar-II Satellite, which was to be used by Hong Kong's APT Satellite Co.

The insurance tag for the satellite was 160 million US dollars.

A Beijing-funded Hong Kong Chinese newspaper reported soon after that it had not been the rocket itself, but the satellite it was launching, that ignited first, sparking an inferno that killed six people on the ground and injured 23.

"There is no case in the history of the space-age when a satellite has exploded spontaneously during launch," Koehler said.

"It is the job of our engineers to design the satellite so that the stress of launch is accommodated," he added.

Although the accusations have been hazy as regards possible motive for the alleged sabotage, the Beijing-funded Ta Kung Pao initially attributed the tampering to countries envious of China's burgeoning space industry.

"In my view, any launch failure associated with communications satellites is something we regret and deplore, no matter who they belong to," he said.

Asked whether the incident would dent US confidence in China's long march programme, Koehler pointed out that every launch programme in the world had "experienced difficulties."

"Since the beginning of the space-age in the 1960s, some 15 per cent of all launches have failed," he said.

Koehler — whose track record includes a stint at the US Central Intelligence Agency (CIA) — said a launch failure investigation was underway, and the wreckage of the satellite was back in the United States for analysis.

China began launch services for commercial satellites in the early 1980s after Beijing's aerospace ministry ordered the rocket industry — for years attached to ballistic missile production — to become more self-sufficient.

Bangladesh Bank Governor Khorshed Alam seen presiding over a meeting on Credit situation in industrial sector in the bank's conference room in the city yesterday.

Devaluation: IMF's Advice and Our Position — Part II

By Nitai C Nag

The Bangladesh Perspective

Bangladesh is one of the adherents of the adjustable peg system. Since 1972 Bangladesh Taka has been devalued several hundred per cent. Now Taka is convertible in the current account.

But notwithstanding convertibility in current account Taka's exchange rate is determined not by the market forces but by the banking system as a whole. While reacting to the press reports that the IMF wants to see Taka devalued, Finance Minister Saifur Rahman categorically rejected any necessity of devaluation. Previously the Minister replied to a similar suggestion made by a World Bank official saying that we should go for a revaluation instead.

While the thrust of the Minister's argument is the low and sometimes negative inflation that we are having for the last one year or so the IMF would probably refer to the protracted decline in our export growth in the same period to make its point. Export growth fell remarkably in the last fiscal. While in the fiscal year 1992 and 1993, our export earnings grew respectively by 16 per cent and 20 per cent the fiscal year 1994 marked a growth of only 6 per cent. Considering the fact that the trade weighted exchange rate of US dollar against other currencies declined 3.3 per cent between July 1993 and June 1994 our export earnings almost stagnated in the said period.

According to export performance estimated disclosed by Commerce Minister Shamsul Islam Khan recently the first month of the 1995 fiscal year saw still further slowdown in export growth. One must wonder what is happening to our so-called export led industrialisation.

Given the IMF's concern for our ability to serve foreign debt (despite our handsome forex reserves) it will be pressing us to take such measures as can raise export revenue enough. And customarily it will ask for a devaluation.

But we have to seriously think if a devaluation is a right remedy to our problem. Since we depend heavily on imported inputs, devaluation, by further raising prices of inputs, will simply curtail our external competitiveness. Our Finance Minister has cited our low inflation in support of not considering devaluation at all. Unfortunately, low inflation fails to explain the protracted decline in export growth.

According to a recent bulletin of the Bangladesh Bureau of Statistics, our commodity terms of trade declined during the last fiscal and also in the few that preceded. We cannot, however, hold the said deterioration of commodity terms of trade entirely responsible for our faltering export growth. It should be noted here that in 1993 export revenue grew 20 per cent despite a more pronounced fall in commodity terms of trade that year.

The cause for low export performance is rather to be explored in our sticky investment syndrome. Investment effort remained at 13 per cent consecutively for two years. Previously it was slightly lower. According to available reports, our quotas on ready made garments (RMG) remains unfulfilled while our buyers of RMGs are turning to our external competitors for supplies. Reports also have it that the RMG sector earned 1291.65 dollars in 1994 fiscal year against the target of 1650 dollars. The shortfall in this sector thus stood at 22 per cent. This bleak performance of the RMG sector, which was not long ago regarded as our saviour, seems to be the most frustrating aspect of our economy's health. The poor overall performance of the export sector is mainly accounted for by this. Any devaluation of Taka by raising the price of RMG inputs (of which 75 per cent are imported) will only further cripple this sector which now earns over 50 per cent of our total export revenue. It is, therefore, high time that our government does something to sort out what went wrong with the principal component of export.

Any failure to bolster the export sector at this juncture will only strengthen the IMF's case for devaluation. Since all other macro indicators minus unemployment (which is apparently nobody's headache) are alright now the IMF will not find many more issues to blame us.

Domestic Investment

Our government's on-going efforts to stimulate the economy are, unfortunately, not as direct and concerted. For example, relatively less attention is being paid to the task of bringing discipline in the area of domestic credit expansion. This is only delaying any genuine efforts that we ourselves can make to promote us to a higher growth path. Similarly, constraints which create supply rigidities are not being corrected.

The thrust of our public policy seems to be only upon encouraging foreign investment. As if only foreign investment will solve all our problems. Unfortunately, we can hardly afford to wait any longer for foreign investment to the neglect of our promising domestic front. So far we have been able to bring in only scanty foreign investment. We got promise for some more.

But such promise will reasonably materialise only upon successful handling of our now sagging export performance and stubborn investment. Not only that we can expect very little otherwise, we also run the risk of aggravating the present problem by waiting.

Currency convertibility on the current account evidently has been successful only at raising the remittances of the expatriates. There is as yet no noticeable sign that it has promoted our exports. Higher volume of remittances, unutilised foreign aid, and slow growth of imports are together contributing towards buildup of forex reserves even in the presence of sagging export growth. If our on-going strive succeeds in bringing in some more foreign capital, the same in combination with the above type of reserve buildup will in the short and medium run only appreciate the exchange rate and cause further fall in exports. By that time the IMF will find its case more convincing.

Now a days it is less fashionable to talk about the classic arguments against foreign capital inflows. One novel aspect will not, however, be out of place. Like a very hungry man cannot instantly take a highly rich diet, a poor country with insufficient domestic preparedness cannot reap benefits from sudden inflow of plenty of foreign capital. India has seen a large growth of international reserves since 1991 due partly to foreign capital inflows. The World Bank is concerned that these large reserves will fuel India's inflation. Accordingly the World Bank suggests that India reduce government consumption. India is also advised to consider TAXING short term capital inflows until domestic investment picks up!

(Concluded)

Ukraine lifts ban on use of foreign currencies

KIEV, Feb 19: The National Bank of Ukraine has suspended its decision to ban the use of foreign currencies in local transactions, bank official Sergei Bragin said here yesterday, quoted by the news agency Interfax, says AFP.

The ban, announced in November, was supposed to come into effect on Saturday, with the aim of stopping what officials have called the "dollarisation" of the Ukrainian economy.

But the government called on the bank Friday to delay the move. "The decision is necessary in principle, but we are not prepared well enough for it", Vice Prime Minister Igor Mityukov said.

There was confusion in the market place on Saturday, with retailers unsure whether to accept dollars or not.

"Nobody knows if the bank ban is applicable or not. But we're continuing to accept dollars as before," Igor Perepechely, Manager of the central city restaurant Apollo, said.

Experts estimate that there are 10 billion dollars in circulation in Ukraine or stashed away in private savings