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The Daily Star BUSINESS

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**HYUNDAI**

CARS THAT MAKE SENSE

Industrial investment showing upward trend: BOI

By Staff Correspondent

Industrial investment in the country during the last five years is showing a significant upward trend despite all negative factors prevailing in the economy.

"Local investors are putting their money in different sectors in spite of all negative condition prevailing in the country," Board of Investment (BOI) Chairman Mokammel Haq said at a dialogue on the draft of Independent Review of Bangladesh's Development (IRBD) prepared by the Centre for Policy Dialogue.

Some 2307 local industrial units have registered with the Board of Investment (BOI) with a total of Tk 51.34 billion investment, he added.

The dialogue focusing on the Industries and External Sector was participated by Minister for Shipping, M K Anwar, as special guest.

The discussants included Statistics Secretary Dr Tawfik-E-Elahi Chowdhury, Dr Forrest Cookson of the Financial Sector Reform Programme, Science Secretary Dr M K Alamgir, Dr Ali Rashid of Tariff Commission and others.

Prof Rehman Sobhan of the Centre for Policy Dialogue chaired the session.

It was attended, among others, by BNP leader A Rab Chaudhury, MP, Awami League leaders A H S K Saikia, Abul Hassan Choudhury, Agrani Bank Chairman Dr Fashuddin Mahtab, Securities Exchange Commission Chairman S Z Khan, Manzoor Elahi of the Apex Tannery Ltd.

Mokammel Haq said that some 280 foreign industrial units having Tk 69.75 billion investment registered with the BOI during the period of March 1991 to March 1995.

"The most significant trend of investment can be noticed in the sectors of chemical where Tk 649 million had been invested in engineering Tk 195m and in agro-products Tk 145m have been invested," Mokammel said in the dialogue.

During the fiscal of 91-92,

some 233 units with Tk 3.65 billion registered with the BOI. In 1992-93, some 353 more units with similar investment in the following year 846 units with Tk 18.26 billion and during July '94 to March '95 some 798 units with Tk 22.92 billion registered with the BOI.

Similarly in 1991-92, 24 foreign units with Tk 1.01 billion investment in 92-93, 28 units with Tk 2.10 billion, in 93-94, 100 units with Tk 32.16 billion and during July '94 to March '95 some 116 units with Tk 13.64 billion investment registered with the BOI.

"We have focused on export-led growth so far. Now we should focus on the local industrial growth. We need to formulate policies to encourage further investment," he added.

The speakers agreed that most of the macroeconomic data available with the government lacked reliability and it required improvement for the sake of better policy framing.

Bumper mango output likely in greater Mymensingh

NETROKONA, May 17: Bumper mango production is very likely in greater Mymensingh district during the current season, reports UNB.

Agricultural experts said the reason behind the bumper production was due to favourable climate in the cultivation of mangoes.

Deputy Director of district Agricultural Extension Department said there is a bright prospect for the good harvest if no heavy rainfall and dense fog occur in the next few days. The recent moderate rainfall and fog could not hamper the blossoming, he added. Nearly 75 to 80 per cent of the trees had budding in December and January of the current season.

Progress work of Pak-Iran refinery project reviewed

ISLAMABAD, May 17: Iranian and Pakistani ministers discussed here yesterday two projects between the two countries, on refinery and gas pipeline, reports Xinhua.

Pakistani Minister for Petroleum and Natural Resources Anwar Saifullah Khan and visiting Iranian Minister for Roads and Transport Akbar Torkan reviewed the progress of the two projects.

The Iranian Minister said that his government has approved the Pak-Iran refinery project and resources have also been allocated. He pointed out that Iran was capable to manufacture almost half of the equipment needed for the refinery, thereby reducing the total cost of the project.

Anwar Saifullah said Pakistan badly needed at least two refineries with six million ton capacity per annum each by the year 2000 to meet its growing demand of oil products.

On the gas pipeline project which will bring Iranian natural gas to Pakistan, he said a joint committee on gas pipeline project has pre-qualified five major companies of international repute.

Alhaj Nasiruddin Bahadur re-elected Cha Sangsad Chairman

CHITTAGONG, May 17: Alhaj Nasiruddin Bahadur has been re-elected the chairman of Chittagong chapter of Bangladeshhi Cha Sangsad for the year 1995-96, according to a press release.

Besides, Morshedul Alam Kaderi has been elected Vice-Chairman for the same term.

The election held at Cha Sangsad office at Agrabad on Tuesday was conducted by G S Dhar, Secretary of Cha Sangsad.

Earlier, the annual general meeting of Cha Sangsad was held there with Nasiruddin Bahadur in the chair, the press release added.

BUDGET '95-96: Business leaders speak out

PAB Chairman tells The Daily Star

Farmers should be exempted from paying 7.5pc import duty on pesticides

"To make our country self-reliant in farm products, the easy and timely availability of essential inputs like seed, fertilizer, water and pesticides must be ensured."

The was observed by M H Khan, Chairman, Pesticides Association of Bangladesh (PAB) in an interview with The Daily Star.

He holds the view that the existing 7.5 per cent import duty on pesticides should be waived which will obviously make the item cheaper for the farmers and contribute accordingly towards attaining self-sufficiency in agri-products.

He was interviewed by Rafiq Hasan.

Following is the full text of the interview:

The Daily Star (DS): What is your expectation from the next budget? Do you think the priorities in the last budget were implemented properly?

M H Khan (MHK): Pesticide is one of the essential inputs in modern agriculture. Its marketing is free in Bangladesh and as such no budget allocation is required in this sector. But its import in finished form is charged with 7.5 per cent duty since 1992. We have been pressing for waiving of import duty on pesticide for long without success despite Agriculture Minister's verbal assurance at a recent PAB workshop.

Exemption of 7.5 per cent import duty will make the item cheaper for the farmers and shall positively contribute towards attaining self-sufficiency in farm products.

DS: What is your opinion on the on-going economic reforms? What has been the impact of the reforms on your sector?

MHK: Pesticide industry is quite new, only 15 years old. There is no sick industry in this sector.

DS: What is your opinion on the on-going economic reforms? What has been the impact of the reforms on your sector?

MHK: To make our country self-reliant on all agricultural commodities, the easy and timely availability of all essential inputs like seed, fertilizer,

control of diseases in crops and (c) Herbicides —used for the control of weeds in crop fields.

The average growth of insecticide use over the last 5 years is around 1 per cent. Fungicide and Herbicide consumption are also growing fast.

This indicates that awareness of disease is increasing and the manual weed control is becoming expensive.

Till now only 10 per cent of the total cropped area received pesticide treatment. This is the lowest compared to developed and developing countries.

We lose crops worth Tk 2,000 crore in field and storage due to pests damage. Rice alone suffers 18 per cent average loss in the field due to insect attack.

DS: What kind of problems did your sector face with the fiscal policies adopted in the last budget — VAT, tax structure and tariff duties?

MHK: Our present major problem is the imposition of 7.5 per cent import duty on pesticides. The two-tier prior permission for customs clearance forces us to pay demurrage.

DS: If there is any sick industry in your sector, has the situation improved in the current fiscal year compared to the previous one?

MHK: Pesticide industry is quite new, only 15 years old. There is no sick industry in this sector.

DS: What is your opinion on the on-going economic reforms? What has been the impact of the reforms on your sector?

MHK: To make our country self-reliant on all agricultural commodities, the easy and timely availability of all essential inputs like seed, fertilizer,

water and pesticides must be ensured. One is, complementary to the other.

Marketing facilities of the agricultural products have also to be ensured so that farmers are encouraged to adopt modern technology. Mass transfer of technology has also to be done. Joint efforts should be made by government agencies, industry and NGOs. To avoid any confusion among the farmers, the message must be clear

MHK: It is simply undesirable. Political unrest is never congenial to smooth development in any sector. Farmers are not getting the inputs, price hike is abnormal and logistics are affected. Water supply has to be ensured through political activities amongst the neighbours.

DS: How do you look at the overall economic scenario of the country and what are your suggestions to improve it?

MHK: So far the growth in agriculture sector is satisfactory. We are close to attaining self-sufficiency in food grains. But due to fertilizer scarcity and water shortage, we are falling back on the original status. The situation may turn worse if no political solution is reached on the issue of release of water in our rivers.

DS: How many members are there in your association? When was it formed?

MHK: At present there are 33 members. The Pesticide Association of Bangladesh (PAB) was formed in 1976. There are few others also involved in business in this sector but not members of PAB.

DS: What was the estimated annual turnover of your sector last fiscal and how much is it likely to be in 1994-95? What was the estimated contribution of your sector to the National Exchequer in the form of taxes and duties?

MHK: In 1994 we had a market of about Tk 100 crore at farmers level. The average growth is 2-3 per cent. In 1995, we do not foresee any growth due to fertilizer crisis and water problem. For import of finished pesticides, we pay about Tk 2 crore as duty.

DS: What is your opinion about the current political situation? How is it affecting your sector?

MHK: (Readers are invited to send their views on the next budget along with passport size photographs.)



M H Khan



A delegation of officers and staff of Bangladesh Shilpa Rin Sangstha (BSRS) met Finance Minister M Saifur Rahman yesterday to express thanks and gratitude for restructuring BSRS and allowing it to sanction loan to new industrial projects. Al-Ameen Chaudhury, Managing Director, BSRS, (C) is seen introducing the officers and staff to the Finance Minister.

Asian stock markets close mixed

HONG KONG, May 17: Asian stock markets closed mixed Wednesday, with little movement on either the Tokyo or Hong Kong exchanges, reports AP.

Tokyo's 225-issue Nikkei Stock Average rose 82.45 points, or 0.50 per cent, closing at 16,471.35. On Tuesday, the average had fallen 220.80 points, or 1.33 per cent.

Although some traders remained cautious, the US "hit list" of Japanese-made luxury cars targeted for sanctions is no longer seen as a major market-moving factor, said Masaru Fukushima, a trader at Citibank in Tokyo.

The Tokyo Stock Price Index of all issues listed on the first session was up 5.26 points, or 0.40 per cent, to 1,311.93. It had declined 13.73 points, or 1.04 per cent, the previous day.

Buy orders from Japanese investment trusts lifted the indexes, dealers said, but overall, declines outnumbered advances 488 to 431, with 193 issues unchanged.

Meanwhile, the dollar stood at 86.92 yen in Tokyo's late afternoon trading, up 0.46 yen from late Tuesday and above its late New York level of 86.60 yen overnight.

In Hong Kong, share prices closed mixed with the prime indicator seesawing throughout the session in the absence of market-moving news.

The key Hang Seng Index of blue chips climbed 7.92 points, or 0.09 per cent, closing at 9,170.24, following Tuesday's 27.47-point drop.

The index stayed within a narrow range and volume slipped for the third straight session as interest waned in local shares.

Elsewhere in Asia:

WELLINGTON: New Zealand shares rose on gains by New Zealand telephone utility Telecom Corp and brewing concern Lion Nathan. The NZSE-40 capital index climbed 9.69 points to 2,152.27.

TAIPEI: Share prices dropped for the third session in lackluster trading as fears of inflationary pressure ate into the market's gains earlier in the session. The weighted index lost 28.42 points to 5,771.46.

MANILA: Share prices rose slightly on heavy foreign and local buying of selected blue chip issues, the Philippines' unified composite index of 43 selected issues advanced 10.5

points to 2,779.57.

SYDNEY: Australian share prices dropped slightly after a promising start. The All Ordinaries Index slipped 2.3 points to 2,042.2.

SINGAPORE: Share prices dropped in active trading but dealers maintained that the underlying tone is still bullish. The 30-share Straits Times Industrials Index fell 33.48 points to 2,160.29.

SEOUL: Share prices rose slightly, thanks to strength in blue chips. But selling pressure was felt across the board. The Korea Composite Stock Price Index added 0.87 points to 886.20.

KUALA LUMPUR: Share prices dropped on profit-taking as well as concerns over the dollar's renewed softness. The KLSE Composite Index shed 19.24 points to 1,016.82.

BANGKOK: Share prices dropped on profit-taking against a backdrop of turmoil in Finance One PCL's attempt to take over Bank of Asia PCL. The Stock Exchange of Thailand Index fell 3.54 points to 1,355.72.

JAKARTA: The stock exchanges' Composite Index climbed 1.106 points, closing at 464.604.

Japan's investment in Asia soars 47 pc

TOKYO, May 17: Japan's direct investment in the rest of Asia soared 47 per cent to a record high last business year as the surging yen prompted firms to shift more production overseas, the finance ministry said yesterday, reports Reuter.

Asia overtook Europe to become the second biggest recipient of Japan's foreign investment, behind North America, the ministry said in a report.

"Because of growth potential and low wages, Japanese companies prepared Asia to Europe," said Yutaka Miyazaki, Director of the Europe Division at the government's Japan External Trade Organisation (JETRO).

New Japanese investment in Asian factories and other business climbed to a record 9.7 billion dollar in the year to March 31, 1995 — accounting for 24 per cent of Japan's overall foreign investment.

The previous peak for Japan's investment in Asia was 8.2 billion dollar in the 1989/90 year.

The yen appreciated about 16 per cent against the US dollar during the year, making

it more difficult for factories within Japan to compete in international markets against low-cost producers in China and Southeast Asia.

"For small companies suffering from the yen's rise, it is now a must to go abroad for survival," said Yoshihiro Araki, Assistant Director of JETRO's Asia-Oceania Division.

Midsons, Protec sign accord

An agreement between the Midsons Ltd, a Bangladeshi company and the Protec Marketing International, Inc. of USA, has been concluded recently, says a press release.

Under the agreement, the Midsons Ltd, has been appointed the sole agent of the product — Protec E to undertake its entire commercial operations in Bangladesh.

Protec E variously benefits an automobile owner. On its application it sharply reduces metal-on-metal contact thereby decreasing engine wear, engine operating temperature (in engines not cooled by electronic thermostat), and poisonous exhaust emissions.

Indonesia appeals to Japan on yen rise

JAKARTA, May 17: Indonesian President Suharto has asked Japan to find a solution to the rising yen because it is worsening Indonesia's foreign debt, the official Antara news agency reported yesterday, says Reuter.

The appeal was contained in a letter delivered to Japanese Prime Minister Tomichi Murayama by Suharto's Chief Economic Advisor Widjojo Nitisastro, Antara said.

It was unclear when the letter was delivered.

Nitisastro quoted Suharto as saying in the letter Indonesia would not ask Japan to reschedule the country's yen-denominated debts, which account for around 40 per cent of Indonesia's total debt of some 90 billion dollars.

Nitisastro said Indonesia, one of the developing world's largest foreign debtors, would honour its commitments.

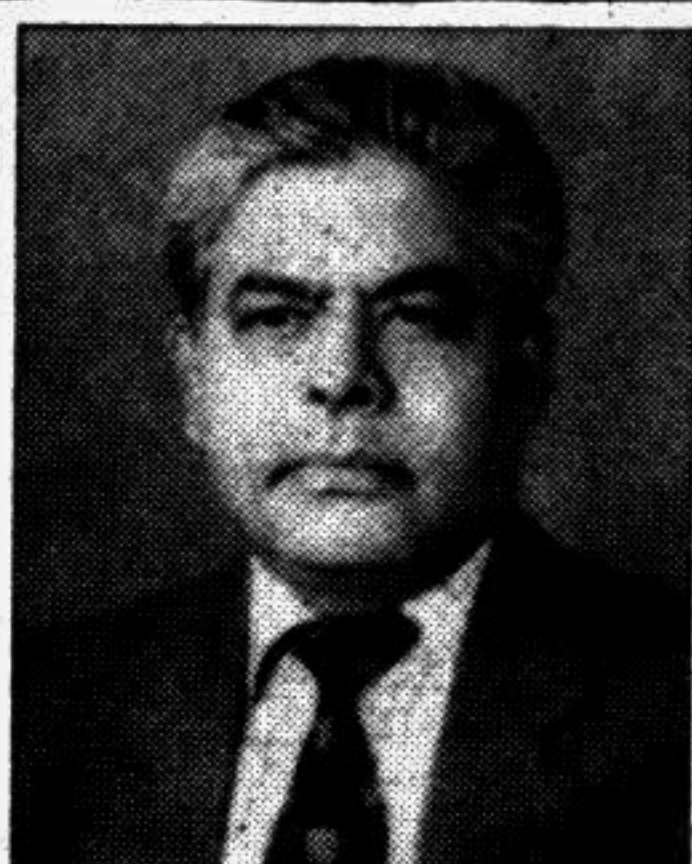
the Indonesian economy will suffer because international financial institutions will entirely lose their trust in Indonesia," he said.

The letter reminded Murayama of the significant impact a similar yen appreciation had on Indonesia's economy in 1987-88, Nitisastro said.

Suharto said in January Indonesia had no plan to reschedule its foreign debt after it triggered fears of a similar financial crisis to that which struck Mexico after the peso was devalued late last year.

Sudradjad Djiwandono, Governor of Indonesia's Central Bank has said Indonesia was trying to increase its foreign reserves of yen.

Economists, including the World Bank believe Indonesia's booming economy is fundamentally sound.



Chief Executive of CSE

A G M Shamsul Kamal has joined the Chittagong Stock Exchange as the Chief Executive, says a press release.

He is an M A from Dhaka University and started his career in 1960 with a British multinational company Gillanders Arbuthnot.

In 1966 he joined British company Glaxo.

As a Senior Manager, he headed the department of planning and later he joined the marketing department where he participated in the immense growth of the company during the specific period.

Objective of TIP wing explained at DCCI

Farooq Sobhan, Foreign Secretary along with two additional foreign secretaries and other senior officials of the Ministry of Foreign Affairs, held a discussion meeting with the DCCI members in the DCCI auditorium to promote trade abroad, reports BSS.

Initiating the discussion, the foreign secretary explained the objective of setting up a new wing in the Ministry of Foreign Affairs known as "Trade and Investment Promotion (TIP)" wing and said this wing should better be known as private sector wing.

This wing will play as a facilitator rather than competitor and will guide Bangladesh missions abroad to take new initiatives in the field of trade and investment, he said according to a press release of the DCCI.

The foreign secretary further disclosed that the Ministry of Foreign Affairs is going to introduce information.

He requested the chamber leaders to avail the opportunity of electronic mail of Foreign

Ministry in getting market intelligence and mentioned that from now there will be regular interaction between the TIP and the chamber.

He also said that embassies will be advised to supply trade and investment enquiries direct to the major chambers of the country. In this context Sobhan pointed out that if any embassy does not respond to the requests of the chambers the TIP will look into the matter.

For this, he requested the chamber to keep the TIP posted with all communications made with embassies so that the TIP can keep records and take follow-up actions.

In course of discussion, Farooq Sobhan mentioned that the Foreign Ministry will suggest to the govt for setting up "business centres" in the important embassies abroad on cost sharing basis.

Earlier, R Maksud Khan, welcomed the foreign secretary and other officials and expressed happiness for setting up the TIP wing by the foreign ministry.



Farooq Sobhan (2nd-R), Foreign Secretary, addressing the members of the Board of Directors and functionaries of the Dhaka Chamber of Commerce and Industry on Tuesday at the DCCI Auditorium. DCCI President R Maksud Khan (3rd-R), DCCI Sr Vice President Hossain-Akhtar (2nd-L), DCCI Vice President, Syed Toufique Ali (extreme L), Additional Foreign Secretary, Khairul Anam (extreme R) are also seen in the picture.