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The Daily Star BUSINESS

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**HYUNDAI**
CARS THAT MAKE SENSE

Ensure optimum production of newsprint, Lutfor to BCIC

Lutfor Rahman Khan, State Minister for Industries, has directed Bangladesh Chemical Industries Corporation (BCIC) and Khulna Newsprint Mills Management to ensure uninterrupted and optimum production of newsprint, reports BSS.

The State Minister gave this instruction while visiting Khulna Newsprint Mills Thursday.

He went round the various sections of the factory, witnessed the production process and ascertained the causes of recent suspension of newsprint production.

The minister advised the management of the newsprint mills to make the enterprise

profitable by reducing overhead expenditure and improving the management efficiency.

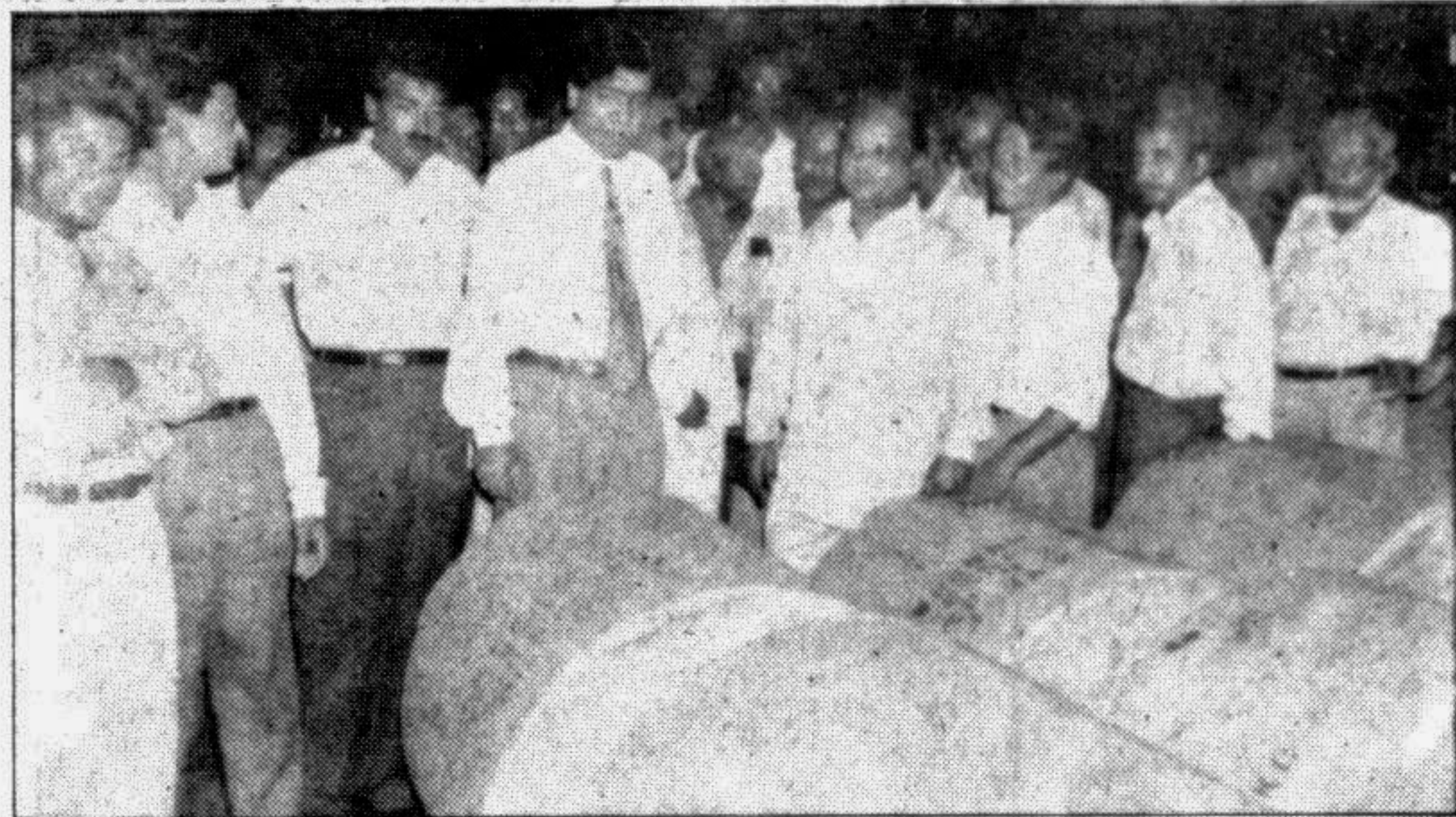
He instructed Khulna Newsprint Mills management to undertake thorough assessment of the situation and take planned steps to optimise production of newsprint with necessary mechanical adjustment for tackling the problem of high salinity.

The minister was informed that the salinity of water in the local rivers, as an adverse impact of Farakka Barrage, has recently gone up unusually causing leakage in the condenser tube for which production was suspended to avoid further damage to the machinery. The mills management

has, however, since then taken urgent measures for resumption of production and the mills has started production of newsprint with output of 65 metric tons per day from yesterday.

Khulna Newsprint Mills Ltd was established in 1959 having installed production capacity of 48,000 mt per year. During the current year the mills produced 39,100 mt up to May 14.

Dr Azizur Rahman, Director (Production and Research), BCIC was present during the visit and apprised the minister about the operating performance of Khulna Newsprint Mills.



Lutfor Rahman Khan, State Minister for Industries, inspecting production process of newsprint at Khulna Newsprint Mill on Wednesday. Dr Azizur Rahman, Director (Production & Research), BCIC, is also seen in the picture.

132 dev projects implemented in Kapasia

KAPASIA (Gazipur), May 19: One hundred thirty-two development projects have been implemented in the Kapasia thana of Gazipur district during the current fiscal year, reports BSS.

Taka ninety lakh and 684 metric tons of wheat under food for works and test relief in the annual development programme were spent in materialising the projects.

The Kapasia thana development coordination committee reviewed the progress of implementation of those projects today with Jute Minister A S M Hannan Shah in the chair in the thana auditorium, a PID handout said.

Hannan Shah urged the officials to implement the remaining work in scheduled time and expressed satisfaction over the progress of the work.

Later, the minister addressed a gathering of village representatives conference of BNP Kapasia thana at the Kapasia Pilot School premises.

The minister said the work of the 1365 kilometre long rural electrification lines will be completed in Kapasia by December next.

He explained about various development activities of the government and urged the village representatives for proper registration for the proposed voters identity card.

\$ 31b Japan's supplementary budget okayed

TOKYO, May 19: Japan's parliament Friday approved the government's 2.7 trillion yen (31 billion dollars) supplementary budget aimed at helping rebuild the earthquake-torn Kobe region and helping companies cope with the rise of the yen, reports AP.

The budget includes 1.43 trillion yen (16.5 billion dollars) for quake reconstruction, 790 billion yen (9.1 billion dollars) for nationwide anti-disaster spending and 70 billion yen (806 million dollars) to help small businesses cope with the high yen.

The government will have to borrow money to pay for the package and recent tax cuts. Most of the money will come from construction bonds tied to specific public works projects but the government will also issue 563.8 billion yen (6.49 billion dollars) in untied bonds.

The fiscally conservative Finance Ministry has opposed issuing untied bonds, saying Japan risks getting too deeply into debt.

US economy jump starts: Rubin

WASHINGTON, May 19: The Clinton administration has "jump-started" the economy by aggressively attacking huge budget deficits, but continuing success depends upon boosting productivity, US Treasury Secretary Robert Rubin said, reports Reuters.

In prepared testimony for the Senate appropriations sub-committee on the treasury, Rubin said that in two years the deficit as a percentage of gross domestic product has been cut from 4.9 per cent to a projected 2.7 per cent this year.

"Our aggressive deficit reduction programme jump-started the economy," he said. "But over the long run, the success of our economy will depend on raising productivity growth."

Rubin, appearing before the sub-committee to discuss treasury's budget needs said the administration intends to maintain a strong deficit reduction effort but will focus increasingly on measures to keep a productive recovery going.

Among its other duties, treasury is the second largest law enforcement agency in the government. Rubin said he wanted congress' support for law enforcement officers who have been much criticised recently, primarily over the disastrous two-year-old raid against a religious cult in Waco, Texas, that killed 80 people, including 25 children.

"They have been assailed and criticised in some quarters recently — unfairly, unwise and at times, outrageously," Rubin said. "They protect us and we must stand with them."

He said treasury intends to use "aggressively" its legal authority to address rampant crimes of violence, fraud and drug abuse.

BUDGET '95-96: Business leaders speak out

Shippers Council of Bangladesh Chairman says

Manufacturers, exporters should get more infrastructural facilities

The Chairman of Shippers Council of Bangladesh **M R Ali** has suggested to make the next budget more production and export-oriented.

In an interview with The Daily Star he urged the government to increase infrastructural, banking, fiscal and other facilities to the exporters and manufacturers for boosting the country's production and export. He was interviewed by **Rafiq Hasan**.

Following is the text of his interview.

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

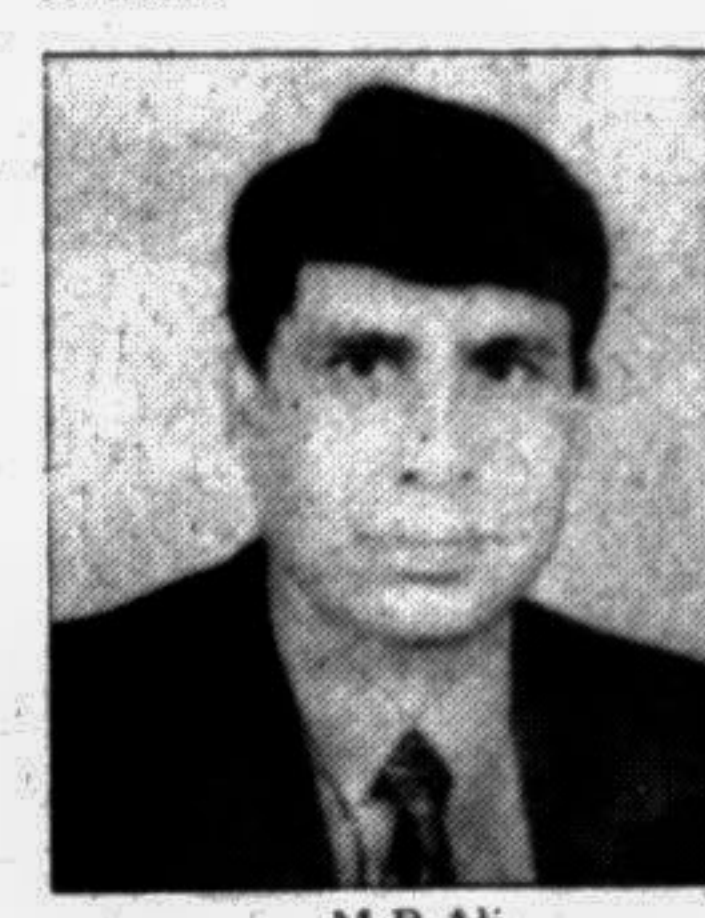
M R Ali (MRA): The next budget should be more production and export-oriented. For this purpose, all infrastructural, banking, fiscal and other facilities required for boosting country's production and export at competitive prices should be provided to the exporters and manufacturers.

According to my opinion, most of the priorities in the last budget were, by and large, properly implemented. In this connection it is worth mentioning that as the ADP allocations originally made for most of the sectors in the last budget were already utilised, allocation in the ADP for some of these sectors were recently revised which is most encouraging.

DS: Do trends in your sector show a growth or decline?

MRA: Recent trends in the export sector is quite satisfactory. Total export of the country has increased substantially compared to last year. Except for a few items, export of most of the other items are increasing resulting in fetching more

foreign exchange. Foreign ships and containers are arriving at our ports large proportion to carry these export cargoes all over the world. Activities of the ports and others connected therewith have simultaneously increased.



M R Ali

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

MRA: Exporters reportedly faced some problems in exporting their products at competitive prices due to imposition of VAT and tax at source, advance income tax on exports, in the last budget.

DS: If there is any sick industry in your sector, did the situation improve, if not, why?

MRA: To my knowledge there is no sick industry set in this sector.

DS: What are your views on the on-going economic reforms and what particular impact did it have on your sector?

MRA: The on-going economic reforms are, in general, for the overall interest of the

country. But these should be pursued consistently in all sectors to yield better result from the reforms.

The government's liberalisation policy and in order to encourage our local shipowners to expand their fleet, our Merchant Shipping Ordinance had recently been amended relieving the government of all regulatory powers in respect of acquisition of ships and operation of shipping services.

Shipping has also been declared as an industry facilitating financing for acquisition of ship. In spite of these facilities, enthusiasm for acquisition of ships in the private sector is not very conspicuous.

DS: Would you like to suggest any major policy changes to gear up the economy?

MRA: Government's current open market policy has already geared up country's economy to some extent. Our economy would have been further boosted if the existing procedural problems at the implementation stages of these policies could have been simplified. For this purpose some major changes in our labour policy may perhaps, be needed.

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

MRA: It is telling upon not only our sector but also on other sectors of the economy of the country heavily. It is also having serious adverse effect on our entire development process, creating serious problems for timely production and export to the detriment of foreign buyers to make fresh contacts with our sellers.

As a result foreign shippers are discouraged to call at our ports, apprehending detention

of their vessels due to frequent labour unrest, strikes at our ports and factories, road and traffic blockades, and hartals called by opposition political parties.

DS: How do you view the overall economic scenario and what are your suggestions to improve it?

MRA: The overall economic scenario of the country is still encouraging excepting, perhaps, current food situation because of less food production than expected. The symptoms of this healthy economic scenario are our present sound macro-economy including higher GDP growth rate, very low inflation rate, highest ever foreign exchange reserve, improved domestic resource mobilisation and contribution to ADP, increasing export earnings, etc.

However, the salutary impact of this sound macro-economic situation would have been apparent at the micro-economy level if congenial atmosphere would have prevailed in the political and labour fronts.

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

MRA: The council has now 12 ordinary members and 76 associate members. The total earning of the council was Tk 23,94,292 in the last fiscal year and it is likely to be about Tk 24,00,000 in the current fiscal year. It is a non-profit service-oriented organisation falling under the category of an "Association" which is exempted from payment of taxes and duties to the government exchequer.

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

Clinton renews threat to veto budget bill

WASHINGTON, May 19: President Bill Clinton renewed a threat Thursday to use his veto pen for the first time unless US lawmakers scale back a budget bill he says promotes their pet projects while slashing needed public funds, reports AP.

The battle centres on a Republican bid to cut 16.4 billion dollars in current spending. The bill — retracting funds already approved — would apply to spending enacted in the 1994 budget.

The bill makes deep cuts in education and housing, but it also allocates aid to victims of the January, 1994 California earthquake and the April 19 Oklahoma city bombing.

"The people of Oklahoma and California and Louisiana and the other states who need the emergency aid, they can get that aid today ... if the Congress will just take out the pork and put back the people," Clinton said in remarks at the White House.

"Pork" is a slang term describing funding for pet projects that legislators insert into larger spending bills.

The current spending also included allocations for Clinton's request to give Jordan 275 million dollars in debt relief, funds the president promised King Hussein last year but has had trouble wresting from Congress.

When Clinton took aim at the cornerstone of the Republican agenda — balancing the budget by 2002 — he charged the conservative lawmakers with seeking to cut social spending while throwing funds at their won pet projects.

Clinton has not used his veto since taking office in 1993 — mostly because the Democrats controlled Congress until last January. But with the 1996 election looming, he has apparently decided it is time to draw the line.

Clinton cited as pork some 130 million dollars in the bill for funding nine road projects which are located in the district of the Chairman of the transportation committee.

He also mentioned a 100-million-dollar court-house and one million dollars for road renovation.

"Now, what's the federal government got to do in that?" Clinton asked.

Clinton spoke with the press in a specially arranged media event that was targeted at getting his message out in time for the evening news broadcasts.

Clinton was attempting to regain the public relations high ground from the Republicans who have been accusing him of playing political games with vital projects.

Clinton's push Thursday followed an earlier attacks on the Republicans for the cuts they had targeted.

"I believe a bill that cuts education to put in pork is the wrong way to balance the budget and I will veto it," Clinton said in an address in New York Wednesday.

"The president is eager to work with the Congress to ensure a disciplined budget that reduces the deficit and reflects the values of the American people," White House spokesman Michael McCurry said Thursday.

"The House budget fails to meet that test," McCurry said, adding that "there is a right way and a wrong way," to cut expenses and "this is the wrong way." House Speaker Newt Gingrich said Thursday he was surprised at the veto decision, particularly since the bill contained relief for the earthquake and bombing victims and allocated aid for Jordan.

"I'm amazed at their decision," he said on NBC Television.

"Our assumption was that his advisers convinced him that. For his re-election purposes, he ought to play games with aid to California and Oklahoma city."

Gingrich admitted he would not have the votes necessary to counter the veto.

Coca-Cola plans to create China bottling facility in Shanghai

BEIJING, May 19: The Coca-Cola Co plans to create its largest China bottling facility in Shanghai by merging, upgrading and expanding two existing bottling operations, the company announced Friday, reports AP.

A new holding company, Coca-Cola (China) Investment Ltd, has been established in Shanghai to incorporate all existing and future direct investments by the US group, said M Douglas Ivester, president of the Coca-Cola Co.

Coca-Cola also plans to set up its first national operations headquarters in Shanghai, reflecting the city's growing importance as centre of finance, a statement said.

The group set up its first bottling plant in Shanghai in 1927. Since re-entry into the Chinese market in 1979, Coca-Cola has established two bottling plants and a concentrate plant in the city, it said.

German court rejects Leeson's bail bid

FRANKFURT, May 19: Nick Leeson, the trader blamed for bringing down Barings Bank, lost his bid yesterday to be freed on bail from jail when a German court overruled legal objections to an extradition request from Singapore, says Reuters.

Leeson's lawyers had argued that a key forgery charge Singapore made against the 28-year-old Briton to have him held in a German jail since early March was not a German offence.

Extradition requires crimes to be punishable in Germany. But the court upheld a May 2 ruling that an initial charge met German legal requirements and that Leeson should stay in jail pending a review of all 12 charges against him.

The court rejected the lawyers' argument that the forgery charge was not valid in Germany because it entailed the photocopying, rather than writing by hand, of the signature of a Wall Street trading firm executive.

While the court acknowledged that the photocopying of the signature itself was not a criminal act, the intent of the entire document, allegedly created by Leeson to confirm a fictitious trade, was indeed a criminal offence.

Despite the latest legal set back, Leeson's lawyers said on Thursday before the Frankfurt court ruling that they were still hoping for a rival extradition bid from Britain.

His lawyers have given a copy of Singapore's request to British authorities, who had been denied a copy by Singapore.

Stephen Pollard, Leeson's British Lawyer, told reporters the request had sufficient information showing an alleged British offence by Leeson of "attempted false accounting" for Britain to mount its own extradition bid.

Pollard also said any British probes into Barings' collapse would not get far without Leeson.

BOC's new electrode plant begins production today

The new integrated welding electrode manufacturing plant of BOC Bangladesh Limited (Formerly Bangladesh Oxygen Limited) goes into commercial production today, says a press release.

Built at a cost of over Tk 12 crore, the plant has been imported from ESAB AB of Sweden, who is the largest welding product manufacturer in the world.

The new plant is able to produce all types of welding electrodes of the highest international quality, needed now, as well as in the future, particularly the types needed for construction like Jamuna Multipurpose Bridge.

The plant is not only capable of producing the country's entire current requirement, but also equipped to meet future demand for many years.

Under a technical aid agreement, ESAB will also provide technical assistance to BOC Bangladesh for operation of the plant as well as technical knowhow and manufacturing support for all types of electrodes.

With the installation of the plant, BOC Bangladesh now has access to the world's best source of technological expertise in the field.

Earlier, on 19 May, Robert McFarland, Chief Executive, South & West Asia Region of

The BOC Group, UK, and a Director of BOC Bangladesh Limited, formally inaugurated the plant.

This plant has been set up as a part of the company's major investment programme and is sited in the same premises as of a 30 Ton Per Day Liquid Oxygen Plant at Rugganj, near Dhaka, which is now under implementation and is expected to be operational by the third quarter of the current year.

EU jobless rate stands at 10.8 pc in March

BRUSSELS, May 19: Seasonally-adjusted unemployment across the 15 European Union nations stood at 10.8 per cent in March — exactly double the US jobless rate that month, the EU statistics agency Eurostat reported Thursday, reports AP.

The EU's March rate was down from 10.9 per cent in February and from 1.3 per cent in March, 1994.

In its latest monthly bulletin, Eurostat put the US unemployment rate in March at 5.4 per cent.

The most substantial decreases in the last 12 months have occurred in Denmark, Finland, the United Kingdom, Sweden and Germany.

China sounds risks dealing in treasury bond

BEIJING, May 19: China's securities regulators have issued an urgent circular warning futures trading houses about the speculative risks of dealing in state treasury bond futures, reports AP.

The warning, carried in China's official press, came a day after the China Securities Regulatory Commission halted dealings in treasury on futures for the third time this year after discovering a series of illegal trading cases.

The circular, issued late Thursday by the official Xinhua News Agency, urges futures traders to raise cash deposits, adjust upper and lower limits of their trades, lower ceilings on traders' positions and limit the amount of member firms' holdings when confronting growing risks.

It also advised traders to bar transactions in overdraw accounts, ban the practice of building positions in other firms' names and forbid the joint taking of positions with other firms for speculative purposes.

The fact that regulators felt compelled to single out these practices — usually considered illegal — indicates that they are still struggling to restore order to the highly volatile market.

The circular said that any member firm that violates the above regulations will be disqualified from trading floors.

Economic reforms prove effective in E Germany

LEIPZIG (Germany), May 19: Five years of tough economic change have turned once communist Eastern Germany into a success story with record growth and some of Europe's slickest modern firms, Chancellor Helmut Kohl said, reports Reuters.

"The unification of Germany has in many areas already become a reality people can feel," he said at the opening of a major depot for Quelle, the mail-order companies.

"The structural change in the East German economy is racing ahead. In more and more places efficient firms have sprung up that are among the most modern in Europe."

The East's relatively smooth transition from a command economy to a capitalist one has been a huge relief for Kohl.

His decision to force the two Germanies' monetary union five years ago in July, at an exchange rate very generous for east Germans, raised doomsday predictions from his critics of riots in the streets as the East collapsed into ruin.

Kohl said real economic growth of more than nine per cent last year made East Germany "Europe's number one growth region."

But he said unemployment — 12 per cent in the city of Leipzig where he was speaking but far higher in most of the region — was still a severe problem.

"That's why creating jobs is the greatest challenge in Germany," he said before heading to France to meet new president Jacques Chirac whose allies want Kohl's help in tackling France's own high unemployment.



Robert McFarland (2nd-R), Chief Executive, South & West Asia Region of the BOC Group of UK and Director, BOC Bangladesh Limited, looks on after formally inaugurating the new integrated welding electrode plant of the company yesterday.