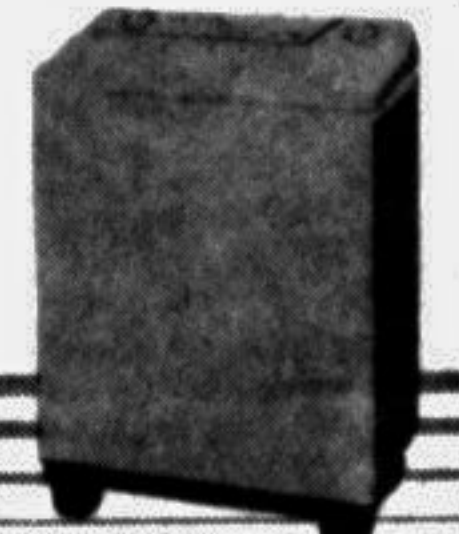



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MCCI monthly publication says

Budget '95-96 should aim at better public resource management

A leading chamber has stressed that the coming national budget must have provisions for better public resource management and administrative reforms, reports UNB.

"Since both the issues have vital impact on business environment and the over-all economic performance of the economy, the next budget should make necessary provisions for their implementation," says the Metropolitan Chamber of Commerce and Industry (MCCI) in its latest monthly publication.

Noting that the discipline in the revenue expenditures has had marked improvements in recent years, the chamber, however, observes that a "disturbing feature" is that the revenue expenditure-GDP ratio is on the increase.

The ratio has risen to 8.9 per cent in the 1990s from 6.3 per cent of the early 1980s, the MCCI points out.

Similarly, there is downward trend in the capital expenditure-GDP ratio which, it says, declined to 7.2 per cent in the late 90s from 8.9 per cent in the late 80s.

Both these aspects demand serious consideration while formulating the next budget, says the chamber which is considered the representative body of the country's organized manufacturing sector.

It appreciates gradual improvements in ADP implementation which "has not only helped reduction of budgetary

deficits but also increased the share of self-financing of the ADP."

Simultaneously, MCCI still finds "weakness" in resource management. "The utilisation rate is no doubt better rising to 88 per cent in 1993-94, but it is still below the targeted rate."

The chamber also observes that the percentage will be

Lockheed Martin, Russia announce joint venture

PARIS, June 11: Lockheed Martin Corp. and Russia's satellite launch company said Saturday they would jointly offer their commercial satellite launch services on order to regain leadership from Europe's Arianespace, reports AP.

Lockheed and Khruinichev Enterprise will jointly market their respective Atlas and Proton rockets, and offer each other's back-up services from a second rocket if the first suddenly proves unavailable.

The venture was announced at the Paris Air Show which opens Sunday to the public. It came within hours of the 74th launch of the Ariane rocket, which placed an American satellite into orbit. Arianespace, based in Toulouse, is the commercial arm of the European Space Agency rocket.

Arianespace currently accounts for up to 65 per cent of commercial satellite launches using the Ariane rocket.

lower if expenditures, which are of current type and due to be classified as revenue expenditure, are excluded from capital expenditure. "There is further scope for quality improvement in public investments."

MCCI also expresses concern at the slow progress in administrative reforms which it says "are far from visible and convincing."

It views that a government administration which does not match the requirements of a changing world "will be barrier rather than help to progress."

"There is ample evidence to show that business continues to be sceptical and apprehensive of government administration... red-tapism still scares away many investors, and public utilities remain unable to respond to consumer demand for better services."

The chamber criticizes the trend of identifying administrative reforms often with "political and emotional concerns" over staff retrenchment. "Staff retrenchment and reforms of government administration are two different issues."

It says, the administrative reforms should be intended to rationalize the accountability measures and to make the government administration "sufficiently" transparent.

"It needs to be truly recognized that an accountable and transparent administrative system is a vital development input," the MCCI says.

PDB Central Zone collects Tk 14 cr in May

Revenue amounting to Tk 14 crore 4 lakh was collected by Central Zone of Power Development Board (PDB) during the month of May '95, says a press release.

Of the total amount, Tk 5 crore 20 lakh was collected in Sylhet Circle, Tk 4 crore 40 lakh in Mymensingh Circle and Tk 4 crore 44 lakh in Planning and Development Circle.

Meanwhile, 1353 electricity connections were snapped for non-payment of outstanding bills amounting of Tk 54 lakh 74 thousand in Sylhet Circle, 2202 for non-payment of Tk 1 crore 30 lakh in Mymensingh Circle and 831 for non-payment of Tk 57 lakh 53 thousand in Planning and Development Circle of Central Zone during the same month.

Life insurance for Bangladeshis going abroad with jobs

The government has decided to introduce Life Insurance scheme for the Bangladeshis nationals leaving for abroad with employments, says a Delta Life Insurance Company press release.

The Life Insurance Scheme will be operative from June 20. Bangladeshis nationals from henceforth will be required to make their lives insured when they will be leaving for abroad, an authoritative source informed.

The Ministry of Labour and Manpower has taken this decision to ensure the security and financial welfare of the wage earners, under "Wage Earners Welfare Fund."

The Wage Earners Welfare Fund invited tenders from the insurance companies in January last while eight insurance companies participated in the tenders. The Delta Life Insurance being the lowest tenderer entered into a contract for two years offering maximum facilities.

Under this insurance scheme, a Bangladeshi national going abroad will have to pay Taka one thousand as premium for two years which will cover the insurance of Taka one lakh. If one pays Taka 2000 as premium for two years one will get the insurance coverage for Taka 2 lakh. It may be recalled that this compulsory insurance scheme is now prevailing in most of the developing countries including India and Pakistan.

Shawkat leaves for Geneva

Labour and Manpower Minister Mir Shawkat Ali left here for Geneva last night to attend the 82nd conference of ILO which began there on June 6, reports BSS.

He will also attend a special meeting of the NAM labour ministers in Geneva today.

The minister is expected to address the ILO conference on 19 June and return home on June 21.

Bangladesh has good prospects to attract FDI for infrastructural projects'

By S Y Bakht

Bangladesh has good prospects to attract foreign direct investments (FDI) for its infrastructural projects, specially in the energy and telecommunication sectors, observed Boris Merkenich, Chairman and Chief Executive Officer (CEO) of the Switzerland-based Ceres Financial Concepts (CFC).

"We see Bangladesh as a land of opportunity. Actually, we were overwhelmed by the prospects in project financing," he said at the end of a week-long visit.

A German national, he is currently on a fact-finding visit to Bangladesh, along with Martin E Conlon, the Executive Vice President of the company who manages its Wall Street subsidiary in New York.

Based in Lausanne, CFC specialises in dealing in international bonds, particularly bonds from the emerging markets which are traded in Lausanne and New York, and in arranging both corporate and project finance through their network of international investors.

In an interview with The Daily Star last week, both Merkenich and Conlon spoke positively about the Bangladesh economy and were upbeat about the country's prospect in attracting foreign investment.

Conlon pointed out that the country's economic fundamentals are really good with a low rate of inflation and high foreign exchange reserves which is important to attract foreign

investments. "I think very soon Bangladesh will be able to make the transition from (donor-backed) soft-loans to commercial project financing and we want to be the first international financing company to be able to do that," Merkenich added.

The company has extensive business experience in South-east Asia and Merkenich predicted that it would grow further in the future. "I believe that the last century belonged to Europe while the present century belonged to the US and the 21st century would be Asia's," he said. "To underline our commitment to Asia we are going to set up an office in Hong Kong soon."

Both the CFC executives are also old Asia hands. Merkenich worked for the Deutsche Bank in Singapore while Conlon, a US national, worked for the Hong Kong-Shanghai Banking Group.

In recent years, CFC has placed international bonds for institutional clients in Pakistan, Indonesia, Thailand, Malaysia and other regional countries.

In corporate finance, it arranges loan syndications for banks, corporations and government institutions and has done business in China, Indonesia and Malaysia.

The company provides project financing either on a debt or equity participation basis. It is currently financing a 100

million US dollar toll-road project in China on a Build-Operate-Transfer (BOT) basis, a 120 million dollar water project in Sumatra and has also arranged a 400 million dollar financing for the Indonesian National Car Project.

It also arranged joint venture investment projects with European partners in Indonesia, Malaysia and Thailand, and has recently opened a shipping finance division CFC Maritime Ltd.

The company is going to look into investment opportunities in infrastructural projects in Bangladesh, Merkenich noted. Prospective areas include projects in the power, oil and gas exploration, refinery and the telecom sectors.

During their stay in Dhaka, the CFC executives held meetings with senior officials of the ministries of energy and industries, the central bank, T and T Board, Rural Electrification Board, World Bank and the Securities and Exchange Commission. They also met with chamber leaders, the Chairman of the Dhaka Stock Exchange and executives of some leading business houses.

Both the CFC executives said that they were impressed by what they saw in Bangladesh.

"When I came here, of course, I thought Bangladesh is another poor developing country. But I have been very positively surprised after the

visit," Merkenich said. He pointed out to the "extremely positive aspects of the Bangladesh economy, which is 'well managed' and has a 'vibrant' private sector."

"I think the one thing that surprised me the most is the private sector, which is very easy to communicate with and I was impressed with their management skills," Conlon added.

Merkenich said that his Bangladesh visit is the first part of the company's plan to look for business opportunities in the growing subcontinental region. The visit came about when a family friend from his hometown of Cologne, Germany, who has been visiting Bangladesh as a garment buyer, convinced him to look at the business opportunities in the country, he noted. "Our investors are looking for high yields on their investments, which cannot be easily available in markets like Thailand and Indonesia any more," he explained. "So, we have to look for new markets to get higher returns on investments."

The company now plans to write research papers on the opportunities available in Bangladesh and forward them to its mainly European clients, Merkenich said. "All we hear about Bangladesh is catastrophes, we have to create more awareness about Bangladesh among the Europeans," he added while conceding that initially it may be difficult to convince them.



Shafiq Ahmed Chaudhuri, Chairman of Impact Foundation Bangladesh, presiding over a meeting of the Advisory Council of Impact Foundation on the project 'Jibon Tori Boat Hospital' Sunday in the conference room of World Health Organisation in Dhaka. Dr Hikmat Nabulsi, Coordinator, Global Impact Programme based in Geneva, and Monsur Ahmed Choudhuri, Director, Impact Foundation, are also seen in the picture.

Dollar's firmness may help bridge G-7 row over monetary policy

NEW YORK, June 11: The dollar's new-found steadiness on the money markets will allow Group of Seven (G-7) leaders to sidestep differences over monetary policy and make vague pledges of cooperation at the week's Halifax Summit, reports AFP.

Leaders of the world's seven wealthiest industrial nations hold their annual meeting in the eastern Canadian city on June 15 to 17 amid

relative calm on the currency markets.

The US greenback appears to be bouncing back from its 11 per cent loss against the German mark and 13 per cent nosedive against the Japanese yen in the first quarter that led to record lows in April.

The respite came after G-7 finance ministers and central bank governors agreed at a meeting in Washington on

April 25 that "orderly reversal" of the dollar's fall and the yen climb was "desirable."

Central banks moved in to give the dollar a leg up on May 31 with interventions on the currency markets.

For G-7 monetary policymakers, the dollar's return to a stable position comes as a surprise as the statement published in Washington was not particularly strongly worded.

Commodity market: Prices of gold, tin, sugar higher, tea, rubber lower

LONDON, June 11: After soaring to new highs at the beginning of the year, rubber prices went into free-fall this week as production in South-East Asia, which accounts for three-quarters of world output, surged ahead, reports AFP.

Last year, increased demand, combined with a fall in exports from Malaysia and Indonesia, sent prices soaring, but industrial buyers, who then paid dearly for latex, are now rubbing their hands at the thought of the situation being unexpectedly reversed.

Certain traders have even suggested that tyre manufacturers have completely disappeared from the market, thus precipitating a collapse in prices, and are currently using up their own stocks.

Elsewhere, oil prices fluctuated irregularly without any particular trend, as did the precious and base metals.

Coffee suffered a bout of the blues, falling by some 200 dollars on speculative selling, before recovering slightly. Grains rose as a fall in the US harvest looked increasingly inevitable.

GOLD: Higher. Gold rose three dollars to about 386 dollars an ounce, helped by large scale buying on the physical market and a weak dollar.

duced risks of inflation.

SILVER: Nervous. The price fell to below 5.3 dollars an ounce — the lowest since March — after speculators suddenly exited the market.

The metal then climbed to 5.35 after sustained demand on the physical market.

PLATINUM: Calm. Platinum was extremely calm, fluctuating around 433 dollars an ounce. One analyst predicted that platinum's golden years could now be over as a growing number of speculators leave the market.

COPPER: Unchanged. After beginning the week higher, copper then sank back to its previous Friday close, at around 2,860 dollars per tonne, hit by another 9,525 tonnes delivery of copper into the Singapore warehouse.

Dealers, however, said there was also support coming in for copper on the way down. Nevertheless, the latest material going into Singapore appears to be part of the fourth shipment (making about 80,000 tonnes) of Chinese material expected by the market.

Should more copper arrive after the rest of this shipment is offloaded, those who had expected the total to be kept down to four would have to start revising their estimates upward, which might be bearish, traders added.

LEAD: Sinking. Lead eased some 10 dollars during the week to end at 614 dollars per

tonne, in quiet trading.

The market ignored news that labour contract talks had broken off between Canadian lead and zinc producer Cominco and the unions representing workers at its mines in Trail plant and Sullivan, British Columbia.

The union called off the talks late Tuesday because the company had refused to make a new monetary offer, which would have outlined salaries and pensions.

The two sides are unlikely to meet before next week's strike vote, which would affect nearly 2,000 workers at the Trail smelter and 500 at the Sullivan mine.

ZINC: Lower. Zinc fell by around 15 dollars during the week to some 1,028 dollars per tonne, also ignoring the Cominco news in a dull market.

ALUMINIUM: Easing. Aluminium dipped some 40 dollars during the week to 1,778 dollars per tonne, hit by market concern that the memorandum of understanding (MOU) to cut world production signed nearly 1994 is petering out.

Traders said that North American producer Alcan's decision to reactivate 28,000 tonnes of annual capacity at its Aratu smelter in Brazil heightened concern that "core producers of the MOU are looking to reverse their cutback deci-

sions."

Elsewhere, analysts Rudolf Wolff said big aluminium producers are likely to wait until the end of this year before re-starting capacity shut down following the MOU.

NICKEL: Lifting. Nickel rose some 25 dollars to 7,875 dollars per tonne in quiet trading.

The Canadian producer Inco, the world's leading producer, has agreed to pay diamond field resources, Vancouver, British Columbia some 509 million dollars in stock and cash for a 30 per cent stake in the Voisey Bay nickel and copper deposit on Canada's Atlantic coast.

Inco supplies more than 30 per cent of the western world's nickel demand, with deliveries of 518 million pounds of nickel last year.

TIN: Up. Tin prices lifted some 25 dollars to 6,290 dollars per tonne, although the metal hit a five-month closing high of 6,310 dollars on Wednesday.

Dealers said most of the tin in LME warehouses is controlled by two big players and that this accounts for the present tightness in supplies for immediate delivery.

COCOA: Fall. Cocoa prices fell by about 40 pounds to 940 pounds a tonne because of a large world harvest and poor quality of new stock. A London dealer said classification is becoming increas-

Country's export earning stands at \$2407.37m in 8 months

By Rafiq Hasan

The country's export earning stood at \$2407.37 million US dollars during the first eight months of the current fiscal year.

The earning is 37.19 per cent more than that of the corresponding period of the previous fiscal year.

According to the EPB export data, the export earning during the first eight months of the last fiscal was 1754.75 million dollars.

After observing the export trend of the major exporting sectors, the export bulletin of the EPB said during the July-February '94-95 period, the export target was not achieved in agricultural produce, engineering goods, goods under crash programme, petroleum by-products, handicrafts, and other primary goods while the export target was achieved in frozen foods, raw jute, chemical products, leather, jute goods, garments, knitwear, and in other industrial products.

Of them, the export earning declined this year compared to the same period of the last year, in goods under crash programme, tea, handicrafts and agricultural products.

However, in comparison with the last year, the export earning has been increased in frozen food, petroleum by-products, leather, raw jute, other industrial products, jute goods, knitwear, garments, engineering goods, and chemical goods sector.

Frozen Food
The export earning increased by 66.72 per cent in the frozen food sector. During the period, the country earned 238.67 million dollars exceeding the target by 49.17 per cent. The target was fixed at 160 million dollars for the period.

The volume of the exported frozen food is 61.42 million pounds. Of it, 45.24 million pounds are frozen shrimp. During the same period of the last fiscal year, the earning from this sector was 143.16 million dollars by exporting 39.30 million pounds of frozen foods.

Knitwear
The second most earning sector is knitwear. Its export has increased by 56.77 per cent during the period. The export target from this sector was fixed at 200 million dol-

lars for the period. But actual export earning from knitwear sector stood at 247.38 million dollars. The last year's export earnings during the same period were 157.80 million dollars.

Garments
The export earning from garments, the largest export sector of the country, stood at 1282.68 million dollars exceeding the target by 16.61 per cent. The target was fixed at 1100 million for the period. The share of this sector to the overall export earning of the country also increased to 53.28 per cent from 50.97 per cent in the last fiscal year.

During the same period in the last fiscal year, the earning from this sector was 945.32 million dollars. So, compared with the earning of the last fiscal year, the export earning from this sector increased by 35.69 per cent.

Leather
The country earned 144.07 million dollars by exporting 116.40 million square feet of crushed leather during first eight months of the current 94-95 fiscal. The earning from this sector has increased by 35.24 per cent.

BWDB training course opens

The second six-day training course jointly sponsored by Bangladesh Water Development Board and Audit and Accounts Training Academy on double entry Accounting System for the RAC (Regional Accounting Centre) personnel of BWDB began at the Audit and Accounts Training Academy yesterday, says a press release.

M Majidul Islam, Chairman, Bangladesh Water Development Board, inaugurated the course as chief guest.

A total of 27 officers and staff of Bangladesh Water Development Board are taking part in this training course.

Among others Sufi Awwaful Islam; former Director of the Training Academy, Abdur Rouf Chowdhury, Member Finance of the Water Development Board and Asif Ali, Director of the Training Academy also spoke on the occasion.

Gaffar new adviser of Southeast Bank

A K M Gaffar, former president and managing director of Arab Bangladesh Bank Ltd, has joined Southeast Bank Ltd. as adviser, says a press release.

Prior to his present assignment he was the adviser of AB Bank Ltd.

moving some 40 cents higher to 18.18 dollars a barrel, on speculative buying and technical factors.

"I don't see any basic change in the fundamentals, but this could be related to the rise in petrol prices on the New York market," said one analyst.

US dealers were expecting a rise in the consumption of car fuel oil in the United States.

Prices then fell back to around 17.80 dollars a barrel falling in line with weaker prices on the New York petrol market. Dealers believe that US petrol stocks for the summer will be larger than expected.

RUBBER: Decline. The reference price on the London market fell by 80 pounds to 1,020 pounds per tonne as tyre manufacturers stopped buying on prospects of a rise in South-East Asian production, which will drive prices down.

One dealer said, importers, who are seeing prices decline, are holding off buying in the hope of seeing them fall even further.

In addition, the hibernation period for the young rubber plants is now over in Asia and trees are once again producing a top volume.

GRAINS: Stable. Grain prices remained high, affected by the likelihood of a poor US spring wheat harvest and a fall

in world stocks. The US is the largest exporter of wheat.

Wheat for July delivery was bid at around 128 pounds a tonne while for September delivery it was bid at 108 pounds — six pounds higher compared with the same time last year.

Barley remained around 106 pounds a tonne, and according to GNI, dealers are beginning to believe that recent heavy rainfalls have helped the harvest in Europe.

According to the British home grown cereals authority, this year's rain is not a threat to the harvest in Europe and, on the contrary, planting might suffer if there is drought in the south of the continent — especially in Spain.

In the United States prices were high after excess rainfall threaten spring barley planting and grains planted this winter.

TEA: Low. Trading remained subdued because of weak demand and the poor quality of tea this year. The average price of 103 pence per kilo is at least 20 pence lower than at the same time last year.

COTTON: Limited. The cotton outlook reference price dropped by two cent then climbed to about 1.08 dollars per pound.

WOOL: Weak. The Bradford reference price fell by six pence to 516 pence in the wake of the Australian market, which was hit by weaker demand from China.