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The Daily Star BUSINESS

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Israel revokes Palestinian minister's travel permit

JERUSALEM, May 3: Israel revoked a Palestinian minister's travel permit Thursday, accusing her of smuggling Islamic militants into Israel, says AP.

Shlomo Dror, spokesman for Israel's top liaison with the Palestinians, said Social Affairs Minister Intissar Wazir abused privileges that allowed her to travel through Israeli checkpoints without inspection.

Dror said Wazir, widow of a PLO chief whose 1988 death has been blamed on Israel, violated peace agreements and an Israeli closure by smuggling into the West Bank two university students active in the Islamic militant Hamas group.

Israel became aware of Wazir's actions while questioning a Gaza student who was caught without a permit at the West Bank university of Bir Zeit in March, Dror said.

The student told Israeli interrogators that he entered the West Bank in Wazir's car. After 63 people were killed in a series of suicide bombings claimed by Islamic militants in February and March, Israel sealed off the West Bank and Gaza Strip.

Palestinians were barred from traveling between the two areas. University students from the West Bank holding Gaza identity cards were ordered to return home.

Dror said that despite the closure, several Palestinians illegally rode from Gaza into the West Bank with Palestinian officials.

There were similar incidents and this is a violation of the agreement and it is very regretful because it hurts the trust between us and the Palestinian Authority," Dror said.

Israel radio said one of the students who rode with Wazir was Issam Muhadin, the brother of an Islamic militant who carried out a suicide attack in Gaza in September 1993.

Under the autonomy agreement, Palestinian officials receive special permits to enter Israel and travel between the West Bank and Gaza. The officials are excused from rigorous security checks at Israeli roadblocks.

"We want to continue with the VIP (very important person) passes. It serves their interest and to some extent ours, but they can't use it in this way," Dror said. Israel is reconsidering handing out the special passes altogether, he said.

Wazir was in Amman, Jordan on Thursday and could not be immediately reached for comment.

Lebanon raises minimum wage

BEIRUT, May 3: Lebanon has ordered a 20-per cent rise in the minimum wage and increased other salaries in the private sector by at least five per cent, Information Minister Farid Mecari announced, reports AFP.

The minimum wage went up from 250,000 pounds to 300,000 pounds (around 190 dollars) a month, the minister told reporters late Thursday.

The government also decided on a 10-per cent raise for wage earners of between 250,000 and 800,000 pounds, and five per cent for workers who earn more than 800,000.

The rises — retroactive to January — were lower than demanded by the powerful trade union confederation CGTL, which wanted the minimum wage doubled and a 76-per cent increase on other salaries.

On February 29, the government ordered a curfew — for the first time since the 1975-1990 civil war — to prevent demonstrations planned by the CGTL in defiance of a ban on public rallies.

Inflation rose to 13.5 per cent last year, from 12 per cent in 1994.

MANILA, May 3: South-East Asia's rapid industrialisation is wiping out much of its food production, and experts warn that this will jeopardise their capacity to feed themselves, according to IPS.

The region's fertile farmlands and the backbone of the rural economy may be threatened if the region continues to pursue a policy of global competitiveness and neglect agriculture.

The "devaluation of the small farmer" is a key reason why economies will become more susceptible to cycles of plenty and shortages of food, warns AZM Obaidullah Khan, Asia-Pacific Representative for the UN's Food and Agriculture Organisation (FAO).

Susana George of the Transnational Institute agrees: "If we take food production and stagnant yields and the richer economies of South-East Asia that are upgrading diets, what you get is a squeeze."

And since many nations that are rushing to shift from agri-

WB report on reforming public sector Govt inefficiency affects entire economy

Star Report

The same percentage of gross domestic product (GDP) is spent on running the governments of Bangladesh and South Korea but Bangladeshi citizens get much less value for their money in terms of efficiency and quality than their Korean counterparts.

Mentioning this as an example of the inefficiency of the country's administration, a World Bank (WB) study, "Government that works: reforming the public sector" to be released shortly, says the government "accounts for almost two-thirds of formal sector GDP. Its tentacles are spread all over through direct intervention and its inefficiency affects the entire economy."

The study has portrayed how the government has expanded itself on a large scale on various grounds disregarding what it is providing to the citizen.

Since independence, the size of the government has virtually doubled in terms of ministries, departments and officials. The study has revealed that the "usual practice has been to create a new ministry, division or department without attempting to eliminate redundancy."

Bangladesh has now 35 ministries while Malaysia has

24, South Korea 25 and Thailand 14.

The study has reviewed several government departments, programmes and 154 commercial public enterprises and found most of them failed to justify to be remaining in the government's hand.

It has categorically mentioned the Department of Cooperatives (DOC), the Bureau of Manpower, Employment and Training (BMET) and the Bangladesh Rural Development Board (BRDB), the efficacy and efficiency of which are questionable.

The DOC that supervises 133,000 cooperatives has a staff of 4700 and costs the taxpayers Taka 270 million a year and yet most of the cooperatives are in a dysfunctional state. This raises the question of having such a huge staff to do so little specially when NGOs have immense success in group and social mobilisation, the study says.

The BMET that employs 2000 people and costs Taka 84 million annually to the taxpayers was supposed to train manpower for export. But there is no evidence of BMET's impact since most workers receive training on their own, the study points out.

The study has also doubted the role of BRDB against the

success of NGOs in credit programmes.

This raises the need for re-evaluating the rationale of the public sector programmes and assessing their value for money to the tax-payers with a view to refocusing the energies of government to the needs of the present and challenges of the future.

The study has suggested that a National Commission for Reforming Government (NCRG) be set up which will work independently to critically re-evaluate the rationale for each agency, and assess value tax-payers are getting for supporting agency.

The NCRG should address two issues — closing down and streamlining institutions and unbundling and contracting out activities — seriously.

Those agencies or ministries that have already lost or will lose their relevance in the future changing economic landscape have to be closed down. For example, the study cited, Ministry of Textiles and Jute will be redundant when all state-owned mills will be divested.

On the other hand, those functions which private sectors can do efficiently should be handed over for better performance, the study observed.



Adviser to the Ministries of Finance and Planning Dr Wahiduddin Mahmud distributed certificates among the participants at a training course on procurement of goods, works and services held under the auspices of Project Aid at the auditorium of Planning and Development Academy in Dhaka recently. — PID photo

Another confrontation likely

House Republicans add \$ 13b to Clinton's defence budget

WASHINGTON, May 3: Setting up another confrontation with the Clinton administration, a key House committee is adding 13 billion dollars and a raft of conservative social policies to the 1997 defence budget, reports AP.

The House National Security Committee completed work late Wednesday on a 267.4 billion dollars version of the 1997 defence budget, a substantial increase over President Clinton's request. Committee approval came at the end of a day that devoted far more time to abortion, AIDS, homosexuality and pornography than to tanks, planes and ships.

In a series of votes, the committee supported a ban on abortions at overseas military hospitals, the involuntary discharge of service members with the AIDS virus and a return to the outright ban on gays in the military.

The panel also voted to ban the sale of adult videos and magazines on military bases.

The measures were aimed

at what Republican Robert Dornan, a California Republican, called "the culture of degradation." Republican Duncan Hunter, another California Republican, said the question was whether the military should be held to a higher standard.

"This debate and this provision," Hunter said, referring to the ban on gays in the military, "is not about (prejudice). It's about values... tradition... the American fighting man's having a stainless character."

But even some Republicans wondered why the Republicans were picking another ideological fight with the White House only months after completion of the 1996 defence bill, a job greatly prolonged by disagreements over social issues.

"Why are we debating social issues over and over again," asked Republican Peter Torkelson, a Massachusetts Republican.

Social issues aside, the bill would add 13 billion dollars to Clinton's budget request of 254.4 billion dollars. If ap-

proved, it would result in a defence budget roughly equal to this year's when adjusted for inflation. Most of the increase 7.5 billion dollars would go for weapons.

The proposed ban on sale of pornographic material was a new idea this year, although the Pentagon considered such a ban in 1992. Other debates reprised last year's battles that dragged completion of the defence budget months past its deadline.

The committee: Voted to include language that would require the discharge of service members who test positive for HIV, the virus that causes AIDS. Dornan wrote that language into last year's bill but Congress repealed it just last week.

Defeated a move to repeal last year's committee initiative to ban abortions at overseas military hospitals.

Approved without a vote Dornan's provision to restore the absolute ban on gays serving in the military.

Riyadh puts case to WTO for membership

GENEVA, May 3: Saudi Arabia and its trading partners yesterday began negotiating the terms for the oil giant to enter the World Trade Organisation (WTO), officials said, reports Reuters.

Riyadh hopes that joining the 120-member body will clear barriers to exports of its petrochemicals, mainly to Europe and the United States, according to a Saudi diplomat in Geneva.

Saudi Commerce Minister Osama Bin Jaafar Bin Ibrahim Faqih is heading a delegation of 21 officials at the first meeting of the WTO working party studying Riyadh's application.

Saudi Arabia applied in July 1993 to the WTO's predecessor body, the General Agreement on Tariffs and Trade (GATT). But a GATT working party set up to study the request made no progress.

The United States, concerned about the sale of counterfeit goods, is expected to push Riyadh to adopt tough legislation to protect foreign intellectual property, copyright, patents and trademarks according to trade sources.

The closed door meeting between Saudi Arabia and WTO members is due to end on Friday, according to a WTO spokesman.

Mamoun Kurdi, Saudi Undersecretary for Foreign Affairs, is also taking part in the talks, expected to take easily more than a year to negotiate an accession protocol.

"It is important. It is a question of marketing our petrochemicals which face a lot of trade restrictions in various European countries as well as in the United States," one Saudi diplomat told Reuters.

In December, the Gulf state of Qatar accepted a package accord on WTO membership, clearing the way for it to join Bahrain and Kuwait in the new body. Negotiations took 18 months.

The United Arab Emirates joined last month.

Minimum monthly wage raised in Israel

JERUSALEM, May 3: The minimum monthly wage in Israel was raised by 11 per cent yesterday from 1,828 shekels to 2,020 (630 US dollars), Labour Minister Ora Namir said, according to AFP.

Companies which refuse to pay the new minimum, brought in less than one month before May 29 general elections, are liable to face fines of 780 dollars.

The treasury also said Thursday that the average salary at the beginning of the year had reached 1,560 dollars, but added women were the victims of pay discrimination — the average woman's salary was around 1,000 dollars compared with 1,900 for men.

The ministry added that 48 per cent of the people in employment paid no tax as they earned less than the required minimum taxable monthly salary fixed at 650 dollars for a single person at the beginning of the year.

10 m Chinese to get mobile phone by 2000

BEIJING, May 3: At least 10 million Chinese people will have a mobile phone by 2000, Xinhua said Thursday, reports AFP.

Cell-phone subscribers numbered only 50,000 in 1991, an figure which rose to 1.5 million by 1995, the official news agency said, quoting the Post and Telecommunications Daily.

Sales of telecommunications goods, including phones and pagers, is likely to reach 20 billion yuan (2.5 billion dollars) a year over the next five years, it said.

Arab states urged to hold economic summit

ABU DHABI, May 3: A senior Arab official urged regional states yesterday to set aside their political rifts and convene a summit dedicated to the discussion of a long-sought common market, reports AFP.

Hassan Ibrahim, Secretary General of the Ministerial Economic Unity Council in the 22-member Arab League, said plans for the regional common market had collapsed because of political disputes and competition among members.

Writing in the United Arab Emirates magazine, Emirates Today, he said the council had repeatedly called for an Arab economic summit to discuss what he termed as challenges and changes in the world economic order.

The council again stresses the need for such a summit, which should not raise any political subject that could spark more differences," he said.

"Such specific issues as border disputes and past reverses should be excluded from the meeting. The focus should be on the Arab economic future."

Ibrahim, whose Cairo-based council groups Arab economy and finance ministers, said Arab nations were still competing rather than cooperating in economic and trade fields while most of them had created customs barriers against each other despite the long-standing free trade accord.

Trade among Arab states has remained as low as nine per cent of their total commercial exchange of around 249 billion dollars in 1994.

Chun launders money even in jail, say prosecutors

SEOUL, May 3: Even in jail, former military ruler Chun Doo-hwan continued money-laundering and stashed away millions of dollars in cash, prosecutors said Thursday, reports AFP.

Chun, 64, is on trial along with his presidential successor, Roh Tae-woo, on bribery charges. They also face mutiny and treason charges in the coup that brought them to power 16 years ago.

The two ex-army generals are accused of building slush funds of up to 900 million dollars during their presidential terms in the 1980s and the early 1990s. Prosecutors call the money kickbacks and bribes, but the two claim that it came from unsolicited donations from businessmen.

He added. He urged Arab countries, with a population of around 245 million, to follow the example of European Union members, in overcoming their political disagreements and giving priority to the economy.

Unfortunately, all Arab states, without any exception, have given priority to political rather than economic issues," he said.

"In this respect, we can mention that one political decision which could be issued in a moment of anger could cancel hundreds of cooperation protocols between two Arab countries. Some joint projects in the Arab world have also collapsed mainly because of political differences."

Ibrahim said the absence of cooperation among Arabs has made them economically weak although they sit atop 60 per cent of the world's oil.

He also blamed inadequate economic policies for the flight of Arab experts and capital, adding investment in the region has remained a fraction of the overseas Arab asset, estimated at more than 600 billion dollars.

"Who could believe that the Arab nation, with all its resources, is unable to produce a car that could be a 100 per cent Arab," he said.

"The council has drawn up scores of ideas, plans and projects that could serve the comprehensive Arab development and economic cooperation. But I believe such concepts will never materialise unless there is a political will to seek a way out of the current economic dilemma."

Both claim that none of the money was spent for private purposes. But they were found to have hidden large amounts in cash and real estate even after they stepped down in 1988 and 1993, respectively.

On Thursday, prosecutors said they had confiscated 1.3 million in illegally laundered money belonging to Chun. The former president had aides cash 5 million in bank bonds last year, half of it while he was in jail, they said.

Prosecutors found the laundered money Sunday in a raid on the homes and offices of Chun's aides.

Late last month, prosecutors also seized 7.9 million dollars of cash that they said belonged to Chun.

Gore addresses 9th conference UNCTAD must work for world economic integration

JOHANNESBURG, May 3: The UN Trade and Development Conference (UNCTAD) must work to ensure the least developed countries are speedily integrated in the world economy, US Vice President Al Gore said yesterday, reports Reuters.

In a video address to the ninth UNCTAD conference, Gore paid tribute to former US Commerce Secretary Ron Brown, who died in a plane crash in Croatia last month, saying he would have led the US delegation to the UNCTED meeting.

"I want to share what I know would have been his priority goal for this critical meeting — to speed the integration of the developing world into the world trading system... in conjunction with sound environmental and economic strategies," Gore said in the message to the 2,500 delegates on the third day of the two-week meeting.

He said the United States has "close and cooperative relations with both South Africa and UNCTAD" and he welcomed South Africa's "resumption of leadership in the UN system."

US delegate Melinda Kimble told the conference that after agreement on the United States' budget this week the United States will pay "in full" its regular 1995 contribution to the United Nations easing the immediate cash-flow crisis.

At the start of the UNCTAD conference, there was widespread concern that the United States would seek to pull out of some UN agencies. Last month the United Nations announced it had run out of money for daily running expenses.

The UN total budget is some 2.6 billion US dollar plus peacekeeping contributions, but it is owed 2.8 billion US dollars from member states. The US, the largest debtor, owes 1.5 billion US dollars and Russia owes 400 million US dollars.

Kimble said the US saw three distinct functions for UNCTAD — economic analysis, "policy dialogue that emphasises the sharing of experiences" and technical cooperation.

S Korea-China fisheries talks begin

SEOUL, May 3: South Korea and China began fisheries talks Friday preparing for the declaration of 200-nautical-mile exclusive economic zones around their shores, reports AP.

The outcome of the two-day meeting in Seoul will affect similar negotiations to be held between South Korea and Japan next week.

The sea between China and South Korea is less than 200 nautical miles in some areas. The setting of the borders will greatly affect the two countries' fishing industries.

Two hundred nautical miles are equivalent to 230 statute miles or 370 kilometres.

South Korea wants to regulate Chinese fishing in its economic zone. South Koreans accuse Chinese fishermen of over-fishing in waters near the Korean peninsula.

During the Seoul meeting, the fifth since 1993, South Korea will declare its intention to "crack down on Chinese boats that trespass South Korean waters," officials said.

Seoul is also expected to stress the need to sign a formal fisheries treaty, they said. At a UN convention allows nations to regulate the catch in the area extending 200 nautical miles from their shores. China and South Korea are expected to ratify the U.N. Convention of the Law of the Sea later this year.

Dubai's non-oil trade hits record in '95

DUBAI, May 3: Dubai's non-oil trade hit a record level in 1995, indicating an upswing in business in the Emirate and other states in the oil rich Gulf, an official report showed yesterday, says AFP.

Trade stood at around 72.39 billion dirhams (19.72 billion dollars), of which nearly 54.63 billion dirhams (14.88 billion dollars) were worth of imports, the Dubai Ports and Customs Department said.

The figure also included re-exports of around 13.68 billion dirhams (3.72 billion dollars), most of which were destined for neighbourhood Iran, Kuwait, Saudi Arabia as well as Pakistan and Hong Kong.

Machinery, cars and electronics topped the list of imports, with a value of around 13 billion dirhams (3.54 billion dollars). Other products included clothes and textiles, foodstuff, home appliances and chemicals.

The report gave no breakdown for the imports but Dubai's main suppliers are Japan, China, India, the United States, France, Germany and Britain.

China's forex reserves surge

BEIJING, May 3: China's foreign exchange reserves hit 80.83 billion dollars at the end March, ranking fourth in the world, the official Xinhua News Agency reported late Sunday, reports AP.

Citing figures from the central bank, the People's Bank of China, Xinhua said foreign exchange reserves surged 7.24 billion dollars during the first three months from 73.59 billion dollars at the end of 1995.

The increase is attributable mainly to the clearing of some of 1995's foreign trade during the first quarter of this year, Xinhua said. In 1995, China recorded a foreign trade surplus of 16.7 billion dollars.

Moreover, non-trade income continued rising and the central bank has bought more foreign exchanges than it sold out, the report said.

China's huge foreign exchange reserves resulted in stable exchange rates for the Chinese currency, the yuan, against major foreign currencies, the report said. At the end of March, one US dollar was worth 8.33 yuan, almost the same as at the end of 1995.

SEA's rapid industrialisation wiping out much of food output

culture to industry are destroying farmers' livelihood the context for a crunch in this part of the world is set, she says.

Already, huge swaths of Malaysia have been turned into plantations of cash crops like rubber and oil palm. China has moved from maize exporter to a net importer in recent years.

The area planted to rice in Indonesia has shrunk in the last decade, as 50,000 hectares of land each year are converted to non-agriculture use. Rice production fell to its lowest level in 1994, and rice imports hit their peak in over a decade last year.

The agricultural strategy of the Philippines — which officials like to say is undergoing "entitlement" — aims to cut the five million hectares planted to rice and maize to under two million, the rest used for commercial crops and livestock.

In Vietnam and Cambodia, market demand is fuelling the use of fragile mangroves for shrimp farming for export, and palm oil or cashew cultivation instead of foodcrops.

Says Khan: "Roads, shopping malls, resorts and factories bury under concrete prime farm lands. As a contemporary Chinese saying goes: 'asphalt is the latest crop'."

A key impetus behind these trends is trade liberalisation, which now includes agriculture.

Liberalised trade is, often called South-East Asia's path to prosperity, but critics say it may put the region at risk.

The trade regime that is being pushed will certainly undermine food security in developing countries," says Gurmit Singh, Adviser to Malaysia's Environmental Protection Society.

He expressed concern that countries like Malaysia, rush-

ing to industrialised status, seem content to buy food from the open market and encourage agri-business ventures instead of supporting small farmers.

George says putting nations at the mercy of markets worsens growing food insecurity, which is already being felt at a time when food prices have doubled and cereals stocks worldwide have fallen to their lowest levels in over two decades.

In the past three years, grain consumption worldwide has outstripped production. At the start of 1996, global cereal stocks stood at 14 per cent of consumption, four percentage points below the food security benchmark.

Rice yields are plateauing in Asia, which grows and consumes more than 90 per cent of the world's rice, as population grows and demand for rice is seen to rise by 70 per

cent by 2025.

Kevin Watkins, an expert on international food trade with the London-based development aid agency OXFAM, says South-East Asian nations have normally protected food self-sufficiency because it is tied to socio-political stability.

"But as economic growth gathers pace and agricultural liberalisation gathers impetus, there is a growing danger that the region will become increasingly dependent upon imports, with potentially adverse consequences for rural livelihoods," Watkins says.

Within the seven-member association of South-East Asian Nations (ASEAN) agriculture's share of gross domestic product (GDP) fell from 32 per cent in 1980 to 24 per cent in 1993, according to the ASEAN Agricultural Development Planning Centre.

Already, FAO says Asia is the

fastest growing market for agricultural imports, accounting for 65 per cent of food imports.

The US Agriculture Department says "high-income Asia" — Japan, South Korea, Taiwan, Hong Kong, Singapore, Malaysia and Brunei — imports 50 million tons of grain a year or more food than any other region. Lower-income Philippines, Indonesia and Thailand import at least another 5.5 million tons.

Affluent Asians are also acquiring a taste for food they do not grow at home, making the region one of the fastest-growing markets for wheat exports from the United States and Europe.

Even if Asia has dollars to buy food outside at a price lower than at home, rising food prices and volatile markets can be a pitfall for a re-

gion with little control over world prices.

FAO's Khan says 1995 already saw the steepest increases in the prices of rice, wheat and corn. "Food prices are primed to rise higher and means greater import costs," he added.

While export power is often cited in South-East Asia's growth, activists warn against putting too much faith in the free market.

Some in fact argue that some lessons can be learned from the tiger economies that guarded their food markets.

Experts say the world trade in agricultural products is by no means a level playing field due to heavy subsidies by the US and European governments, which are often price setters.

Watkins says the United States, the 15-member Euro-

pean Union (EU) and Canada account for 80 per cent of world wheat exports, the US alone for a third of the total. The United States also accounts for three-fourths of world maize exports.

These exporters provide their agricultural sectors with huge subsidies, which means they are churning out huge food surpluses that are eventually dumped in developing nations, Watkins argues.

Consequently, local farmers, unable to compete in a distorted market, often give up their livelihoods, migrate to city slums or overseas or swell the ranks of the unemployed. Food dependency, rises, and when crisis comes, countries may reap the painful costs of under-investment in agriculture.

By then, George says, it may be too late to reverse the trend. "You can make a worker out of a peasant, but you cannot make a peasant out of a worker."