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RMG manufacturers endeavouring to make good losses

By Govinda Shil

The ready-made garments (RMG) manufacturers of the country have been vigorously trying to minimise their losses incurred during late '95 and early '96 and expect that there would be much improvement in economic sector and political arena.

The manufacturers have requested the government to take adequate steps to restore the image of the country abroad.

The garments exporters have also expressed frustration over their demands raised earlier to the caretaker government which are yet to be fulfilled.

"We met the caretaker government several times who gave us verbal assurance to help run our industries in full swing with the help of bank financing, port authorities and country's foreign missions abroad," said Shahabuddin Ahmed, first Vice-President of Bangladesh Garments Manufacturers and Exporters Association (BGMEA).

Banks are reluctant to provide assistance and surcharges on congestion are still charged by the international shipping lines which, infact, contravene the usual norms and practices, he added.

"We hope that political situation will improve further resulting in economic stability in the country," said Anisur Rahman Sinha, an executive member of the BGMEA. Political leaders should reach an understanding that their programmes would not affect the economy of the country anymore in future.

Sinha is suspicious over the export target fixed for the current fiscal (1995-96) but hoped that there would be a stable government in the country under which the losses would soon be minimised.

Talking to The Daily Star a group of garment manufacturers hoped that the newly elected government would soon take up programmes to convince the trading partners of the country and help rebuild the lost image due to recent political stalemate.

According to an Export Promotion Bureau (EPB) report, the ready-made garment is the worst hit sector from which EPB expected a 2,000 million US dollar export during this fiscal year. An EPB statistics revealed that during the July-March period, ready-made garment sector failed to achieve its export target of 1,500 million US dollar and instead fetched 1,434.27 million US dollar.

Country's garment manufacturers demanded that the banks should decrease their various charges, that is, charge for opening up back to back Letter of Credits (LCs), acceptance (of fabrics document) charges etc.

"These charges are quite high," said Shahabuddin Ahmed adding the charges often constitute 10 to 15 per cent of net value addition.

Sinha said these charges were even 2 to 4 times higher than our competitor countries in Asia.

"The port facilities should immediately be modernised and well equipped," said Rafiq Uddin, Director of the Mostafa Garments Industries Limited. He said, the facilities at the Dhaka Air Port were also very poor.

SAARC chamber meeting today

The Sixth Executive Committee Meeting of the SAARC Chamber of Commerce and Industry (SCCI) will be held in Dhaka today (Thursday), says a SCCI press release.

The meeting will be chaired by Salman F. Rahman President SCCI and will be held at Federation Bhaban in Motijheel. SCCI is the sole recognized apex trade organization of the SAARC region and has played a key role in the design and implementation of SAPTA (South Asian Preferential Trade Agreement) and is also a catalyst for the transit to SAFTA (the proposed South Asian Free Trade Area).

Delegates from Bhutan, India, Nepal, Pakistan, Sri Lanka and the Maldives as well as Bangladesh are expected to be in the city to attend the meeting and are scheduled to meet with key government officials.

The meeting will discuss several issues related to intra regional economic cooperation, image building efforts for the SAARC region internationally, and information sharing measures to improve linkages between SAARC member countries.

A Memorandum of Cooperation between SCCI and Friedrich-Naumann-Stiftung, a German foundation, will also be signed to extend material and non material support to the chamber from the foundation.

A campaign girl shows off Compaq Computers' Armada 4110, which runs on Pentium 100 MHz CPU and 16 megabyte memory, during its press preview at a Tokyo hotel on June 18. Eckhard Pfeiffer, President and Chief Executive Officer of Compaq Computer Corporation, and Masaru Murai, President of Compaq Japan introduced six Armada models to compete in the Japanese notebook computer market starting mid-July. —AFP/UNB photo

PKSF disburses Tk 105 cr loan to rural poor so far

Pail Karma-Sahayak Foundation (PKSF) established by the government in May, 1990 has disbursed a loan of Tk. 105 crore so far for self-employment, income generation and poverty alleviation of the rural poor, says a press release yesterday.

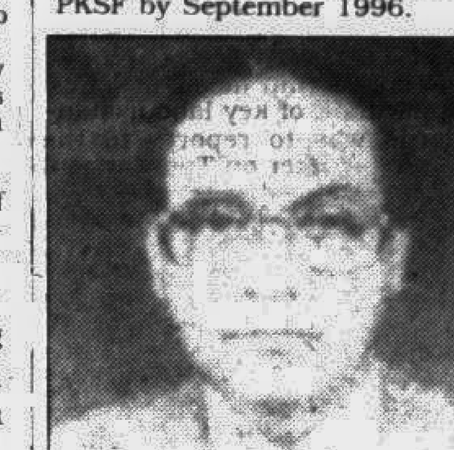
In the 1995-96 fiscal year, the organisation distributed loan amounting to Tk 43 crore upto May 1996 for 10,000 villages in 50 districts of the country. This loan was disbursed to the landless and assetless people through its Partner Organisations (POs).

Generally, people use these loan for small business, shops, rearing of cow, goat beef-fattening, vegetable gardening, purchase of rickshaws, boats, handicraft, embroidery, tailoring, vendoring etc to enhance their income.

PKSF has now 125 Partner Organisations (NGOs) who have organised about 1.2 million landless and assetless people and distributed loan to about five lakh people particularly women (90%).

PKSF has a Governing Body with eminent personalities and social workers like Dr. Muhammad Yunus of Grameen Bank, Professor Dr. Wahiduddin Mahmud, Professor Dr. Iqbal Mahmud, Begum Tahrunnesa Abdullah and M A Rezaul Karim, who gives necessary policy direction to PKSF management. PKSF hopes to extend credit programme to new villages in the coming years to improve the quality of life of the rural poor.

Government is assisting PKSF as an apex financing organisation on microcredit. World Bank after making elaborate study and appraisal of the performance of PKSF has expressed great satisfaction and decided to sanction a loan of 105 million US dollars in a micro-credit finance project to substantially expand its activities. It is expected that World Bank loan will be available to PKSF by September 1996.



Delta Life official off to Tokyo

Zafar Halim of Delta Life Insurance Company Limited left Dhaka Tuesday for Tokyo and Seoul to attend the 2nd Asian Life Insurance seminar, says a press release.

He has been nominated by the government to represent Bangladesh.

SEC fines 14 companies in 2 years

The Securities and Exchange Commission (SEC) fined six public limited companies in the fiscal 1995-96 and eight companies in 1994-95 for different reasons including delayed completion of projects, misleading statements and non-holding of annual general meeting (AGM), a senior SEC official said here yesterday.

"We have taken such measures to ensure accountability and regulatory of public limited companies in the interest of the investors. It is our moral responsibility also to protect investors interest", the official told BSS.

There were 25,000 investors in the country in 1990 and the figure rose to 200,000 by 1996, he said adding that the number of investors had been increasing significantly.

Apex Spinning and Knitting Mills was fined Taka 50,000 for delayed completion of projects, Ashraf Textile Mills Ltd Taka 25,000 for misleading statement, Meghna Cement Mills Ltd Taka 10,000 for delayed re-fund of over subscription, Chittagong Vegetable Oil Industries Taka 10,000 for noncompliance of law in preparing the annual report and accounts, Saleh Carpet Mills Taka 10,000 for failure to comply with SEC's directive for holding annual general meeting and submission of half-yearly report to SEC, DSC and shareholders, and the Eagle Box and Carton Manufacturing Company Taka 10,000 for failure in holding AGM.

SEC, earlier, penalised eight companies in the fiscal 1994-95 for various reasons. The companies were: Pharmaco International Taka 10,000, Bangladesh Thai Aluminium Taka 20,000, Chittagong Cement Clinker Taka 20,000, Metalex Corporation Taka 10,000, Progressive Plastic Industries Taka 10,000, Orion Infusion (Mala) Taka 50,000 for misstatement in the prospectus, Apex Spinning and Knitting Mills Taka 10,000 and Quasem Drycells Taka 10,000.

Besides, the SEC issued letters of warning to at least 100 companies.

The SEC official said at present the commissions brought dynamism and regulations in the companies.

Sixty per cent companies held annual general meeting in 1992-93, 74 per cent in 1993-94 and 94 and 94 per cent in 1994-95, he said adding that most of the companies declared dividend either in cash or in the form of bonus.

Call for liberal, pragmatic industrial policy

Participants at a panel discussion on Industrial Policy at Bangladesh Public Administration Training Centre Savar yesterday stressed the need for a liberal and pragmatic industrial policy for national development, reports UNB.

Government should play the role of a facilitator, not the role of a master, the discussants said analysing country's past industrial policy.

It also emphasised on close cooperation between public and private sector and said that various public organisations can play an effective role in this regard, said a press release.

Planning Division Secretary Dr Shah Mohammad Farid, Dhaka University IBA Professor Mozaffar Ahmed and FBCCI Secretary SM AL Hossaini took part in the programme.

SADF decides to accelerate process of development

The Governing Body of the South Asian Development Fund (SADF) has unanimously decided to accelerate the process of economic and social development among the member states of South Asian Association for Regional Cooperation (SAARC), official said here today.

The two-day Governing Body meeting of SADF ended here Tuesday with its first Chairman Khairul Huda in the chair.

Governing Body members and officials of the seven SAARC member countries and a representative of SAARC Secretariat attended the meeting.

SAARC includes Bangladesh, Bhutan, the Maldives, India, Nepal, Pakistan and Sri Lanka.

The SADF Chairman, Khairul Huda, told BSS yesterday that the governing body members had wide-ranging discussions on project funding, operational modalities of the Fund, terms and conditions and fund recovery.

The meeting decided to expand cooperation to the highest degree, work effectively and efficiently, said Huda, who is also Managing Director of the Investment Corporation of Bangladesh (ICB).

It also recommended continuation of the identifications and development projects with the funds available within the region, he said.

SADF has already identified 13 projects on different sectors.

The Development Financing Institutions (DFI) in member countries should take necessary measures to identify sponsors for implementation of projects, Huda said.

The meeting was told that SADF Chairman had been given the responsibility to contact international, regional and private financial institutions to explore the possibility of mobilising funds for implementation of projects.

The first SADF Chairman said the meeting concluded with the motto "We must keep ourselves together for fulfilment of our common goal of south Asian development and we must lead toward its feasibility. "Let us be ambitious in our work. Ambition makes one prompt and honest in one's respective duty and responsibility."

Good demand marked at Ctg tea auction

CHITTAGONG, June 19: The weekly tea sale held here yesterday was marked by good demand for all grades of teas but at lower levels, market sources said, reports BSS.

Export buyers including Poland operated actively with good support from Jordan and Sudan, Pakistan, Afghanistan and Russia lent fair support.

Internal buyers were more active lending a good support to bright liquoring small brokens and fannings.

Bold broken met with a fairly good demand and were initially easier by Tk 1/50 per kg. But with the progress of sale, particularly towards the end, prices improved and were generally firm. Large brokens were a good market and were generally about steady. Medium brokens were easier by Tk 1/- to Tk 1/50, but a few cleaner types were about steady, smaller brokens also followed a similar trend except for the good liquoring types which were firm to slightly dearer following competition. Popular types sold well between Tk 50/50 and Tk 53/70 per kg.

All fannings generally eased further in value by Tk 1/50 to Tk 2/- except for the good liquoring types which eased by about Tk 1/-. Popular types also sold quite well between Tk 50/- and Tk 54/40.

Total of 2290 chests, 963 gunny sacks and 40 bags of dust on offer met with an improved demand. Well made good liquoring redust and peko lost were a good market but eased up to Tk 1/- per kg dust met with a fairly strong demand and sold at dearer rates while chairmani dust met with keen competition and appreciated quite considerably.

Treasury Bond auction

Eight bids for a total of Tk 35 crore were offered in the auction of three year (T&T) Treasury Bond held yesterday (Wednesday), reports UNB.

Bids for a total of Tk 10 crore were accepted. The weighted average price of the accepted bids was Tk 78.93 per 100 Taka.

The corresponding yield is 8.90 per cent per annum, said a Bangladesh Bank press release.

Heroin seized in Iran

TEHRAN, June 19: Authorities have seized a tonne of heroin in central Iran amid an alarming rise in the traffic of the drug in the region, the official IRNA news agency reported yesterday, reports AFP.

The drug was seized late Monday in the Ivanaki region of Seman province, 75 kilometers (45 miles) southeast of the capital Tehran, it said. It was hidden in a generator carried by a truck.

There were no reports of any arrests.

Iran is a transit route for various drugs coming from Pakistan and Afghanistan and destined for Europe.

The authorities have warned of an increase in the smuggling of morphine and heroin into the country as many networks trafficking in opium have been smashed.

Aussie wheat production to fall

CANBERRA, June 19: Australia's wheat plantings are to increase in the year to June 1997, reflecting continuing high wheat prices, the government's chief commodities forecaster said yesterday, reports AFP.

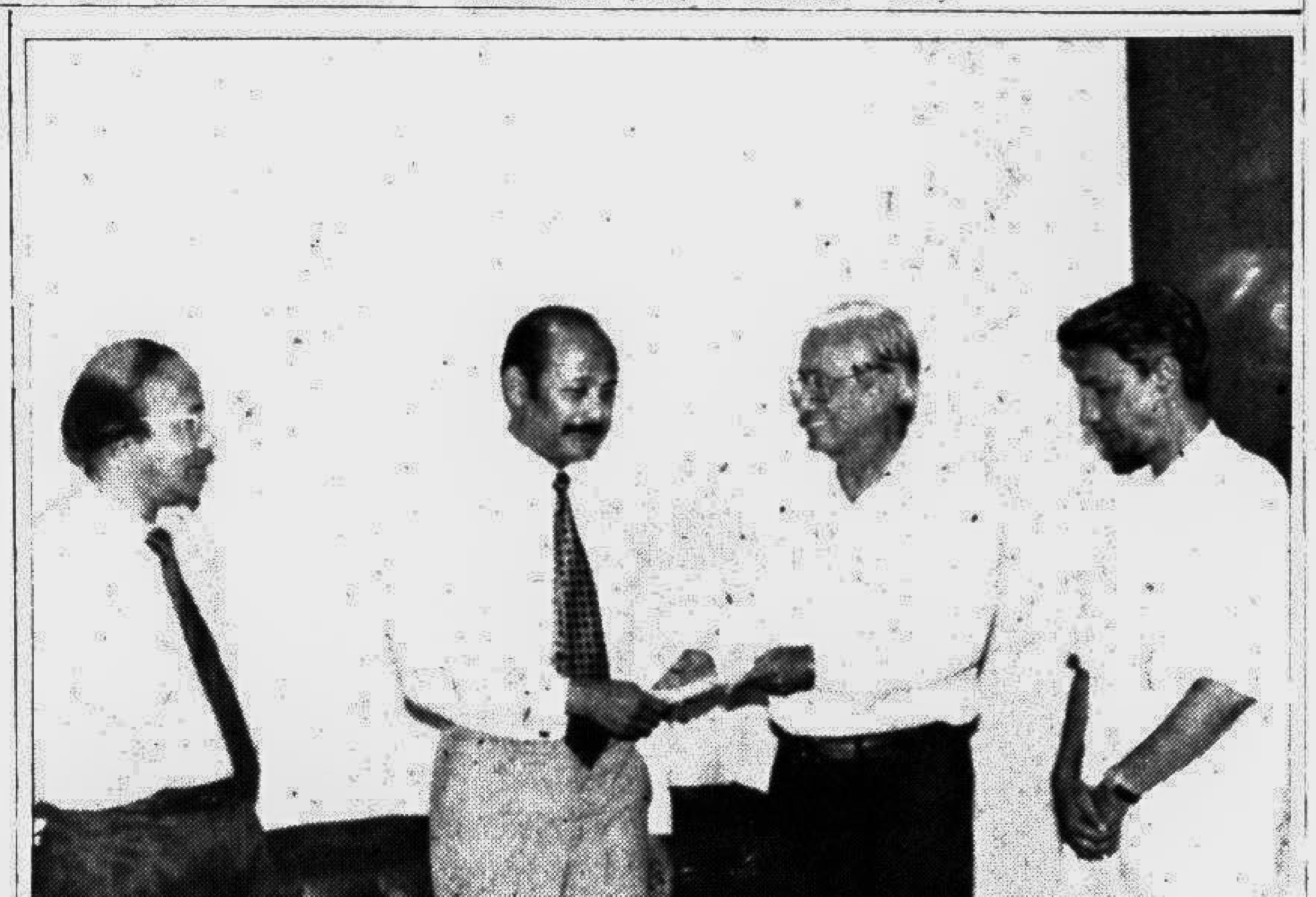
But the Australian Bureau of Agricultural and Resource Economics (ABARE) said production would fall in the period, from an estimated 16.1 million tonnes the previous year, when output was boosted by excellent weather.

ABARE said yield for the year to June 1997 was expected to be slightly below average because of current poor rainfall in wheat-growing areas during the planting season.

The forecaster also said the average return for Australian standard white wheat was forecast to fall to 245 Australian dollars (196 US dollars) per tonne in the year to June 1997, from 260 dollars previously.

"The fall reflects an easing in international wheat prices and a stronger Australian dollar," it said in its quarterly commodities review.

ABARE said it expected low wool prices and high world wheat prices would lead to a 10 per cent increase in the area sown to wheat to 10.9 million hectares.



Rezaul Hakim, Managing Director of National Life Insurance Co. Ltd., seen handing over a cheque for Tk. 2,47,500/- to D P Barua, Managing Director & Chief Editor of the Bangladesh Sangbad Sangstha, in settlement of group claim of Nurul Islam Chowdhury, special correspondent of BSS. Also seen in the picture are ATM Shafiqul Islam, Vice President of National Life Insurance Co. Ltd. and S. Das, Chief Administrative Officer of BSS.

S'pore, Indonesia go for jt venture in tourism

BINTAN, Indonesian, June 19: Indonesian President Suharto and Singapore Prime Minister Goh Chok Tong cut the ribbon yesterday on Asia's latest tropical island resort, a 2.5 billion US dollar development backed by the two governments, reports AFP.

The Bintan Beach International Resort, designed for "the 21st century tourist," is part of a 10 billion dollar project undertaken by the two countries.

Goh, who travelled here from Singapore on a 45-minute voyage by high-speed Catamaran, said in a speech at the opening ceremony that Bintan would be the "brightest star" among tropical island resorts in Asia.

"The experience in developing Bintan together will give valuable lessons to the two governments, our business communities and the international investors not just in developing tourism-related projects but also in other joint economic activities in other parts of Indonesia," he said.

Suharto said the project would help Singapore overcome its limitations of land, natural resources and labour.

"Conversely, Indonesia also reaps some benefits, such as the needed capital flows, bigger foreign exchange earnings, transfer of science and technology as well as greater business opportunities," he said.

The Indonesian leader said the island's development would contribute to Indonesia's plans of attracting tourists and earning 15 billion dollars a year by 2005.

The two leaders, who sported colourful batik shirts, inaugurated the resort by pressing a button that sounded a musical horn.

The Bintan beach resort is billed as an integrated tourism development that occupies 23,000 hectares of the north coast of Bintan island, where eight international groups have pledged investments worth more than one billion dollars.

The "master developer" of the project is Singapore-Indonesian consortium led by Indonesia's Salim group and Singapore Technologies Industrial Corp.

The consortium has so far invested 130 million dollars in infrastructure such as a ferry terminal, power supply, telecommunications and roads, officials said.

ROK blames China for breakup of plane project talks

SEOUL, June 19: South Korea on Wednesday blamed China for the breakup of talks on jointly developing a mid-sized passenger aircraft that was expected to have become the cornerstone of a new Asia market, reports AP.

"We have no intention of being tied to the project if China maintains its position," senior presidential economic adviser Koo Bohn-yong said, accusing China of having unilaterally changed agreed-upon conditions.

The two countries were to have test-produced the twin-engine jetliners by 1998, and begin mass production by 2000.

The 100-seat passenger plane was agreed on at the two countries' summit talks in 1994 as one of four major joint venture projects they would pursue. The others involved electronic switching telephone systems, next-generation high-definition television and automobile parts.

After the rupture of the plane project in talks in Beijing on Tuesday, South Korean officials said they still want to push ahead with China on the other joint ventures.

Koo did not indicate whether South Korea will go ahead and develop its own mid-sized plane, but the Trade Ministry has said that it has not given up on the project, and will consider various options.

According to South Korean officials, the two countries originally had agreed to take a 40-per cent share each in the plane project, with the remaining 20 per cent given to third-country partners.

But China changed its position in the latest round of talks in Beijing by trying to limit the South Korean share to about 10 per cent, the officials said.

China instead favoured a European consortium and Singapore as its new partners, they said.

China generates economic benefit from rare earth

BEIJING, June 19: China generates over 30 billion yuan (3.6 billion US dollars) of direct economic benefits a year through the application of rare earth statistics show, reports Xinhua.

Released by the rare earth office of the State Planning Commission, the statistics indicate that China consumed some 13,000 tons of rare earth in 1995, second only after the United States.

Indispensable materials for developing high tech industries, rare earth can also serve to transform traditional industries owing to various peculiar functions.

Rare earth elements have been applied in over 3.3 million hectares of farmland across China, helping to increase the annual output of grain, cotton and sugar by 600 million kg, generating more than one billion yuan of direct economic benefits annually.

Bankers and brokers go for a bigger share

Ted Killham writes from Abidjan

Central bankers in Francophone West Africa are supporting the creation of a regional stock market to help integrate national economies.

They believe that individual countries in the Economic and Monetary Union of West Africa (UEMOA) are too small to be launching pads, but that their combined 60 million population provides a viable market.

UEMOA, says Pascal Djereke of Citibank in Abidjan, "is trying to create an economic zone out of a monetary zone" — the opposite of what is happening in western Europe, where efforts are being made to create a monetary zone from an economic one.

Trade between Benin, Burkina Faso, Ivory Coast, Mali, Niger, Senegal and Togo is minimal, despite a shared colonial past and a common currency — the CFA franc — backed by the Bank of France.

Each country trades primarily with Europe — particularly France — and Asia. But the 1994 devaluation of the CFA franc made local producers more competitive and cut imports from outside the region.

Ivory Coast, with a degree of industrial capacity, benefited most, and its stock exchange — the only one in Francophone West Africa — is bidding to be a regional hub.

Although capitalisation has reached about one billion dollars, four issues account for about half of that. All four are subsidiaries of large foreign companies — soap-marker Blohorn (90 per cent Unilever owned), food and drink manufacturer Nestle, cigarett-manufacturer SITAB (59 per cent Bollore Technologies) and electricity distributor CIE (25 per cent Boygues).

Foreign investors still keep clear. Only a Paris-based mutual fund, Nord-Sud Development (North-South Development), and a handful of foreign pension funds have committed money.

Trading volume is so low that brokers have a hard time buying even small blocks of shares without moving the market.

They complain that turnover is low because local investors are not interested in capital gains. "They hold on to their shares as if they were camels," commented one broker.

A spokesman for Societe Generale de Banque en Cote d'Ivoire says that even institutional investors want only to collect their dividends.

However, investors are increasingly interested in the sale of state-owned companies. Eight former government concerns are listed on the exchange, and a few big companies are still to come to the market.

To ensure quick acceptance, the government set initial prices low. But the issues generated a great deal of media coverage, and share prices have subsequently soared. Rubber plantation operator Society des Caoutchoucs de Grande Bereby started at CFA 8,500 in November 1995, but by May was changing hands at CFA 21,000.

Brokers complain that investors wait for new offerings instead of trading already quoted issues.

Optimists point to the dozens of state-run companies in the region that are candidates for privatisation. "Seventy-five per cent of the privatisation [is] finished in Ivory Coast," says Djereke, but it's hardly even started in the other UEMOA countries.

The Societe Generale de Banque en Cote d'Ivoire spokesman gave warning that privatisations will be a lot more difficult in the other countries. It will be based on state companies which employ the most people and which don't work, and need to be privatised. Foreign companies set conditions, especially for personnel downsizing [layoffs], that are sometimes too much for governments to accept."

Denis Kousassi Kongo, Director of Sud-Invest, a local money management firm, says political stability is required before investors buy into other companies in the region. "Shares of CI-TELCOM [the Ivory Coast telephone company, due to be privatised before the end of the year] will sell like hot cakes, but would people be lining up for a company in Togo or Benin?"

Some existing companies will raise capital on the exchange, but balance sheets will have to be disclosed, which, traditionally, many African businesses are loath to do.

Such considerations will act as brakes on the enthusiasm of brokers keen for a regional stock exchange. Their belief has been that such an exchange could provide a remedy for stubborn stockholders and a tiny market capitalisation, and that it would allow Malians in Timbuktu, for example, to put their money in to an Abidjan brewery — mobilising savings within the CFA zone.

Expanding the relatively successful Abidjan exchange, however, will prove harder and slower than it sounds. — *Gemini News*

Exchange rate: \$ 1 = 520 CFA francs

Ted Killham is an American freelance journalist based in Ivory Coast.