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**HYUNDAI**

CARS THAT MAKE SENSE

Govt storing up budget documents in Database

By Govinda Shil

The government is storing up last five years' budget documents into a computerised Database system which will later help analyse expenditure and revenue earning trends and other aspects of national budgets.

The whole budget process is also being developed with the help of computer technology under the project reforms in budgeting and expenditure control (RIBEC). It will enable the government to allocate its resources in a more optimum way, RIBEC officials said.

The outcome of RIBEC, a British ODA and government of Bangladesh funded project, will also help upgrade the financial management capability of the government offices.

The 15 million dollar project became 'very important' to the government when officials found that the project would help increase the transparency, accountability and ef-

iciency of the central and local level officials.

The manual process of preparing the budget documents is complicated and time consuming while the computerised data preservation is easy and more transparent, RIBEC officials added.

An ODA team is likely to visit Dhaka in August this year to review the ongoing RIBEC-2A project, said a source at the Ministry of Finance.

After evaluating and reviewing the works that have been done so far, the team might take a decision on whether the project should continue.

"We are expecting our performance will be positive and the project may be expanded after December 1996," said a project official.

RIBEC source said a 'Lame Duck' budget has been prepared for a two-month period which may be required if the formation of next government

is delayed.

A Finance Ministry official said a full-fledged budget has also been prepared for presentation in the next parliamentary session.

RIBEC officials said a new budget classification system is awaiting government's approval which will ensure accountability of the ministries and local governments involved in the budget-making.

The new classification is following an IMF outline, a standard procedure to preserve and demonstrate statistics, RIBEC officials said.

The new budgetary process did not include the issue of audit, which according to another project official, is quite important to make the government officials more accountable.

The audit would aim at resisting loopholes and misappropriation of public money, added the official.

2-week training course for Rangs executives opens

A two-week training course on salesmanship for the sales executives of Rangs Industries Limited was inaugurated by its Director, Rumee Akhter Hossain yesterday at Bangladesh Institute of Administration and Management (BIAM), says a press release.

Sponsored by Rapport Bangladesh Limited, 15 sales officers and sales executives are attending the course.

Inaugural session was addressed by Kutubuddin, General Manager, T Hassan, Regional Sales Manager of Rangs Industries Ltd and M Mosharraf Hossain, Managing Director, Rapport Bangladesh, who is working as the principal trainer of the course.

Rumee Akhter Hossain in his address advised the participants to be serious in the programme so that they could receive the best from the faculties.

It is expected that Abdur Rouf Choudhury, Chairman and Managing Director of Rangs Group will be present at the concluding session of the programme and distribute certificates to the participants as the chief guest in the certificate award ceremony.

Euro summit offers little for 18m jobless

FLORENCE, Italy, June 22: It was billed as Europe's 'jobs summit' but Friday's gathering of European Union leaders offered little to reassure the EU's 18 million jobless, reports AP.

EU Commission President Jacques Santer had hoped the two-day meeting would back his ambitious plan to unite governments, business and unions in a crusade against unemployment.

Instead, the 15 leaders threw cold water on the plan during the opening day. By passing it back to lesser bodies for further study, one diplomat said, the summit may have given the plan the kiss of death.

What worries the leaders most is Santer's appeal for them to provide 1.25 billion dollars to finance trans-European road and rail projects and other job-creation schemes.

This proposal wins no awards, Dutch Prime Minister Wim Kok said of Santer's

brainchild. Kok told reporters the chances of Santer getting his money were 'melting like snow before the sun'.

Opposition to Santer's plan even united German Chancellor Helmut Kohl and British Prime Minister John Major, who usually take opposing views of the EU's role in national affairs.

Both the euro-enthusiastic Kohl and euro-skeptic Major agree fighting unemployment is best left to national governments.

Santer had insisted the struggle to get Europeans back to work must be the EU's top priority.

His plan also calls for closer coordination of economic policies, extra effort to tear down trade barriers, more flexible work hours and cuts in labor costs.

There was some joy for Santer, however. The commission, the EU executive body, announced that organizations

representing employers and labour unions from the 15 EU nations had agreed to hold talks on flexible work time and job security.

There was also support for Santer's plan from some EU nations, notably Belgium and France.

French President Jacques Chirac said the plan would help preserve Europe's traditionally strong welfare protection while promoting job creation.

We in Europe share a model characterized by adequate social protection, social dialogue and a recognition of the state's role," Chirac told the meeting.

The EU's persistent double-digit unemployment and recent sluggish growth have cast doubt on that social model as economists argue that the high cost of paying for welfare shackles European companies attempting to compete overseas.

EU decision on single currency deferred

FLORENCE, Italy, June 22: European Union ministers meeting here on Friday agreed to defer outstanding decisions on the single currency to the next EU summit in Dublin in December, Economic Commissioner Yves Thibault De Silvigny said, reports AFP.

The commissioner added that the commission would put forward a formal project on the legal status of the Euro.

On Friday, the 15 EU member states reiterated their desire to adopt a single currency from January 1, 1999.

Meanwhile French Finance Minister Jean Arthuis said an informal council of finance ministers would be held in Ireland in the autumn to help pave the way for decisions by heads of state and government.

Questioned about the possible reintegration of the lira in the existing European exchange rate mechanism, Arthuis reiterated that there are conditions to fulfill, "but he said he hoped that would happen as soon as possible."



Rumee Akhter Hossain (sitting centre), Director of Rangs Industries Limited, seen with the faculties and participants of the training course on Salesmanship.

Poverty rate declines in South Asia

NEW DELHI, June 22: The quality of life of poor people has improved significantly in South Asia, but their number continues to rise, a World Bank report said Sunday, reports AP.

Infant mortality has dropped, more children are going to school and people are living longer, according to the report. Poverty Reduction and the World Bank: Progress and Challenges in the 1990s.

It said although the number of poor people in the region rose by about 35 million, the percentage of people earning less than one dollar a day fell to 45.1 per cent from 43.1 per cent, said the report, which was released in Washington and made available in New Delhi.

The lives of the poor, who mostly live in rural areas, could be improved through better education, health care, nutrition, clean water and family planning services, according to Joseph Wood, the bank's vice president for South Asia.

South Asia, home to one quarter of the world's population, is also one of the poorest regions, the report said.

The bank gave 877 million dollars last year to South Asian nations to reduce poverty and improve living standards.

In India, it said more investment in health care, education and forestry had improved the quality of people in many states.

In Pakistan, projects to improve schools had benefited girls in rural and urban areas; family planning services had improved across the country and forestry projects had helped poor farmers.

In Bangladesh, the government planned to reduce malnutrition, focusing on women and children.

World Bank says Paris Club to determine fate of debt relief plan

WASHINGTON, June 22: The World Bank on Friday said the Paris Club of bilateral creditors would determine the fate of a plan to ease the debt of the world's poorest countries, reports AP.

Action by member governments in the club "is the most important development that needs to occur in order to secure the progress of this initiative," a bank official stressed.

Without further relief from the Paris Club, most of these countries cannot reach debt sustainability... because a good portion of the debt lies in the hands of governments."

A relief plan, unveiled a year ago and backed by the World Bank and the International Monetary Fund, aims to reduce to sustainable levels the debt burden of eight to 20 of the poorest nations.

World Bank officials con-

tend that the Paris Club "has room to broaden" the conditions under which Third World debts are currently renegotiated. In particular, they say, Western governments could act on considerably more than the agreed upon 67 per cent.

For the 20 countries under consideration, renegotiating 67 per cent of the debt would reduce their overall burden by only a third, according to the bank.

The overall debt for the 20 nations is valued at 97 billion dollars. More than half, 58 per cent, is held by bilateral creditors and 22 per cent by multilateral institutions.

The World Bank and the IMF envisage a reduction of between 5.6 and 7.7 billion dollars.

The initiative is expected to be debated at a summit starting June 27 in France.

'BA-American Airlines deal

amounts to merger" LONDON, June 22: British Airways and American Airlines disagree with the definition, but regulators said Friday their proposed partnership amounts to a merger that warrants further scrutiny, reports AP.

Now, the airlines must try to persuade fair trade officials that their far-reaching alliance won't stifle competition.

The airlines say they are not merging, because they are not exchanging any assets or equity stakes. But the finding from the Office of Fair Trading poses an additional hurdle to the world's biggest airline partnership.

"Even if they find it is a merger, the big aspect is it's anticompetitive and it isn't, said American Airlines spokeswoman Lizann Peppard in London.

American Airlines Chairman Robert L. Crandall and British Airways chief executive Bob Ayling contend they will provide better service to passengers and the deal will spark increased competition, leading to lower fares.

Rivals, including Virgin Atlantic Airways chairman Richard Branson, contend American and British Airways will gain dominance of key trans-Atlantic routes and they could gouge passengers with higher fares.

The American-British Airways combination would control about 60 per cent of the traffic between the United States and Britain, including 71 per cent of New York-London, Virgin has noted. In the most dramatic case, American-British Airways will have a look on 100 per cent of the Dallas-London market.

The Office of Fair Trading said it will study how the American-British Airways ties would affect competition in the British aviation business, and if the effects are big enough, whether further investigation is needed.

'Jakarta govt urged to boost exports'

JAKARTA, June 22: The architect of Indonesia's economy has called on the government to boost exports to prevent foreign debt repayments from draining its revenues, reports said yesterday, reports AP.

"We have been given a red light in the form of our debt service ratio," Bisnis Indonesia quoted Sumitro Jyo-hadikusumo as saying. "A third of the total value of our exports is being sucked away to make repayments on principal debt and interest."

Sumitro, a leading economist who helped shape the country's present structures, said the debt service ratio — a measure of debt in proportion to export revenues used for its repayment — stood at 32 per cent in the 1996-97 fiscal year, which began in April.

He noted the figure compares with 37.8 per cent line fiscal 1995-96, but insisted the figure should be cut to a more manageable 25 per cent, and this had to be done by increasing exports.

Indonesia's foreign debt stood at 100 billion dollars in 1995, up from 94.4 billion dollars in 1994.

Meanwhile, the World Bank-chaired Consultative Group for Indonesia (CGI), the country's largest donor group, on Thursday pledged 5.26 billion dollars in assistance for fiscal 1996/97. CGI pledged 3.36 billion dollars for the previous fiscal year.

CGI comprises 18 creditor countries as well as the Kuwait fund for Arab economic development, the Saudi Fund for Development, the Nordic Investment Bank and the Islamic Development Bank.

'Asian dragons' — key sources of growth outside OECD

PARIS, June 22: The six "Asian dragons" will remain a key source of buoyant growth outside the OECD area this year, although they may expand at a somewhat more moderate pace to cope with domestic overheating and inflation pressures, and the impact of currency appreciation against the yen, which hurt their competitive position, reports AP.

The Organisation for Economic Cooperation and Development (OECD) foresees average growth of 6.4 per cent this year for the Dynamic Asian Economies (DAEs) — Korea, Chinese Taipei, Hong Kong, Singapore, Thailand and Malaysia.

This would be markedly weaker than their 1995 performance of just under eight per cent, although still over three times faster than the 2.1 per cent growth rate projected for the OECD area this year.

And a moderate acceleration of expansion in the DAEs is likely in 1997 as the effects of the recent appreciation wane, the OECD said in its half-yearly economic outlook.

The report said Korea, Singapore and Chinese Taipei could be worst hit by a deceleration in growth this year.

Korea was likely to face a slowdown from nine per cent last year to just under seven per cent in 1996, which could be seen as a "soft landing" as inflation was coming down, it said.

In Chinese Taipei, growing political uncertainty and ten-

sions with China earlier this year hit confidence and activity, and growth could dip, but recover to 5.5 per cent in 1997.

The "orderly reversal" of the dollar's early 1995 plunge against the yen, combined with an anti-inflation tight money setting, has complicated the exchange-rate management of some DAEs, the OECD said.

Where monetary tightening entailed higher interest rates, this has attracted short-term capital inflows and triggered upward pressure on exchange rates, harming exports, the OECD said.

OECD analysts warned that "a common uncertainty" facing the DAEs over the near term was therefore "the extent to which there may be further upward pressure on the real exchange rate."

Any "significant" further appreciation would imply that net exports in the region could be substantially lower in the short term, and the current account deficit... significantly larger," the report said.

Upward pressure might be intensified if interest rate spreads were to widen as a result of lower OECD rates — which might happen if OECD countries made more headway in cutting budget deficits.

An OECD computer simulation showed that an assumed ten per cent further appreciation of the currencies of Chinese Taipei, Hong Kong, Korea and Singapore against a basket of OECD currencies

could boost import growth by up to three per cent annually over two years and cut their exports by up to 3.9 per cent.

This could boost the DAEs' current account deficit from seven billion dollars to 35 billion by the third year, according to this scenario, indicating that OECD countries, in particular Japan and the United States, would gain significantly from such a development.

The report said the current slowing of economic activity should help ease recent tightness in DAE labour markets and so contribute to some deceleration in inflation rates, to less than five per cent on average.

The six countries' aggregate trade deficit, which rose sharply last year to nearly 16 billion dollars, was likely to narrow to just over 13 billion in 1997, and the current account deficit should come down from 11 billion dollars to eight billion.

The DAEs, the OECD said, were likely to see slower export growth this year, but imports were also likely to moderate because of lower domestic demand and a decline in imports of capital investment goods for their export-oriented industries.

However, it said, recovery in Chinese import and the expected pick-up in the OECD area, including Japan, should partially offset the loss of competitive edge by some of these economies in the wake of the sharp swings in the dollar-yen rate since end-1994.

BIBM seminar tomorrow

Bangladesh Institute of Bank Management will hold a day-long seminar on "Islamic Banking" on Monday at the BIBM seminar hall, reports UNB.

BIBM Director General AHM Nurul Islam Chowdhury will inaugurate it at 10 am. Four papers on Islamic banking will be presented at the seminar.

Experts in Islamic banking, university teachers and high officials of banks and financial institutions are expected to attend the seminar, said a press release yesterday.

2nd consultancy course at BPATC begins

SAVAR, June 22: The second consultancy and skill development course began at the Bangladesh Public Administration Training Centre here today, reports UNB.

Planning Commission Member Dr Gazi Shamsul Alam was the chief guest at the course chaired by BPATC Rector A Z M Shamsul Alam.

Seventeen government officials are participating in the course, said a press release.

The 7th Team Building and Coordination course for field level officers also began at the centre today. BPATC Rector A Z M Shamsul Alam opened the course.

Ramos opens new int'l airport terminal

CLARK FIELD, Philippines, June 22: President Fidel Ramos inaugurated a new international airport terminal on Saturday in a former US air base that had been severely damaged by a volcanic eruption five years ago, reports AP.

The government is converting the former Clark Air Base into a special economic zone with tourism and industrial centres. The new terminal initially will be capable of accommodating 300 passengers on charter flights.

Clark, about 80 kilometres (50 miles) north of Manila, had been a US military base for nearly a century and was used extensively during the Vietnam War.

"I have no doubt that our vision of transforming Clark from a disaster area into a center of commerce and industry within four years is near fulfillment," Ramos said.

The conversion of Clark had been delayed two years because of the damage on many buildings caused by ash fall from the 1991 eruption of nearby Mount Pinatubo.

UN-Iraq oil-for-food plan inches forward

UNITED NATIONS, June 22: The slow process of applying the UN-Iraq oil-for-food accord signed more than a month ago has shown some signs of progress, diplomats said yesterday, reports AP.

Inspections by the UN Special Commission on disarming Iraq (UNSCOM) had set back down the process. UNSCOM chief Rolf Ekeus was in Baghdad Friday trying to persuade Iraqi authorities to lift a ban on his inspectors visiting military sites suspected of hiding banned weapons.

A spokesman at UN headquarters in New York said that, excluding any last-minute problems, a humanitarian aid

distribution plan was expected to be submitted by Iraq in the next few days.

According to diplomats, Iraq's ambassador Abdel Amir Al-Anbari might present it himself to UN Secretary General Boutros Boutros-Ghali, who is travelling in Europe.

Al-Anbari is the Iraqi diplomat who signed the May 20 oil-for-food agreement, authorising Baghdad to export limited quantities of oil to buy food and medicines for its people under UN supervision.

The accord stipulates that the secretary general must approve the Iraqi distribution plan.

A UN embargo was imposed on Iraq after it was forced to withdraw from Kuwait in the

1991 Gulf War by a US-led international force.

The UN sanctions committee on Iraq, which groups the 15 members of the Security Council, has made some progress in establishing the procedures of an accelerated application of the accord, diplomats said.

The United States, which initially had been blocking progress, made some suggestions that allowed the process to move forward at the experts level, one diplomat said.

However, he predicted that the accelerated application arrangements would not be adopted before the end of next week.

S Korea may face worst labour unrest in years

SEOUL, June 22: The government threatened Wednesday to use police force to break up planned strikes at subway and other state utilities by a new, maverick labour group, reports AP.

Past use of police force has resulted in violent clashes and arrests of labour leaders. The announcement reflects growing government concern about spreading labour unrest at automobile and other key industries that have propelled South Korea's robust economic development.

After years of rapid economic expansion, South Korea faces what many economists fear might become the worst labour unrest in years.

Two major automakers, including Kia Motors Corp., the nation's second largest, are already on strike. Workers at subways, the telecommunications company and other public utilities planned to walk off their jobs simultaneously Thursday, barring a last-minute breakthrough in last-ditch negotiations Wednesday.

"We are determined to prevent solidarity strikes at public utilities, which would cause tremendous social chaos," Labour Minister Jin Nyum said, announcing a government decision to intervene.

At government request, the state Central Labour Arbitration Committee said it was ready to intervene and mediate the dispute in case the labour-management negotiations failed to reach agreement by midnight.

But subway workers said they would ignore any state mediation. Government officials said police units were

standing by to intervene.

More than a dozen affiliate unions of the giant Hyundai group, which produces cars, ships, petrochemicals, semi-conductors and steel products, threatened to strike in sympathy.

Behind the organized moves is a year-old activist group of labour unions, which has been outlawed by the government. The group has pledged to wage a nationwide campaign for a freer labour movement.

The new National Federa-

Smuggling rises in Vietnam

HANOI, June 22: Vietnamese customs have discovered 4,300 cases of smuggling since the start of the year, a 30 per cent increase over the same period a year earlier, the official Nhan Dan newspaper reported Thursday, according to AFP.

The value of smuggled imported and exported consumer goods — cigarettes, consumer electronics, motorbikes, textiles and even rice and cement — grew to nearly 14 million dollars, double the amount from the same period a year earlier. The Communist Party daily said.

Vietnamese customs since the beginning of the year have seized 538 antiquities, 51 kilos (112 pounds) of precious stones, 252 kilos (554 pounds) of gold, 23.2 kilos (51 pounds) of heroin and nearly 26 kilos (57.2 pounds) of opium, as well as 690 documents labelled "reactionary and pornographic," the daily added, without providing comparative figures.

Mafia increasing hold on world economy

BONN, June 22: The international Mafia is increasing its hold on the world economy by buying up banks and prestigious companies, the Daily Bild, citing German intelligence services, reported today, says AP.

Criminal organisations need the legitimate businesses, to launder money, Bild said, citing a confidential report by the German Intelligence Service BND.

Organised crime has developed to the point where it constitutes a serious threat to society and the world economic system Bild said, quoting the BND report.

It said the Mafia controlled about 4,000 Russian banks and subsidiaries, which it used to launder money and to finance holiday sites and night clubs on Spain's Costa Del Sol.

Strike at Thai Suzuki motorcycle plant ends

BANGKOK, June 22: A violent, four-month strike at the Thai Suzuki motorcycle factory ended Friday with both labour and management claiming partial victories, reports AP.

"I am satisfied to a degree," said Sarit Jiamkanol, a strike leader. "I feel relieved the dispute is over, but I expected more from the settlement."

More than 600 workers demanding higher pay and better benefits walked off the job at the Thai Suzuki factory, a joint venture with the Japanese motorcycle manufacturer, in Marcy.

Management said the strikers offered to accept most of management's positions. Workers will return to the assembly line July 1.

The strike proved one of the most prolonged in recent years and illustrated Thailand's difficulty in maintaining the low-cost labour force that has

been a major draw for foreign investors.

Such investments fueled the economic boom of the past decade.

A labour court was meeting Friday to iron out the final details of an agreement. That Suzuki agreed to a 5.5 per cent wage increase and some improvement in benefits. The strikers had demanded a 12 per cent pay raise.

Before the settlement, the workers earned an average 60,000 baht (2,400 dollars) per year, Thailand's average income.

"It's a bit of a compromise," said Kenji Yamamoto, the Managing Director of Thai Suzuki. "In the future, if the workers want to talk about their work conditions, I see no reason to refuse."