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Transfin Trading Limited

100, Kazi Nazrul Islam Avenue, Dhaka-1215

Telephone: 815306-09, 819625-29; Fax: 813062

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**HYUNDAI**

CARS THAT MAKE SENSE

Bangladesh's exports to Netherlands increase considerably in 3 yrs

By Govinda Shil

Bangladesh's exports to the Netherlands have increased considerably over the last three years.

According to an official of the Dutch Embassy in Dhaka, Netherlands's foreign direct investment in Bangladesh is also increasing.

During 1993 Bangladesh exported goods worth Taka 382.5 crore approximately to the Netherlands which increased to Taka 487.5 crore in 1994. Bangladesh's exports to the Netherlands valued at Taka

532.5 crore last year.

According to Export Promotion Bureau statistics, during July-May period (11 months) of the 1995-96 fiscal year, Bangladesh exported products worth Taka 580 crore to the Netherlands.

Besides, Bangladesh's import from the Netherlands cost Taka 180 crore in 1993 while it was Taka 182.5 crore in 1994. In 1995, exports from the Netherlands to Bangladesh stood at Taka

190.5 crore.

The country's main exportables to the coastal European country were apparel and clothing, frozen foods, leather products etc. On the other hand, products which Netherlands exported to Bangladesh included chemical and dairy products, industrial machinery, transport equipment etc.

Talking to The Daily Star, the embassy official said during the last five-year period, the

Dutch investment in this country stood at \$20m approximately.

He said Dutch investors are interested in telecommunications and energy sectors, ship-building, river dredging and river training activities.

The official who preferred anonymity also said the growing trade imbalance between the two countries could be narrowed if Bangladesh imports more goods from the Netherlands.



Ali Hossain (Hasan) (Centre), President of Dhaka Chamber of Commerce and Industry (DCCI), is seen delivering concluding speech on the last day of a two-day seminar on 'Institutional Support for the Promotion of Export-Oriented light Engineering Small & Medium Enterprises' organised by the DCCI in co-operation with German Federation of Small Business (ZDH) and Technonet Asia (TA), Singapore at the DCCI auditorium yesterday. M Yunus, former president of DCCI, is also seen.

Economic development: Mark your man, as it were

Dr Shafi A Khaled

Where is Bangladesh's competition? Is it all of India or China? Neither. It could be Vietnam, even though it is 3,000 miles away. Vietnam, with a 71 per cent literacy rate, a stable government and a source of nostalgia for millions of Americans, may have advantages that Bangladesh does not. Also, strengthening Vietnam may be a way for the US to balance a South East Asian investment effort vis-a-vis China. But, in all likelihood, it is West Bengal and Myanmar that are likely to be the long run competitors of Bangladesh. West Bengal has a solid education system and relatively calmer political and religious climate compared with rest of India.

Recently, on a major trip to India, the late US Secretary of Commerce, Ron Brown, garnered more than 13 billion US

dollars in joint projects between the US and India. Even West Bengal got a share of the pie. Calcutta is going to be the site of a petro-chemical industry. 1.5 billion US dollars will be deployed. The Indian investors will be the Marxist-led West Bengal government, possibly Tata companies, and a New York-based consulting firm named, Sorosh-Mukherjee. Sadly, it is Bangladesh that has natural gas and petroleum and, reportedly, three billion US dollars in foreign exchange reserve. In calculating market demand, the West Bengal firm, in most likelihood, has included Bangladesh as potential market.

Myanmar has a young, female, dissident leader who is also Nobel Peace Prize winner. There is a lot of affection for

her in the West. Once Myanmar's current regime runs its course, this affection is going to pay off in a large way via foreign investment. Considering Myanmar's high land/man ratio and other natural resources, the impetus to assist her at that time will be greatly magnified.

Therefore, Bangladesh's locus of competition are its immediate neighbours. Without hurrying up, it is likely that with respect to key industries Bangladesh may be shut out. However, it would be wrong to say the rest of India is not a source of competition. The fact that India has for so long followed an import substitution policy, requires it to seek market within the country and in neighbouring countries to make that policy successful. In that sense the flood of goods

from India into Bangladesh and the subtle undermining of industrial ventures within Bangladesh that may damage India's market are natural by-products of India's industrial policy.

Today our commercial traders engaged in blackmarketing are pitted against our industrialists. Our job is to recognize this and find a common ground of operation for both.

Thus, Bangladesh has to be alert and self-conscious. It can only happen when petty political bickering gives way to an economic agenda and an ethical package that has been considered and approved by at least the major political parties. Moral: Our next door neighbours may be our best friends or our worst adversaries.

Libyan-Egyptian trade grows to \$117m

CAIRO, Egypt, July 9: Trade between Egypt and Libya totaled 117 million dollars in the first nine months of 1995, far surpassing previous years, Egypt announced on Monday, reports AP.

According to statistics from Egypt's trade office in Libya, Libyan exports to Egypt were valued at 77 million dollars in the first nine months last year, while imports from Egypt totaled 40 million dollars.

Libya's main exports were steel and chemical fertilisers, while Egypt's exports included medicine, food, clothing and leather products, and chemicals, according to trade office figures carried by Egypt's Middle East News Agency.

Nationalist differences hamper Bosnia's economic recovery: WB

SARAJEVO, July 9: Overcoming sharp nationalist divisions and lingering commitments to socialist economics are crucial to Bosnia's economic revival, a World Bank official said Monday, reports AP.

Michel Noel, the bank's top official in central Europe, toured the country for two weeks urging the former warring parties to overcome mutual distrust and coordinate their economic policies.

One cannot overstate how critical it is to ensure that goods and people can move freely across the territory of the country," Noel said.

Muslims, Croats and Serbs are more or less free to transit territory held by former ene-

mies — as long as they keep going. But those who attempt to stop have been beaten or harassed, with little interference from police.

An evolving free market economy could not abide that, Noel said.

The goal, in our view, should be to ensure that private citizens and the private sector can work freely across the country. Because it is the most rapid way to generate employment and incomes that are desperately needed by the Bosnian population, he said.

Noel urged all sides to abide by last December's Dayton peace accord which ended the 3 1/2-year Bosnian war, and called for a central bank, a single currency, and a unified

customs system. The parties have begun discussing the establishment of a central bank after elections in September.

The only only universally recognised currency is the German mark. Croats in western Bosnia otherwise take only the Croatian currency, the kuna. Bosnian Serbs in the self-declared Serb Republic respect only Yugoslav dinars; and in other parts of Bosnia, the Bosnian dinar is used.

In addition, the Serbs and the Croats subsidise their mini state structures with illegally levied customs duties.

Dayton is very clear on customs policy: customs policy is the responsibility of the state, Noel said.

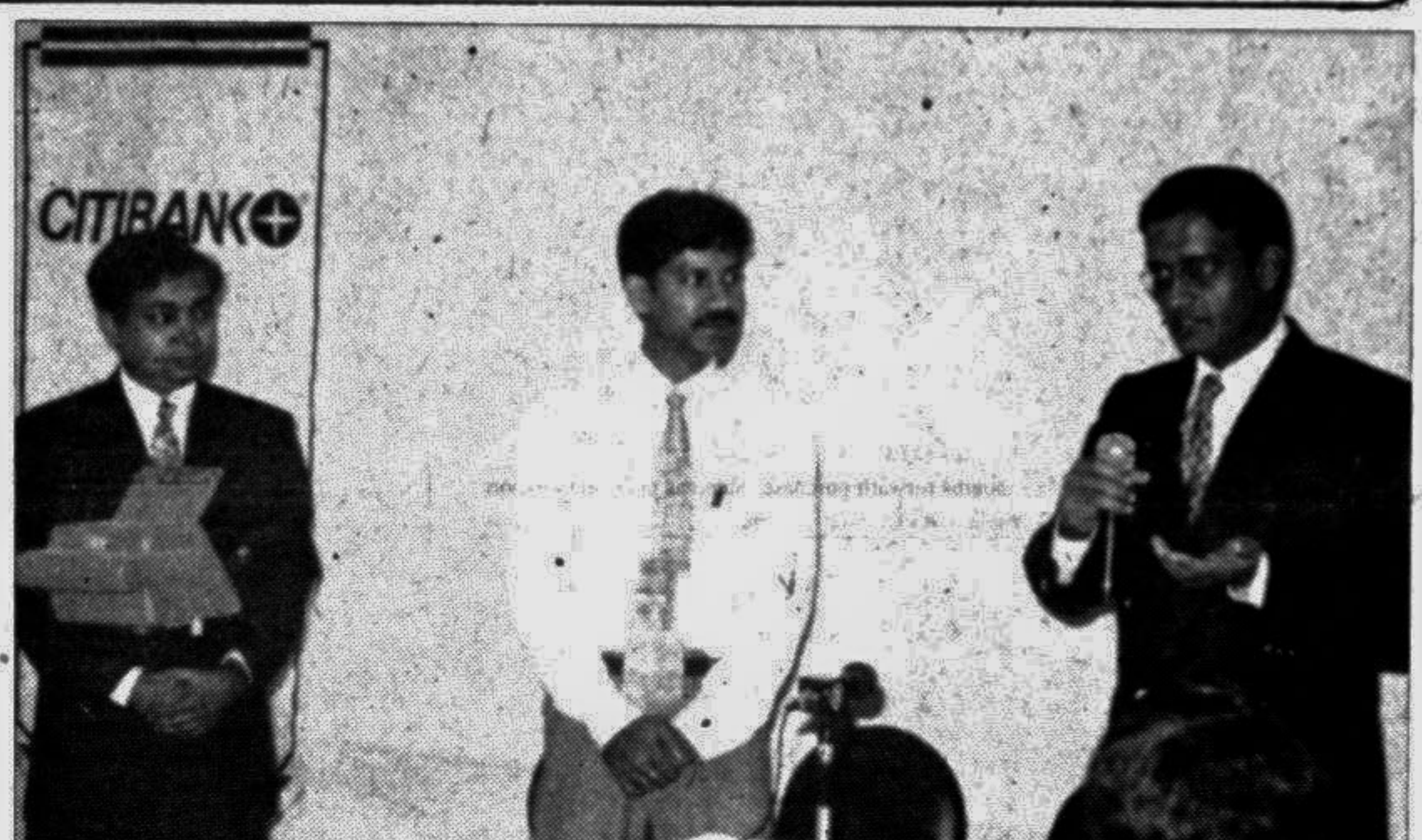
Revenue earning exceeds Target in '95-'96

Revenue earning during the 1995-96 financial year was Taka 11,307 crore against the target of Taka 11,300 crore according to a preliminary estimate released here yesterday, reports BSS.

The revenue earning was Taka 784 crore (7.5 per cent) more than the earning in the 1994-95 financial year, a press release of the National Board of Revenue said.

Collection from import-related duties was Taka 6,687 crore and from local production based duties was Taka 2,940 crore against the targets of Taka 6,559 crore and Taka 2,925 crore respectively.

Income tax collection was Taka 1,491 crore against the target of Taka 1,635 crore while Taka 188 crore was collected from other taxes and duties against the target of Taka 181 crore.



S. Sridhar (R), Chief Executive Officer, Citibank N A Dhaka opened a seminar on 'Risk Management in the Emerging Economic Environment' organized by Citibank N A at a city hotel yesterday. Khondoker Rashed Maqsood and Sandip Sen of Citibank N A are also seen in the picture.

Citibank seminar

Citibank N A Dhaka conducted a seminar on 'Risk Management in the Emerging Economic Environment' at the Dhaka Sheraton yesterday. S. Sridhar Chief Executive Officer of Citibank N A Dhaka opened the seminar, says a press release.

In his opening address, Sridhar welcomed the participants and renewed Citibank Dhaka's objective to develop the local treasury operations to cater to the needs of the corporate houses.

Sandip Sen, a member of Citibank N A's treasury team, was the main speaker. The seminar was well attended by about 30 senior finance personnel of the leading corporate houses of the country.

The seminar focused on some of the key factors that are driving currency rates, stock and bond markets, and commodity prices around the world. Given the importance of managing the risks on a company's overall exposure profile in this environment, the seminar explored some of the tools and instruments that are available in this context.

The seminar brought up some interesting discussions on the probable course of the financial markets in Bangladesh and their development in the days ahead.

ICB earns Tk 4cr profit in seven mutual funds

Investment Corporation of Bangladesh (ICB) earned a profit of nearly Taka four crore in its seven mutual funds during the fiscal 1995-96, official sources said here Monday, reports BSS.

ICB earned Taka 3.14 crore in the 1994-95 excluding the Seventh Mutual Fund, which was floated last year.

The mutual fund holders would be given better dividend than that of the previous year (1994-95) because of better performances despite political instability, the sources said, adding that significant performance was expected in the current fiscal (1996-97), if everything goes well.

The dividend of the seven mutual funds and the unit certificate would be declared after receiving the audit report and the approval by the board of directors on July 31.

ICB earned Taka 45 lakh in the first mutual fund in 1995-96 against Taka 31 lakh in the previous year, Taka 28 lakh in the second mutual fund against the previous year's Taka 41 lakh, Taka 33 lakh in the third mutual fund against Taka 38 lakh, Taka 45 lakh in the fourth mutual fund against Taka 46 lakh, Taka 60 lakh in the fifth mutual fund against Taka 51 lakh, and Taka 1.23 crore in the sixth mutual fund against Taka 1.07 crore.

About Taka 65 lakh was earned in the seventh mutual fund, the sources said adding that such earnings, both from dividend received and profit from sale of securities, were possible because of superb portfolio management on mutual funds and the unit fund.

They said the 'system of our share trading is highly appreciable. A four member committee headed by a senior general manager determines the day to day policy of trading every working day except Thursday at 9:30 am — just half an hour before the start of trading at Dhaka Stock Exchange.

"We follow such system to maintain the secrecy in buying and selling shares", they said. The sources said ICB maintains computer system to give better service to the investors, who are running their trading through it.

A total of 30,645 investors operate their trading through ICB.

ICB sold one crore 11 lakh 50 thousand unit certificates amounting to Taka 135 crore one lakh 53 thousand in the last fiscal 1995-96 that reflects an increase of 104 per cent against the previous year. A total of 54.56 lakh unit certificates amounting to Taka 66.77 crore were sold in the fiscal 1994-95, the sources said.

ICB is going to float its eighth mutual fund for public subscription in the first week of next month.

ICB declared 50 per cent dividend for first mutual fund 40 per cent for the second, 27 per cent for the third, 41 per cent for the fourth, 28 per cent for the fifth and 18 per cent for the sixth mutual fund in the fiscal 1994-95.

UK cabinet split over \$3b RAF contract

LONDON, July 9: The British cabinet is split over whether a two-billion pound (three billion dollar) Royal Air Force contract should go to GEC-Lockheed or the British Aerospace Boeing consortium, a press report said here today, reports AFP.

The Guardian said Chancellor of the Exchequer Kenneth Clarke favoured GEC-Lockheed to win the contract for the replacement of the RAF's 30-year-old fleet of Nimrod surveillance aircraft.

Indonesia, Ukraine sign weapons trade accord

KIEV, Ukraine, July 9: The Indonesian and Ukrainian defence ministers signed an agreement in Kiev on Monday on weapons sales and exchanges of military technology, reports AP.

The document did not specify how much money or how many weapons would be involved. It was a broad "memorandum of understanding" between the two nations, the Ukrainian defense ministry press service reported.

Indonesian Defense Minister Edi Sudrajat is in the former Soviet Republic for a two day visit.

Sudrajat and his Ukrainian counterpart, Valery Shamrov, signed the agreement.

There are all the necessary pre-conditions for two neutral countries, without any controversies; to develop cooperation on the basis of mutual interests," Shamrov said after the signing.

Sudrajat also met with Ukrainian Prime Minister Pavlo Lazarenko and Foreign Minister Hennady Udovenko on Monday, and was expected to hold talks with President Leonid Kuchma on Tuesday.

Lazarenko hailed the cooperation, and said he hoped it would help boost bilateral trade, the Interfax news agency reported. Trade between Indonesia and Ukraine totaled less than 55 million dollars for the past two years. Lazarenko also called for cooperation in the oil and space industry.

The Indonesian defense minister was scheduled to visit a military aircraft factory in Feodosia on the Crimean peninsula.

Kuchma and Udovenko visited Indonesia earlier this year, and made several trade agreements, including one for Ukrainian purchases of Indonesian oil.

NZ wants July 15-16 APEC meet to gear up world trade liberalisation

WELLINGTON, July 9: APEC must seek to inject momentum into world trade liberalisation at a meeting in New Zealand next week and avoid confrontation or backsliding over commitments, the host nation said on Tuesday, reports Reuters.

New Zealand Trade Minister Philip Burdon said the July 15-16 meeting in Christchurch would review progress in implementing the 1993 GATT Uruguay Round, examine "unfinished business" and prepare the ground to move forward.

"Objectively it will be a failure if people say the Uruguay Round is clearly too difficult and that implementation is no

longer possible," Burdon told a news briefing.

He acknowledged confrontation could also arise if outstanding issues such as maritime trade and environmental issues were interpreted as "plots to take over the smaller economies by the multinationals."

However, Burdon stressed he was confident of a successful outcome that would boost chances of progress at a World Trade Organisation (WTO) ministerial meeting in Singapore in December.

Burdon will be chairing the meeting of the Asia Pacific Economic Cooperation Forum in Christchurch.

New Zealand officials said maritime trade, telecommunications and the link between trade and the environment were seen as the key items of unfinished business from GATT, the global Agreement on Tariffs and Trade.

Burdon said APEC members may also take the chance to air their views on investment and competition policy and issues such as child labour.

Burdon was asked whether APEC would challenge the WTO to match its own goal of regional free trade by 2010 for industrialised countries and 2020 for developing nations.

He said this would be discussed, but members may not favour such starkly defined

targets. "There's a debate on whether we should avoid prescriptive dates, which is not really the Asian way of doing things," he said.

APEC leaders will meet in the Philippines on November 25. APEC groups 18 members which account for 45 per cent of global gross domestic product and 50 per cent of total world trade.

With economies as poles apart as the United States and Papua New Guinea, it has agreed to liberalise trade and investments by 2010 for developed members and 2020 for newly-industrialised members.

Russia restores visa for leading US banker

MOSCOW, July 9: Russia has restored the visa of a prominent American investment banker after keeping him out of Russia for several months, his bank said in a statement Monday, says AP.

A statement from Renaissance Capital said Boris Jordag returned to Moscow on Friday. His visa was restored immediately after the July 3 presidential runoff, it said.

Nationalism was a major theme in the race between President Boris Yeltsin and his unsuccessful challenger, Communist leader Gennady Zyuganov, and some observers suggested the high-profile Jordag was the victim of a tense political season.

The revocation of his visa sent a chill through the foreign investment community in Russia.

Jordag opened the Moscow office of CS First Boston in 1992, making millions of dollars for the firm in the early days of economic reform by buying stock in Russian companies at privatisation auctions.

He left First Boston last year to form Renaissance with the backing of Oneximbank, one of Russia's largest and best-connected banks. Jordag has managed nearly one billion dollar in direct investment transactions since he came to Russia and overseen about 1.6 billion dollars in portfolio investment.

Russian officials never explained why his visa was revoked. Renaissance said it appeared linked to the banks' investments. Oneximbank tried to get the visa restored for weeks, without success.

Despite Jordag's absence, Renaissance said it just finished "the most successful quarter" ever.

Employment of illegal immigrants in Thailand. Modify decision by July 23, workers' ultimatum to govt

BANGKOK, July 9: A Thai labour leader representing 3.3 million workers said Monday the government could expect workers to descend on Bangkok if a cabinet decision to allow employment of illegal immigrants was not modified, reports AFP.

Workers could accept the need for foreigners in the fisheries, construction and agricultural sectors, but not in jobs for which plenty of Thai were available, Labour Congress of Thailand (LCT) President Suwit Hathong said.

"We disagree with the government's decision to allow (unskilled) foreign workers in industrial and transportation sectors," he said.

Investors will neglect development in human resources and technology for short-term profits if they can hire illegal immigrants at lower wages, Suwit said.

The LCT said the Congress and allied groups would submit a letter to Prime Minister Banham Silpa Arch on July 11 outlining their concerns about the employment of foreigners and the Thai minimum wage. Workers would gather from

across the country to demonstrate in Bangkok if the government had not responded by July 23, Suwit said.

Some 1,000 workers gathered in front of Thailand's government house Sunday as leaders discussed positions on the issues.

The unions would ask for an increase of 22 baht (0.87 dollars) in the minimum wage to 167 baht per day in Bangkok as prices had been increasing faster than expected, Suwit said.

A tripartite wage committee — representing the government, employers and employees — was due to meet later today to discuss wage adjustments currently at 145 baht per day in and around Bangkok and ranging from 118 to 129 baht in other provinces.

Foreign workers should receive the same wages and benefits as Thai workers to avoid social and security problems, the LCT President said.

Tk 120cr agri loan still outstanding in B'baria

BRAHMANBARIA, July 9: An outstanding amount of Tk 120 crore agricultural loan of four banks is yet to be realised in the district, reports UNB.

Of the amount, Taka 38.31 crore belongs to Sonali Bank, Taka 8.92 crore Janata Bank, Taka 4.80 crore Agrani Bank and Taka 68.01 crore Krishi Bank, bank sources said.

Crop losses caused by natural calamities like cyclone, flooding and drought were the main reasons behind the non-payment of outstanding loans. Besides, some influential people took loans in fictitious names and some others were reluctant to repay the same.

Moreover, Taka 92 crore loan has become time-barred of the same four banks in the district.

Of the amount, Taka 31.13 crore belongs to Sonali Bank, Taka 7.41 crore Janata Bank, Taka 2.71 crore Agrani Bank and Taka 50.77 crore Krishi Bank.

Despite setting up of camps at different places the loan realisation was quite unsatisfactory, bank sources said.

US automakers worried about decline of yen

TOKYO, July 9: US auto makers were worried about the recent decline of the yen against the dollar and feared any further weakening could undo improvements in the sector, the US-Japan Business Council heard Tuesday, reports AP.

Donald Fites, Chairman of Caterpillar Inc. and Chairman of the US delegation at the council meeting, was quoted by Jiji press as saying in his keynote address that Japan's trade surplus remained large.

"In the US auto industry, there is a concern about the recent turned of the yen's decline," Fites said.

"At 110 yen to the dollar, there is a possibility that improvements made so far will collapse," he said.

Kyodo news quoted Fites as saying that the automotive industry was concerned that a stronger US dollar would make US exports less competitive.

The theme of Japan's politically sensitive trade surplus with the United States, which has been showing signs of steady decline, dominated opening addresses at the 33rd council meeting, though Japanese business leaders

indicated a desire that trade issues give way to a more forward-looking line.

Yotaro Kobayashi, Chairman of Fuji Xerox Co. Ltd, who is leading the Japanese delegation at the meeting, pointed out that Japan's surplus with the United States declined 17.2 per cent from 54.9 billion dollars in 1994 to 45.5 billion dollars in 1995.

He urged the council to focus on the theme of the meeting — "where do we go from here?" — rather than "veer toward very specific, and immediate sectoral issues or exchange rate debates."

Council activities, he said, should not be "surrogates of bilateral governmental organisations" as had been noted by critics in the past.

The question of investment imbalance, rather than trade imbalance, is of paramount importance, and here the much-debated deregulation problems are expected to be critical, he said.

US Ambassador Walter Monale said Japan's trade surplus was shrinking but was "not yet balanced" and mentioned ongoing trade disputes between Washington and Tokyo.



Money dealers are busy trading under the price board quoted at 111.13 yen at the Tokyo Foreign Exchange market on Monday. The US dollar broke through the 111 yen line for the first time since January 1994. The US dollar raises against Japanese yen quoted at 11109.11 yen at noon, up from 110.73 yen in New York late Friday.

— AFP UNB photo