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# The Daily Star BUSINESS

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**HYUNDAI**

CARS THAT MAKE SENSE

## WB support in agriculture to continue

The World Bank has assured continued cooperation for the development of agriculture in Bangladesh, says UNB.

World Bank mission chief here Pierre Landell Mills gave the assurance when he called on Agriculture, Food and Disaster Management and Relief Minister Matia Chowdhury at her Secretariat office today.

An official handout said they discussed about the progress of World Bank financed projects specially the national minor irrigation project in Bangladesh.

They also discussed the agriculture research seed multiplication, private sector promotion in the seed sector, fertilizer production and distribution.

The minister emphasised improvement of standard of living of the poor farmers of Bangladesh and sought more cooperation and assistance for them.

She also sought cooperation in the policy matters of the agricultural development process. Pierre responded positively.

Agriculture Secretary Akhrar Ali was present in the meeting.

## Share forms faulty?

By Staff Correspondent

The prospective investors of the Bengal Fine Ceramic Ltd are in a fix as the application forms for primary shares of the company are found faulty.

People who have collected the forms for seeking share allotment of the company find its name as Bangal Fine Ceramic instead of Bengal Fine Ceramic which created confusion among them.

They are uncertain whether the forms were distributed on behalf of the leading ceramic manufacturer Bengal Fine Ceramic Ltd or of any other company.

When contacted the Deputy Managing Director of Bengal Fine Ceramic Rashed Maksud Khan said the forms with misspelled words were distributed by the Dhaka Stock Exchange members who had given the underwriting for the floated shares.

He said however the forms which were distributed through different banks were not defective.

Maksud Khan further said he has lodged a complaint with the DSE authority in this regard. He suggested that the general investors should not apply through faulty applications. A declaration will be made soon through print media in this regard, he added.

Bengal Fine Ceramics, one of the leading ceramic-ware manufacturers of the country, offered 2,84,250 ordinary shares of Tk 100 each for the general public.

The closing date for application is July 18.

## Construction work of 93 projects completed in Magura

MAGURA, July 11: Construction work of 93 projects under food for work programme was completed against 1,399 metric tons of wheat in four thanas of the district the last dry season, reports UNB.

Of the total, 24 projects were completed in the Sadar thana, while 19 in Sripur, 26 in Shalikhia and 24 in Mohammadpur under the district.

The project work included building and reconstruction of kutcha roads, construction of flood control embankment, digging and excavation of ponds and earthwork in the different industrial units.

## Japan's publisher to market French edn materials

TOKYO, July 11: Japanese Publisher Recruit Co Ltd plans to market educational materials for children in Japan in tie-ups with French publishers Gallimard and Flammarion, a Recruit spokesman said Thursday, reports AFP.

A Recruit Group firm, Media Factory Inc. of Tokyo will start marketing seven Japanese-language versions of Gallimard's Jeunesse's wonder box paper toys in late 1996, the spokesman said.

Gallimard Jeunesse is an affiliate of major French publisher Gallimard.

The unit price will be about 1,200 yen (11 dollars), the spokesman said.

Media Factory also plans to develop educational software on compact disc read-only memory (CD-Rom) with Flammarion, another French publisher.

The software, expected to hit the Japanese market next year, is aimed at helping children develop an "artistic sense" by drawing pictures and seeing masterpieces by such painters as Vincent Van Gogh, the spokesman said.

## Increase allocation for human resource development: MCCI

By Staff Correspondent

The Metropolitan Chamber of Commerce and Industry has suggested that the government should increase its allocation for human resource development programmes like education, training and social welfare for raising productivity of the labour force.

The suggestion was made in an editorial of the chamber's latest monthly bulletin 'Chamber News'.

Referring to a recent World Bank study on Bangladesh's labour market it said, 'Labour market improvement and poverty alleviation efforts are vitally linked as productive employment is the key determinant of the peoples welfare and is the only way for the people to achieve an acceptable quality of life.'

According to the World Bank report, if the investment and growth remain at the present level, unemployment in Bangladesh will rise to more than 30 per cent by the year 2000.

If investment can be raised to around 20 per cent of the GDP and 7 per cent GDP growth rate can be achieved, it will be possible to reduce unemployment to around 20 per cent by the year 2000.

So, investment and growth are the only means to increase employment, raise household welfare and alleviate poverty.

The report also pointed out how the government policies keeping urban wages above the supply price of labour through fixation of minimum wages and public sector pay policies, have brought inequities in the

labour market.

The inequities are quite serious as the wage of an unskilled public sector worker is 68 per cent higher than that of an agricultural unskilled worker.

Wage rigidity adversely affects the real effective exchange rate which in turn, erodes the external competitiveness, it said.

The MCCI stressed on linking wages with productivity and said it is necessary for two reasons. First, if wages grow faster than productivity, it generates a process of cost-push inflation. Secondly, it provides a benchmark for determining the wage level with which enterprise-specific variations may take place, the MCCI bulletin commented.

## Zia Fertilizer Factory sets new output record

Zia Fertilizer Factory, an enterprise of Bangladesh Chemical Industries Corporation, has set a new record of production during the fiscal 1995-96 by producing 5,34,200 metric tons of urea fertilizer, says a press release.

It is the highest yearly production since the inception of the factory which exceeded the installed production capacity of 5,28,000 MT and the set target of 5,05,000 MT for 1995-96.

The factory produced 4,71,771 MT urea during 1994-95.

The factory supplied 5,41,922 MT urea which is also the highest yearly sale since the inception of the factory. It is a full-fledged and integrated industrial complex with its power generator capacity of 26 megawatt and all other utility requirements.

This pride industrial enterprise contributed Taka 187.19 lakh to the national exchequer during 1994-95 and Taka 268.65 lakh during the first eleven months of 1995-96 as duties and taxes.

Zia Fertilizer Factory has provided direct employment of 1190 workers, staff and officers.

Zia Fertilizer Factory produces urea fertilizer, using gas supplied from Titus Gas Field.

## 'Milestone meeting' of JMB begins

BHUAPUR (TANGAIL), July 11: The sixth 'milestone meeting' of the Jamuna Multi-purpose Bridge project began yesterday with Abdul Mueyed Chowdhury, secretary of the Jamuna Bridge Department in the chair, reports BSS.

The meeting, which will continue till July 12, will review the progress of implementation of the bridge project and its various technical problems, according to a press release.

The Jamuna Multi-purpose Bridge project is being implemented through four contracts. The actual work of the project began on October 1994.

The meeting is being participated, among others, by donor agencies namely the World Bank, Asian Development Bank, OECF, representatives of panel of experts, officials of the bridge authority and senior officials of various ministries and agencies related with the Jamuna Bridge project, the press release said.

Earlier Wednesday, Mandela broke into a dance as he arrived in St James Park in central London to plant a tree.

## S Africa needs foreign investment: Mandela

LONDON, July 11: South Africa urgently needs foreign investment to battle poverty, joblessness and crime, President Nelson Mandela told British business leaders on Wednesday, reports AFP.

Diverting from the splendours of royal pageantry that marked his arrival in Britain, a day earlier, Mandela sought to reassure 600 delegates to a conference of the Confederation of British Industry that South Africa's economy is sound.

"Our economic fundamentals are in perfect order," said Mandela, who arrived at the Barbican Center to a standing ovation.

In the two years since his African National Congress took power, he said, the South African economy had grown robustly. Annual growth is now some 3 per cent, inflation hit a 20-year low of 5.5 per cent in April, and manufacturing industries are "in a buoyant mood," he said.

The central message that I bring you... is that we should build on what exists. It is a message infused with urgency precisely because, beyond the profound political changes, the iniquitous system (of apartheid) that we set out to destroy is still alive and well.

"The poverty, decay in the social fabric and profound inequality that are the product of the past can only be eradicated with your cooperation," he said.

Britain is the largest foreign

investor in South Africa by far. And over the past two years, British investments rose by some 12 billion pounds (18 billion dollars) in the key sectors of mining, manufacturing and telecommunications, Mandela said. Total trade between the two countries almost doubled.

Prime Minister John Major drew applause when he said Britain will continue to push "for the widest possible access" for South African products to European markets. Many currently face punishing import tariffs there.

To lure foreign investors, the South African government recently has relaxed foreign exchange controls limiting the outflow of capital and provided tax holidays for investments that create new jobs.

The government also has intervened to stabilise the Rand, which fell sharply earlier this year after the government announced a plan ultimately to lift exchange controls. Rumours that Mandela was ill and foreign mistrust of the ANC government extended the plunge.

In a blueprint for economic growth to the year 2000, Mandela's government said recently it aims to create 400,000 new jobs a year and achieve a 6 per cent growth rate in the gross domestic product.

Earlier Wednesday, Mandela broke into a dance as he arrived in St James Park in central London to plant a tree.



Redwan Ahmed (R), President, BGMEA, Wednesday handed over cheques for Tk 10 thousand each to two workers wounded in a fire accident at Pro-Star Industrial Co Ltd.

## 'Gas-based power plant will be set up in Bhola'

BHOLA, July 11: A gas-based power plant will be set up here to help industrialisation in the district, Commerce and Industries Minister Tofael Ahmed said Wednesday, reports UNB.

The minister said this after visiting Shahabpur gas field where the gas reserve was estimated at 0.5 trillion cft worth about Tk 5,000 crore.

Addressing a meeting at Kulsom Rahman High School ground here, Tofael said the government is determined to ensure maximum utilisation of gas discovered in Shahabpur field of Borhanuddin thana.

The Industries Minister said measures will be taken to attract foreign investors to invest in Bhola.

Necessary steps will also be taken to set up heavy industries in the district if more gas reserve is found in the future, he added.

British High Commissioner to Bangladesh Peter J Jowler, Industries Secretary Habibur Rahman and the Managing Director of Bangladesh Petroleum Exploration Company were present.

## Japan, US open talks on photographic trade

GENEVA, July 11: The United States and Japan opened talks yesterday over complaints by Washington that the Japanese photographic film market is closed to US companies, reports AFP.

"It is our hope that we can find a mutually satisfactory agreement," Deputy US Trade Representative James Southwick told reporters before the opening of the talks, held under the auspices of the World Trade Organisation.

"If necessary we are prepared to follow through the procedures under the dispute settlement body" of the WTO, he added.

A deadline of August 12 has been set to reach a solution. Under WTO rules, if bilateral talks fail to reach agreement, an arbitration committee can be set up to examine the case and its ruling is binding.

The US government turned to the WTO after a complaint by photographic giant Eastman Kodak accusing its Japanese competitor Fuji and the Japanese government of acting in concert for several decades

to prevent a real penetration of the Japanese market.

Fuji controls almost 70 per cent of the photographic film market in Japan while Kodak has about 10 per cent of the market and other companies share the remainder, according to Fuji statistics. Kodak controls 43 per cent of the European market.

"We looked at the case for nearly one year... we found an interlocking series of barriers put in place by the government of Japan," said Southwick.

"We found evidence of uncompetitive business practices," Kodak claims the Japanese barriers have cost it 5.6 billion dollars since the 1970s.

The fact that the US brought the case (to the WTO) reflects that we believe very strongly that we have a very strong case to make," Southwick said.

The Japanese government says it wants the United States to fully explain its grievances, but does not believe that the laws governing the system of distribution in its country breach the WTO's free trade rules.



Retired armed forces chief, Lisandro Abadia, chief organizer of the Asia-Pacific Economic Cooperation (APEC) leaders' summit to be hosted by the Philippines in November, shakes hands with Toyota Motors (Philippines) President Hirotaka Tsuruga in Manila on Wednesday after signing a vehicle sponsorship accord for the APEC secretariat. Looking on is Philippine Foreign Affairs Secretary Domingo Siazon.

## Economic development: Without land reform?

Dr Shafi A Khaled

Land reform has been in progress for about a decade. I do not understand how a loss of property can come about painlessly without some form of quid pro quo or in-exchange-for arrangement. Therefore, I am not sure that it is working, that it is land reform. That may explain why it has been a quiet movement.

Did Taiwan and South Korea go through land reforms? Yes, they did. Taiwan, for example, was helped by the fact that 21 per cent of all cultivable land was Japanese owned and could be redistributed among small tenant farmers. Japanese owned manufacturing plants were also confiscated. This also reduced income inequality. In the case of Korea, many of the factories were destroyed in the war. Except for some cases in South Korea, indigenous landowners in both countries were forced to sell all of their holdings over three hectares at below market price. It is possible that fear of a spread of Communism in the rural areas led to these drastic policies.

Since Bangladesh's population has tripled in the last 50 years and the fact that a large number of landlords went over to India in 1947, the current land shortage among millions cannot be said to have been historically determined by a

feudalistic process. Bangladesh has never been a massively plantation economy with absentee owners nor has it been volatile with indentured labor and serf-like conditions in recent memory. Thus, paradigms or models of agricultural change in other societies are not readily applicable here.

It is true that a land redistribution in economically viable units will still leave millions landless. Newly redistributed small landholdings are susceptible to being lost in the next cycle of crop failure, health impairment, or parental death. With an ever increasing population, economic empowerment for millions lies with employment in some form of industrial enterprise, not through ownership of land. However, the purchasing power of the rural individuals must be kept at par with their urban counterparts as was done in the case of Taiwan and South Korea. Land reform is but one of the tools for doing so. However, it is a powerful

tool. With regard to sharecropping (which is the most popular form of cultivation arrangement between land owners and tenants in Bangladesh), economists ad-

here to two key ideas or hypotheses. First, sharecropping reduces productivity dramatically. Secondly, without sharecropping there would be little or no production in the first place. What justifies the second hypothesis? Sharecropping is a risk sharing apparatus by which owners and tenants meet half-way to share risk of production. Neither party is willing to cultivate by themselves. They enter into a sharecropping deal voluntarily, because it is mutually gainful. There is no coercion to enter into such a deal or to stay in it. To the extent the second hypothesis is true, sharecropping is not a hindrance to production. It enhances output through risk-sharing. It is the best arrangement in an imperfect world, a world with risk.

In economics such a solution is known as the second best solution. This clearly implies that there is a first best solution with even more output. That can happen in a riskless world. In that event, the first hypothesis about sharecropping would not be even necessary, because there would be no sharecropping. Therein, owners would choose to cultivate directly or tenants would be willing to pay a lump

sum or fixed rental seasonally for the right to cultivate. Consequently, total output would increase. To the extent that sharecropping is risk mitigation, to that extent a redistributive land reform may not be viewed as a necessary condition of economic development.

What this discussion suggests is that we should spend our energy trying to reduce risk in agriculture, not in trying to redistribute land. For this there are many things we can do without too much demand on political capital build up. This would mean keeping inflation in check, maintaining the purchasing power of farmers, bringing non-traditional or alternative product choices to farmers (for example, fruit, fishery, or poultry instead of purely paddy or monocrop dependency), instituting a mass literacy and vocational training programme and bringing agriculture related light industries to the rural areas. This will slow down rural-urban migration and reduce the need to deploy scarce resources in housing, roads and other urban facilities. This will provide the necessary buying power to the masses which will in turn benefit industry. Also, by making the industrial sector sound via programmes that I have already suggested, large land

owners may be willing to sell their land and concentrate on their urban-industrial careers instead of hedging their bets through holdings in the farm sector, or they may have sufficient residual resources to cultivate directly through hired help. These are not overnight solutions. But then, nor are those bending toward land redistribution. This approach will scar the nation less and it will not hold all other programmes hostage until and unless it has succeeded.

Bangladesh is politically spent. A political movement for land reform is not a viable option nor is it necessary. Land is the most valued asset in an economically depressed society in the middle of a population explosion. However, land redistribution can happen through an incremental or evolutionary process should a sane industrial policy reflective of Bangladesh's resource endowments come in place. Whenever possible, land-for-stock-shares in governmentally held institutions (for example, Bangladesh Biman, WASA, PDB, Janata Bank, and Adamjee Jute Mills) could be a mechanism of transfer without conflict. Of course, these institutions must first become healthy. For this or other cited possibilities to become viable, we need a vibrant private, industrial sector with a reliable stock market. Moral: For Bangladesh, today, land reform may be like digging a channel for the crocodile to swim in.

## SMC workers' meet today

A special general meeting of Social Marketing Company Workers and Employees Union will be held at National Book Centre here at 9 am today (Friday), reports UNB.

The meeting will discuss matters relating to the suspension of seven drivers of SMC Rangpur area office, said a union press release.

## Malaysia suffers trade deficit

KUALA LUMPUR, July 11: Malaysia recorded a trade deficit of 265 million ringgit (106 million dollars) in April, a month after it had a surplus of 524 million ringgit (209.6 million dollars), the Statistics Department said Wednesday, reports AP.

It said imports in April were valued at 16.2 billion ringgit (6.48 billion dollars), while exports amounted to 16 billion ringgit (6.4 billion dollars).

Malaysia's cumulative balance of trade in the first four months of this year showed a deficit of 1.6 billion ringgit (640 million dollars).

This was lower by 24.2 per cent or 518.18 million ringgit (207.27 million dollars) compared with the deficit of 2.1 billion ringgit (840 million dollars) in the same period in 1995, the department said in figures released through the national news agency Bernama.

The major destinations for Malaysia's exports were Singapore, the United States, Japan, Hong Kong, Thailand and Britain. Imports mostly came from Japan, Singapore, South Korea, Taiwan, Germany and Australia.

## London commuters may face 9-day total shutdown in underground

LONDON, July 11: London commuters face a total shutdown of the underground system on nine days this summer, after the smaller of the two train drivers' unions said yesterday it will co-ordinate strike action with the main union, reports AFP.

The RMT union said that its members had voted by a 5-1 majority for strike action over a dispute about shorter working hours.

And it said that they would stop work on nine days between now and early September when members of the main drivers' union ASLEF will also be on strike.

RMT General Secretary Jimmy Knapp said he expected a "total shutdown" of the underground system, which is used by 2.7 million passengers a day.

Drivers on the London underground belonging to the ASLEF union have already staged three strikes since late June, wreaking havoc with timetables and crippling services.

But with RMT members, who account for 200 of the 2,200 train drivers, still working, the tube managed to run 30 per cent of services on some lines.

On Tuesday, the ASLEF union, which is also engaged in a bitter dispute with management over a shorter working week, set nine more dates for 24-hour walkouts: July 18, 25 and 29, August 7, 13, 23 and 27, and September 5 and 9.

The two unions are now due to enter talks with the management.

## ASEAN still opposing talks on non-trade issues

BANGKOK, July 11: Thai Deputy Prime Minister Anandya Viravan reiterated ASEAN's opposition to discussion of non-trade issues in international trade negotiations, reports AFP.

Addressing a luncheon at the foreign correspondents' club, Anandya said the end of the cold war had led some western nations to pursue more aggressive foreign economic policies, with a desire to link non-trade issues to trade.

Referring to the World Trade Organisation (WTO) talks scheduled later this year in Singapore, Anandya said the goal should be "constructive solutions yielding equitable benefits to all."

Non-trade issues such as social and environmental clauses should be excluded from such accords, he held.

"Rather, their inclusion should be deemed as furthering international dialogue and cooperation."

Preconceived principles and ideas emanating from OECD, APEC, NAFTA or AFTA forum must not be included on the WTO agenda, and their inclusion if any, should be for discussion leading to guidelines not for negotiations leading to rules and regulations and a disguised form of protectionism, Anandya said.