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Bureaucratic tangles seen vital cause

Country fails to export 100kg gold ornaments in nine months

By Govinda Shil

The jewellers of the country have failed to export at least 100kg of gold ornaments during the last nine months due to lack of coordination between the different government bodies.

According to officials of the Export Promotion Bureau (EPB) and the jewellery traders, the absence of a proper import policy on raw golds and the government's rigidity over gold trading are discouraging the potential exporters.

An EPB official said Bangladesh can export as low as 1,000kg (one metric ton) of gold ornaments each year if a proper policy is adopted. He suggested reviewing the baggage rule under which an incoming Bangladeshi national could bring 200gm of gold ornaments. "This rule is discouraging the local goldsmiths," he said. He also asked the NBR and Customs to review the proposed bonded warehouse facilities for importing gold.

"I received export orders for 16kg of gold ornaments during last couple of months and I manufactured ornaments according to the buyers' instruction," said Aftab Ahmed Khan of 'Guinea Exchange Jewellers.' But finally, added Khan, "I failed to export those ornaments."

Gold jewelleries have been declared 'crush programme' export items by the EPB since long but no trading has taken place so far, EPB officials said. "We took some ornaments for demonstration in the international fairs and most of these were sold on the spot," said an EPB official. He said later some of the participants got scattered export orders of at least 100kg gold ornaments but that could not be executed due to proper export policy.

"After getting the orders, we procure gold from the home market and keep a record of the purchases which we produce to the customs officials and the National Board of Revenue (NBR)," said another jewellery trader. The trader Mohammad Shoaib said, NBR and customs officials insisted them on buying golds from international market under the "Supervised Processing Bonded Warehouse" system.

Most of the potential exporters said the bonded warehouse facilities have suggested them to maintain a working time for goldsmiths (from 8.30 am to 4 pm) and to pay the supervising customs official Taka 80,000 per year which, according to the ornament traders, are impractical.

The potential exporters demanded a general bonded warehouse privilege like the export-oriented garments manufacturers.

According to Bangladesh Goldsmith Association (BGA), the country has some 50 metric tons of gold owned by jewellers and users which recycles each year.

Jewellers at the Baitul Mokarram Market said most of the fresh gold which is added to the country's stock comes from smugglers. The jewellers suggested simplifying the import procedure of gold and reducing the duty imposed on the imported gold. The government allows 2kg gold for an incoming Bangladeshi national subject to paying Taka 300 as duty for each tola (11.664 gm) of gold, jewellers said.

Bablu Dutta Milton of Lily Jewellers at the Baitul Mokarram market told The Daily Star that information about the govt gold sale auction is not properly disseminated.

The EPB official said the quality of gold ornaments should be properly controlled to make these competitive in the international market.

National Tubes earns Tk 6.66cr net profit

National Tubes Limited has earned a record net profit of Taka 6.66 crore in the year 1995-96, says a press release.

It contributed Taka 10.09 crore to the National Exchequer.

The profit earned last year was Taka 3.32 crore.

This remarkable achievement was due to the efficient management of the Company and sincere and untiring efforts of the workers, employees and officers.

Over the last few decades, National Tubes Limited has been successfully producing and supplying M S and G I Pipes popularly known as Adamjee Pipes made to British Standards for Tubewells, Irrigation and domestic users and also American Petroleum Institute certified high quality steel pipes for transmission and distribution of natural gas.

This enterprise, jointly managed by (BSEC) Bangladesh Steel and Engineering Corporation and private sector, is extending a helping hand in national development through its commendable contribution in providing required steel pipes to Agriculture and Gas Sector of the Country.

The President of Bangladesh Garment Manufacturers and Exporters Association Redwan Ahmed (2nd-L), is seen addressing the 12th Annual General Meeting of BGMEA at Hotel Sheraton yesterday.

Turkey plans no intervention in interest rates, currencies

ANKARA, July 16: Conflicting opinions on economic policies between Islamist and conservative ministers in Turkey's Islamist-led coalition may undermine the future of the new government alliance, analysts and bankers said here yesterday, reports Reuter.

State Minister Ufuk Soylemez said the government did not plan any intervention in interest rates and hard currencies, contrary to comments to that effect from Finance Minister Abdullatif Sener, an Islamist, last week.

"The government is not thinking of artificial intervention in currency and interest rates," said Soylemez, of the junior conservative alliance partner, the True Path Party (DYP).

"Statements made outside the government programme are not binding," he told Reuters.

Hakan Peksoz, treasury manager at private Sumerbank, said markets were uneasy about the future of the economy after the contrasting remarks from the two government ministers.

"The statements from Sener and Soylemez make people ask the question: is there discord between the two wings of the coalition?" he said.

A western economist said: "I believe the DYP wants to show that populist policies of the Islamists will not work. The difference in views will be seen clearly in time."

Deputy Prime Minister Tansu Ciller, leader of the DYP, said the government would stay out of markets and that free market rules would determine rates and currencies.

"Domestic borrowing will continue within market rules and a realistic currency rate policy will be followed. Rates will find their balance in the markets," she told reporters after meeting treasury, planning and foreign trade officials.

Soylemez said Turkey would stick to free markets policies and would not back down from its pledges to international bodies like the International Monetary Fund (IMF).

His remarks were in apparent reference to Sener's suggestions of capping "un-Islamic" interest rates and increasing taxes on interest income, which unnerved the treasury-bill market on Friday and Monday.

The treasury raised the average rate in its 204-day-T-bill auction on Monday by 12.06 points to 139.28 per cent to attract investors, who shied away from interest-indexed instruments towards foreign exchange after Sener's comments.

The central bank had to intervene on Monday in the foreign exchange market to curb a fall in the lira by selling dollars, bringing the lira to 83,450 lira from 83,700 at the close.

Istanbul stocks ended the day 3.57 per cent down at 68,654.99 due to what brokers called the uncertainty over comments from the government ministers.

"The government's mixed signals are confusing the market players.

Cambridge takes $2.25 m donation from BAT

CAMBRIDGE, Britain, July 21: Cambridge University, defying opposition from anti-smoking activists, accepted Friday a 1.5 million pound (2.25 million dollars) donation from British-American Tobacco (BAT), reports AFP.

University administrators, by a vote of 1,128 to 583, opted to accept the cash from BAT, which sells cigarette brands such as Benson and Hedges, Silk Cut and Lucky Strike.

The money is expected to be sued to set up an international relations chair, which will be named after Patrick Sheehy, a former chairman of the company.

"The university's democratic procedures allowed for the expression of opinion and I recognise that this was a difficult issue with strong feelings on both sides," University Vice Chancellor Sir David Williams said.

"I welcome the fact that we can now move ahead with the appointment of a Professor of International Relations, which has long been a high academic priority within the university," he added.

Indian tea export regaining position

SILIGURI, July 21: Indian tea export which had dipped after the collapse of the USSR was now looking up following persistent efforts by exporters backed by the Tea Board, the Board's Chairman SS Ahuja told PTI here today, says PTI.

He said an export target of 180 million KGs for the 1995-96 financial year had been envisaged indicating a growth rate of 10 per cent over the previous year.

Ahuja, who was here to address the seventh annual general meeting of the Federation of All India Tea Traders' Association (FAITTA) said after gaining the lost ground in the Russian market, Indian tea was regaining its position fast in Egypt, Iran and Pakistan.

Tea experts, for the first time in 1995-96, recorded an increase in respect of volume over the past two years and in respect of value over the past three years, he said.

Regarding yield, Ahuja said, production target for the 1996-97 financial year was fixed at 790 million KG in view of the estimated production of 762 million KG in 1995-96. This suggested a 3.67 per cent growth rate.

Production of tea all over India this year recorded an increase of 20 million KG upto June, a growth rate of 8.16 per cent despite a loss of five million KG of crops in the south, he added.

British Junior Treasury Minister may resign

LONDON, July 21: A junior Treasury Minister is to resign so that he can argue publicly against Britain joining the planned European single currency, reports AFP.

The Financial Times said David Heathcoat-Armory has told friends he wants to quit in order to publish as pamphlet opposing monetary union.

Ministers have tried to persuade him to stay in his post, but he is likely to go in next week's expected ministerial reshuffle.

Economic development: Taiwan, an Asian miracle

Dr Shafi A Khaled

Since the 1950's most developing nations have provided their businessmen access to low cost fund. The collateral requirement and interest rate on business loans were kept low, and the foreign exchange rate was subsidized. Still we find very poor industrialization and massive corruption in a volatile mix of politicians, businessmen, bureaucrats and military personnel.

However, that has not been the case with Taiwan. Ever since the early 1950's it has solved "the chicken or the egg: which came first" issue by keeping the commercial interest rate high (52 per cent in 1953, 33 per cent in 1968, and 9-12 per cent in 1991). On the one hand, it encouraged savings which spelt economic independence. On the other hand, it rationed scarce capital among the bonafide and most confident businessmen. The Taiwanese model did not assume that their was a huge pocket of terrific businessmen just waiting to get a chance at starting a business only if they were given cheap capital. Here, generating investable funds was the chicken and the businessmen were the eggs and the latter party was deemed to follow only after the successful act of accumulation.

The consequences of this approach have been startingly good. Taiwan has the most prolific growth rate with most egalitarian distribution amongst all developing and recently developed economies. For 40 years plus, its unemployment rate has been below 2.0 per cent. It is not a very small country either, like the city states of Hong Kong, Singapore or Monaco. Its current population is 21 million. As a contrast, consider the state of Minnesota, USA. It has a population of about 4.6 million and a highly regarded economy with about 3.0 per cent unemployment rate which is 2.5 per cent below the national rate.

What did this policy do for Taiwan and how did it work? It increased savings to about 24 per cent; produced a highly regarded industrial economy with about 1.6 per cent unemployment rate for over four decades; by some economic indicator (Gini Coefficient), and produced one of the best income distribution in the world at par with Japan and the USA. Perhaps the profit rate expectation was more muted in this system compared to other market oriented systems producing less severe effects of business cycle adjustment on the labor force. Also, it caused far less strife and corruption as economic development proceeded than is taken for granted even by most pundits. The way it functioned was by respecting how a market works and not interfering with it to speed up the process. A market economy has its own laws of motion and inertia. Like labour and raw materials, capital is a resource. It has a relative price vis-a-vis the other resources. To reduce the price of capital for some individuals destroys that natural state and the signalling mechanism which is so essential to its success. A low capital price draws in entrepreneurs with both good and bad chances of success. Cheaper capital and easier conditions of borrowing motivates them to borrow more than they would otherwise. The entrepreneurs want to invest big, producing monopolies and oligopolies and they want to be highly capital intensive, that is use less labour per dollar of investment once the business goes into operation.

In order for the Taiwanese approach to work, the government has to be disciplined, patient and long term goal oriented, the inflation rate has to be kept in check. Government of Uganda, Poland, Indonesia, Chile and even of Turkey and Israel (although the latter countries may be compensating for high inflation rates) are taking this approach. If an economy already' has 20 per cent plus savings rate (like Malaysia), then one reason for high saving rate is lost. Malaysia's lending and savings rates are at about 7.0 per cent. However, that 20 per cent savings may be accruing from governmental revenue surplus and not from the common citizen. So, it is possible that in the case of Malaysia there is room for raising more cash. But every economy has limits to its absorption capacity. Perhaps the investment afforded by its current savings rate plus the amount brought in from abroad is pushing Malaysia's ceiling. In that case, Malaysia does not have to adopt a higher savings rate to generate more savings. However, it may also indicate that with right kind of political, social, and economic stability, Muslim populations are willing to save at a high percentage rate even without the incentive of a high savings rate. Regardless, the lending rate may be kept high so that powerful monopolies and oligopolies are not generated, the unemployment rate is kept low, and the income distribution is fairer.

This model should be important to political parties in Bangladesh. Many of them, unknown to themselves, are taking Marxist-type approach to economic policies with respect to fairness. We know that the Marxist model is unworkable, its various shades have been tried in most developing countries without any success, and that it violates the tenets of Islam far more strongly than a system based on interest rates to industrialists and a life long system of depending on foreign aid, both of which may be eventually phased out, or at individual level, altogether avoided by adopting the Japanese Keiretsu approach for projects. As of 1992, Bangladesh's savings rate was only 5.0 per cent, while that of India stood at 21 per cent. Yet Bangladesh's savings and lending rates policy makers do not recognize this reality, nor acknowledge the experience of Taiwan and the fact that even latecomers like Poland and Uganda have picked up on it. Moral: A viable economic plan will not float without a viable financial plan.

Shrimp culture in Khulna increases

KHULNA, July 21: Shrimp cultivation in the southern belt of greater Khulna district has increased during the current shrimp cultivation season despite an outbreak of shrimp virus, increase of price of shrimp fry and shrimp food, reports BSS.

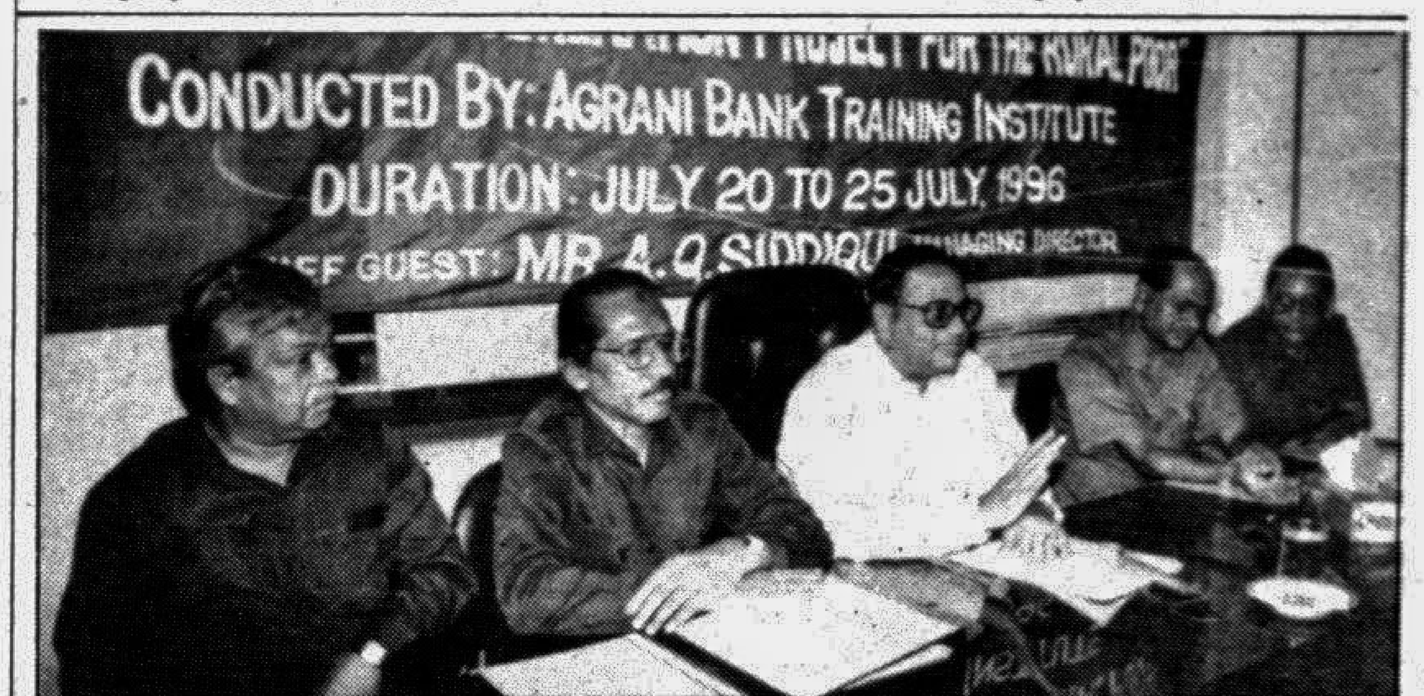
Official information said here that at least two crore ninety four lakh twenty seven thousand four hundred sixty-nine pounds of shrimp worth Taka six hundred thirtysix crore ninetyfive lakh sixtytwo thousand four hundred fiftyfive were exported during the last financial year through Mongla Port which is over seventytwo crore ninetytwo lakh eightyfive thousand Taka more than that of the immediate past financial year (1994-95).

During the current season shrimp was being cultivated on thirtyfour thousand three hundred twentyfour hectares in Khulna district, twentysix thousand and ten hectare in Satkhira district, and fourtythree thousand seven hundred hectares in Bagerhat district. Of the twentyfive police stations of greater Khulna district where shrimp is cultivated, Shyamnagar police station of Satkhira district comes first with ten thousand six hundred eightytwo hectares brought under shrimp cultivation.

Air India to open $ 2b plane bid

NEW DELHI, July 21: State-run carrier Air India was to open a two-billion-dollar global bid Saturday — contract which has fuelled legal action by European consortium Airbus Industrie against US rival Boeing Co, reports AP.

Air India Managing Director Brijesh Kumar said the deal for 10 firm aircraft deliveries and 13 options over the next decade would be finalised within two months after an expert panel scrutinised the bids.



AQ Siddiqui, Managing Director, Agrani Bank, Saturday inaugurated a training programme for branch managers on "Employment Generation Project for the Rural Poor" General Managers Md. Helaluddin, AS Ashrafuddin Ahmed, Deputy General Managers AZM Sedequr Rahman and Badruddin Ahmed are also seen.

Commodity market: Prices of gold, oil up, sugar down over week

LONDON, July 21: Prospects of a bumper sugar harvest around the world toppled the sweetest of commodities from the dizzy heights that it had enjoyed for several weeks and triggered a meltdown which could reach fever pitch in the coming days, reports AFP.

But even the most cocksure traders hedge their bets on price movements in the sugar market, which has a knack of brushing aside even the best thought out predictions.

Despite enormous sugar crops in Brazil, Thailand and India, prices tried hard to cling to recent highs and did not begin to edge downwards until late in the week.

Some dealers put the continued buoyancy of sugar prices down to burgeoning demand around the globe. Countries like Pakistan, Turkey and the Philippines, which do not usually import sugar, have made regular purchases of late, the International Sugar Organisation said.

But the time for a meltdown really does seem to have arrived, dealers said. Shipments from Brazil should soon flood the market and satisfy the world's ever-sweeter tooth.

Oil prices remained high this week, despite signs that Iraqi crude may return to the international market soon.

And copper prices showed some gains despite the nervous state of the market in the wake of the Sumitomo affair.

GOLD: Revived. Heavy losses on Wall Street provided a silver lining for the precious metals market, which emerged from the doldrums after several months of inactivity.

Prices rose as investors quit the stock market and turned to gold and silver. But the rise in gold prices was only modest. The price per ounce rose by one dollar on the week to 384 dollars.

A take off on the US stock market in mid-week. Which followed a meltdown in share prices on Monday, held back gold's gains. Strikes in gold mines across South Africa had no impact on the market.

SILVER: Tarnished. Silver prices rose in the wake of losses on Wall Street on Monday, but they soon fell back again and ended the week about five cents lower than at the close of trade last week, at 5.05 dollars per ounce.

PLATINUM: Subdued. Prices remained steady at around 392 dollars per ounce, and a strike at the Rustenberg mine in South Africa had no effect on the market.

The absence of attention to stoppages at the world's biggest platinum outlet was seen as the latest negative sign for this metal, which has been eschewed by investors for several weeks.

COPPER: Rise. Copper rose amid calm trading which has not been seen on the copper market since the start of the Sumitomo affair in mid-June. Prices rose by 40 dollars to 1,890 dollars per tonne.

Dealers responded favourably to the fact that stocks held in warehouses owned by the London Metal Exchange (LME) have fallen steadily under the effect of increased demand. Reserves fell by 4,150 tonnes to 228,725 tonnes this week.

But many traders remained cautious and did not want to take positions on the market because of uncertainties that have been unearthed by the Sumitomo scandal. The Japanese trading corporation announced that it had lost at least 1.8 billion dollars in unauthorised trades over a 10-year-period.

The Financial Times newspaper said that Sumitomo had refused to pass on information to British anti-fraud officers.

Meanwhile, the Wall Street journal said that numerous European and US banks had lent Sumitomo vast sums to finance its trading on the copper market. These banks risk losing millions of dollars if the Japanese group does not repay its debts.

LEAD: Rise. Lead prices rose by five dollars to 790 dollars per tonne on the wings of copper.

LME stocks rose by 2,700 tonnes to 98,700 tonnes.

ZINC: Fall. A continued build-up of stocks on the LME dented zinc prices, which fell by about two dollars to 1,018 dollars per tonne, LME reserves rose by 6,075 tonnes to 573,625 tonnes.

Supply would fall if production at the Kitimat plant in British Colombia, which produces 272,000 tonnes of metal each year, came to a standstill. But hefty LME stocks mean chances of any significant price rise in this metal are slim. LME reserves rose by 5,525 tonnes to 902,400 tonnes this week.

NICKEL: Tumble. Nickel prices fell by 200 dollars to 7,150 dollars per tonne, as slight demand for stainless steel, the main outlet for the metal, continued to dog the market.

LME stocks fell by 132 tonnes to 31,998 tonnes.

TIN: Stable. Tin prices hovered between 6,250 and 6,300 dollars per tonne in calm trading this week. Tin reserves on the LME rose by 185 tonnes to 10,785 tonnes.

OIL: Buoyant. Oil prices remained high this week when the reference price for brent North Sea crude hovered between 19.5 and 20 dollars per barrel.

The market was not dented by the green light that United Nations (UN) Secretary General Boutros Boutros-Ghali gave to a plan to distribute food aid in Iraq. The decision opens the door to an oil-for-food deal which will see Iraqi crude on the international market for the first time since Iraqi troops invaded Kuwait in August 1990.

The deal between the UN and Baghdad was mapped out in May has subsequently been dogged by a series of setbacks, notably US intransigence and Iraqi hesitancy.

Experts at the Centre for Global Energy Studies (CGES) in London said that key players in the black market, which has flourished since the UN imposed trade sanctions on Iraq, had sought to delay implementation of any deal.

In addition, the CGES said that the United States had showed little enthusiasm for a return of Iraqi crude to the international market. The research group predicted that this would not happen before the last quarter of this year.

Yet Boutros-Ghali remained optimistic about chances of imminent implementation of the plan.

Oil prices also suffered from a fall in gasoline (petrol) prices in the United States.

RUBBER: Soft. Demand among European and US tyre manufacturers remained low this week and rubber prices dipped to around 900 pounds per tonne.

Prices also suffered from burgeoning rubber output in South East Asia.

COCOA: Warming. After a fall at the start of the week, cocoa prices picked up again on fear that this year's harvest in the world's two leading producer countries, Ivory Coast and Ghana, would be less abundant than the most recent crops.

In June preliminary estimates put the Ivory Coast harvest at just 800,000 tonnes next season after more than one million tonnes were harvested this year. In addition, dealers said they expected the 1996/97 crop to arrive late on the market.

Dealers also predicted that the Ghanaian harvest would be well below the 350,000 tonnes gathered this year.

Any such a fall in output by West Africa, which produces two thirds of the world's cocoa crop, would put considerable pressure on the market in the face of ever-greater demand from chocolate factories.

COFFEE: Erratic. As the threat of frost in Brazil's coffee plantations ebbed at the start of the week, prices slipped to their lowest level since April 1994 at 1,550 dollars per tonne.

Dealers had previously mopped up contracts on the futures market to protect themselves against surge in prices that would have followed the arrival of any frosts in coffee-growing regions. But as the threat appeared to pass, dealers off-loaded their futures contracts.

However, the prospect of cold weather in southern Brazil resurfaced at the end of the week and prices rose above 1,600 dollars per tonne. Coffee bushes are particularly sensitive to cold, and in 1994 frosts in June and July, the cold season in Brazil, slashed production in the world's foremost producing country, which sent prices through the roof.

TEA: Sleepy. The summer season is a time of low demand for the tea and also of low-quality consignments, as a result, the London tea market remained quiet this week and prices held steady at 95 pence per kilo.

SUGAR: Meltdown. Investors eschewed the sugar market in the belief that week levels of supply that have dogged the market of late would soon come to an end. As a result, prices slumped this week.

Investors' fears were based on predictions that delays that have hit the arrival of this year's crop from Brazil on the international market would soon come to an end. A strike at the main exporting sea port in Santos, southeastern Brazil, came to an end on Thursday.

Dealers also felt that prices had risen too rapidly in recent weeks and were bound to settle at a more realistic level. For some months now, analysts have predicted that sugar prices would plummet because of abundant supply worldwide.

VEGETABLE OILS: Slide. Rainfall in soya-growing regions of the United States put an end to speculation that persistent drought would slash this year's harvest in the world's number one producer country and caused prices to slip this week.

On the Rotterdam market, the price of 100 kilos of soya oil fell by one guilder to 92.

In contract, the price of the other vegetable oils rose. Palm oil — up to 470 dollars per tonne. Production data which revealed a fall in the world's leading producer, Malaysia, boosted prices there.

Sunflower oil rose by 15 dollars to 585 per tonne and rapeseed oil by one guilder to 95.5 guilders per hundred kilos.

GRAINS: Depressed. Rainfall in the maize-growing regions of the United States sent cereal prices on the US markets lower this week.

The market had previously feared that a drought there might harm the pollinisation cycle for the cereal, but rains across Illinois, Indiana and Ohio put paid to that threat.

But the market still remained nervous because of uncertainties surrounding the US harvest, which has been blighted by a fungus.

Wheat contracts for delivery in September on the Chicago Board of Trade (CBOT) fell by about 25 cents to 4.75 dollars per bushel (27.216 kg).

In London, the price of a tonne of wheat fell by more than one pound to about 110 pounds per tonne. A plentiful harvest in France dented prices there.

COTTON: Jitters. The cotton futures market had the jitters this week.

The prospect of a bumper harvest in southeastern states thanks to heavy rainfall dented prices.

The cotton outlook index for the cash market rose slightly to 80 cents per pound from 79.5 last week.

WOOL: Muffled. The wool index on the London market, which covers top-grade fibres, held steady at 430 pence per kilo while the world's leading market in Australia remained particularly dormant.