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DHAKA TUESDAY, AUGUST 27, 1996

Dhaka, Tehran sign MOU

TEHRAN, Aug 26: Bangladesh Foreign Minister Abdus Samad Azad today wrapped up his three-day visit to Tehran after signing a memorandum of understanding (MOU) with the Iranian government, reports Xinhua.

The state-run Tehran radio reported that the memorandum was signed by the visiting Bangladesh Foreign Minister and his Iranian counterpart Dr Ali Akbar Velayati.

Azad described his visit to Tehran as beneficial and expressed his country's desire to expand Dhaka-Tehran Relations in various fields.

Dr Velayati said that Azad's trip to Iran indicates that the new government in Bangladesh is willing to strengthen its ties with Iran.

He said that Azad's visit to Tehran was a confirmation of Bangladesh's commitment to various agreements signed between the two countries during Iranian President Hashem Rafsanjani's visit to Dhaka last year.

The trade volume between the two countries is expected to double this year, he added.

Interest-free loan giving programme opens in Ctg

CHITTAGONG, Aug 26: State Minister for Labour and Manpower MA Mannan on Sunday formally inaugurated an interest-free loan disbursement programme under Town Service Project-1 at Sushchapa in the city, reports UNB.

On the occasion, he handed over a cheque of about Tk 3 lakh to some 88 destitute women.

The state minister also inaugurated 'Apan Nibas' a housing complex to be constructed for the handicapped people at Rowhabad here.

He also addressed as chief guest at remembrance meeting organised by Kamal Smriti Sangsad at local Waliullah Institute on Sunday, to commemorate the 8th death anniversary of student leader Kamal Uddin.

Paying tributes to the memory of late student leader he said Kamal sacrificed his life to establish the ideals of the father of the nation Bangabandhu Sheikh Mujibur Rahman.

He said assassins killed a heroic son of the soil like Kamal. He called upon the new generation to set up a terrorism free academic arena imbued with the ideals of late Kamal.

WB team calls on Razzaq

A three-member World Bank team led by its Divisional Chief of Agriculture and Natural Resources Affairs, Redwan Ali, called on Water Resources Minister Abdur Razzaq at his office yesterday, reports UNB.

They discussed matters on various aspects of the ongoing development projects of the Water Development Board.

The minister informed the world bank division chief that necessary directions have been given to the authority concerned to complete the projects within the stipulated period.

They also discussed the pipeline projects and new projects to be taken in the water sector.

Ali showed keen interest in the new projects and expressed WB's willingness to invest more in the water sector in Bangladesh.

Dr ATM Shamsul Huda, Secretary Water Resources Ministry, was present on the occasion.

Sino-US trade deficit slowly increasing

CHICAGO, Aug 26: US Commerce Secretary Mickey Kantor said on Sunday that the trade deficit between the US and China was increasing, but at a slower rate of growth, reports Reuters.

"It's increasing, but at an ever decreasing rate," Kantor said, at a party hosted by the Chicago Mercantile Exchange (CME) for the California delegation to the democratic national convention, which begins on Monday.

The US Commerce Department's June trade report showed that for the first time, the US trade deficit with China surpassed the shortfall with Japan.

While the overall US June trade gap narrowed by 23.1 per cent to 8.11 billion US dollars the US trade deficit with China jumped 8.8 per cent to 3.33 billion US dollar.

"Of course, our trade deficit with Japan is way down," Kantor said.

The US-Japan trade deficit rose 3.6 per cent to 3.24 billion US dollars in June, but the second quarter bilateral shortfall was the smallest quarterly deficit in five years.

Kantor said that the US had made "great progress" in narrowing the overall US Trade deficit for June.

"We've made great progress," he said. "Last year we increased our exports more than any country had ever increased exports in all of world history."

Govt to set up soil research, test centre in each district

The government will set up a soil research and test centre in each district of the country, reports UNB.

Minister for Agriculture, Food, Disaster Management and Relief Begum Matia Chowdhury disclosed this while inaugurating 'Itinerant Soil Test Programme' here on Sunday.

It was informed that two itinerant vans or units namely Meghna and Padma, which contain every facility for soil testing, including suggestions by soil scientists, will start testing soil in the country's eastern and western parts.

The Meghna will cover the areas of Dhaka, Chittagong and Sylhet divisions while the

Padma Rajshahi, Khulna and Barisal areas.

Officials said soil scientists will guide the farmers for proportional use of fertilizer after testing the soil of each locality.

This is first of its kind in the country and with the introduction of this programme the farmers will be able to make proportional use of fertilizer in their cropland which will help increase fertility of land. Consequently cost of crop production will come down significantly.

The agriculture minister directed the concerned officials to complete the soil test programme throughout the country within shortest possible time.

She also called upon the

farmers to take suggestions given by the soil scientists in order to increase the country's overall agri output.

The minister mentioned that so far 377 census programmes on soil have been completed in the country, said an official handout.

Local MP Dr Dewan Mohammad Salahuddin, Agriculture Secretary Dr AMM Shaukat Ali, Director General of Agriculture Extension Department Abdus Sattar, Executive Vice Chairman of BARC S U Chowdhury, Prof Leed Piteron and Director of Soil Resources Development Institute S M Shahid also addressed on the occasion.



Dr Tawfiq-E-Elahi Chowdhury, Executive Chairman, Board of Investment, speaking at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce & Industry at a city hotel yesterday. On his left, are President of the Chamber, Mahbub Jamil and FICCI Secretary, Jahangir bin Alam and on his right, FICCI Vice-President, Jean Pierre Raynaud.



M Azizul Huq, Managing Director of Social Investment Bank Limited, inaugurated a computer training course for the bank's executives at the head office in the city on Sunday.

US monitoring Chinese technology exports

WASHINGTON, Aug 26: US Vice President Al Gore said Sunday the United States was closely monitoring Chinese technology exports, but he refused to say whether Pakistan was using Chinese-supplied equipment to build a missile factory, reports AP.

"I'm not going to comment on the intelligence reports," Gore said on ABC's 'This Week With David Brinkley.' "We have an active ongoing dialogue with the Chinese on this very point."

Gore was responding to a Washington Post report Sunday that Pakistan was secretly building a medium-range missile factory using blueprints and equipment supplied by China.

The Post citing US intelligence officials, said the factory, located in a suburb of the northern city of Rawalpindi, is expected to be capable of producing most of the major components of a missile modeled after the Chinese-designed M-11 in a year or two.

State Department spokesman Glyn Davies would not comment on the report except to say, "We continue to examine any reports we receive of possible military related transfers from China to Pakistan."

Another official, asking not to be identified, said the administration has come to no conclusions about the activities mentioned in the Post article.

In the ABC interview, Gore said he expected China to comply with the provisions of the

laws and treaties that govern technology exports.

Asked whether the Chinese were being cooperative, Gore said the dialogue between the Washington and Beijing was "much more open and productive now" after a visit by national security adviser Anthony Lake to China in July.

The post report comes a few weeks after the United States resolved a dispute with Beijing over, allegations that China sold Pakistan ring magnets, a technology that could be used in a nuclear weapons programme.

If the latest report is confirmed, China would be violating commitments it made to Secretary of State Warren Christopher in October 1994 not to deploy M-11s in Pakistan.

Such missile transfers also would violate the Missile Technology Control Regime, a 31-nation pact designed to head off missile proliferation.

William Triplett, former chief Republican counsel for the Senate Foreign Relations Committee, said the Chinese are assisting the domestic Pakistan missile programme by transferring technology.

But he said he could not confirm the Post's report of a partially completed factory in Rawalpindi.

Triplett noted, however, that there is a history of the Chinese passing blueprints to Pakistan. He said Pakistan got the blueprints for its nuclear weapons from China.

Iran sets time to pay off external debt

TEHRAN, Aug 26: Iran expects to pay off by 2002 the bulk of its external debt, which stood at nearly 22 billion dollars for the year ending March 1996, the central Iranian bank was reported as saying yesterday, reports AFP.

The 21.92 billion dollar debt includes 4.53 billion in short-term debt and 17.39 billion medium and long-term debt, the English-language Daily Iran News reported the bank as saying.

Iran would repay some 9.94 billion dollars in 1996-97, 4.6 billion in 1997-98, 3.95 billion in 1998-99, 2.63 billion in 1999-2000, 635 million in 2000-01 and 49 million in 2001-02, the bank said. Around 102 million dollars would be left over to be repaid from 2002.

The figures, published without commentary, require the continuation of severe austerity measures implemented two years ago to reduce Iran's debt burden, observers say.

This policy has meant large budget cuts, freezing the exchange rate and drastically reducing imports.

Foreign experts estimated Iran's external debt at 30 billion dollars at the beginning of the year when the new Iranian budget included debt service of 6.6 billion to seven billion dollars in 1996.

Iran, close to half of whose budget comes from oil revenues has also benefited from a rise in crude oil prices, currently at about 21 dollars a barrel compared to 15.5 dollars a barrel in budget forecasts.

2 pvt cos engaged to bring 393 thanas under telecom network: JS told

Post and Telecommunication Minister Mohammad Nasim Saturday told the Jatiya Sangsad that two private organisations had been engaged to bring 393 thanas of the country under telecommunication network, reports BSS.

Replying to a call attention notice by Shahjahan Khan (AL-Madaripur), the minister said Seba Telecom Limited would provide telephonic connections to 154 thanas in the southern parts of the country including Madaripur.

Mohammad Nasim said that those thanas would be brought under the telecom network by 1997.

He further said that government had been encouraging the private establishments to grow and contribute their mite in the national development activities.

In his notice Shahjahan Khan demanded that auto exchange be introduced instead of magnetized exchange at Takerhat port in Madaripur district.

China to merge 1000 state firms with big groups

BEIJING, Aug 26: China will merge 1,000 state firms into large industrial groups by 2000 in its latest attempt to slash losses in the sector that last year topped 88.3 billion yuan (10.6 billion dollars), the China Daily Business weekly reported on Sunday, says AFP.

Companies which are beyond recovery will be allowed to go bust, with their assets cannibalised and distributed to more healthy state firms.

"Bankruptcy can be a way to halt the operational losses of some crumbling enterprises," the paper quoted economists as saying, "and may also lead to the tie-up of assets in state businesses."

Chinese economists hope mergers will allow a group of companies to pool their most profitable operations but still enable them to cut out dead wood without becoming too small to exist alone.

Cutting the apron strings of unprofitable state firms used to decades of state handouts has been a huge problem for Chinese officials, who have been reluctant to allow mass bankruptcies for fear of social unrest.

But now local authorities have been given another incentive to start dabbling with the monolithic sector — their careers and their future will depend on how well they accomplish reforms.

"The political future of the local officials... should be linked with their achievements in revitalising state enterprises," the paper quoted Vice Premier Wu Bangqiao as saying.

Faced with the unpalatable choice of merging or going bust, state sector firms have been urged to plump for high-techology process to save themselves, but many find their unskilled workforce unable to adapt.

SAARC should establish common transit treaty, study suggests

NEW DELHI, Aug 26: The South Asian Association for Regional Cooperation (SAARC) should establish a series of mechanisms to achieve greater trade among the SAARC countries, said a latest study, reports Xinhua.

In addition to establishment of a common regional transit treaty among the member states, the study also called for setting up clearing and payment arrangements, an arbitration centre, trade financing facilities and a trade information network.

SAARC, formed in 1985, embraces Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

The SAARC countries could cooperate in the modernisation of existing industrial units through technology transfer and joint ventures. This would help in reviving sick industrial units in many countries, the study said.

The study also recommended that SAARC countries explore the possibilities of cooperation in improving infrastructural facilities in different countries. This could cover areas like railways, power, ports development, multimodal transport facilities and utilisation of water resources.

Tea output prospect bright this year

From Staff Correspondent

SYLHET, Aug 26: The prospect of tea production in the country is expected to be very bright this year due to favourable weather since the very start of the tea-producing season.

The Bangladesh Tea Board has fixed the target of tea production at 54 million KGs this year which may even be exceeded, said some tea-garden officials.

The total production of tea in the year 1995 stood at 47.67 million KGs while it was at 51.64 million KGs in the year 1994.

Continued drought and bad weather caused the fall in the country's tea production last year (1995), the source added.

Talking to this correspondent, some managers of tea estates in Sylhet and Moulvibazar districts said there has been

favourable weather since the very beginning of the tea producing season which begins from the month of April and continues till December.

A manager hopes that if the production season goes well, the country may achieve its target in the made-tea export.

However, many tea estates in Sylhet region incur huge losses due to moisture or overteam.

Negligence or absence of skills on the part of employees in some tea estates also cause shortage of production, the source added. Despite these malaises, there is a bright prospect of better yield, he added.

Of 158 tea-gardens in the country, there are 91 in Moulvibazar, 23 in Habiganj, 20 in Sylhet, 22 in Chittagong and one each in Rangamat and Brahmanbaria.

Day-long workshop held New agri policy aims at increasing food supplies

Agriculture Secretary Dr A M M Shaukat Ali yesterday said the government's agricultural policy aims at increasing food supplies for growing population, providing income and jobs for rural people and protecting environment, reports BSS.

He was inaugurating a day-long national workshop on 'New agricultural extension policy implementation strategy' at a hotel here. Additional Agriculture Secretary Ahsan Ali Sarker, team leader of New Agricultural Extension Policy (NAEP) Peter Ross, M A Sattar, Nasiruddin Ahmed and Tofazzal Hossain also spoke.

Dr Ali said these objectives can only be achieved through efficient, productive and sustainable use of all farm land.

He said despite the success of the green revolution in bringing about massive technological change and increasing productivity many rural people continue to be marginalised and are unable to adapt the capital

intensive technologies being promoted by the extension service.

Dr Ali said large farmers who are able to adopt improved practices continue to capture market advantage while vast majority are excluded from entering this fast lane, leaving an ever-widening disparity between landless and landed.

He said the new policy will provide an environment in which extension in Bangladesh can develop and serve the needs of the whole rural community more effectively.

Participants said the new agricultural extension policy would play a vital role in achieving the target of producing 25 million tons of foodgrain by the year 2000.

They emphasised the proper utilisation of the available technologies and resources for achieving the production target.

They also suggested removal of duplication and overlapping at execution stage by line agencies.



Mirza Abdul Jalil, Chairman, Board of Directors of Bangladesh Krishi Bank, addressed the bank's 220th board meeting in the city. Mosharraf Hossain, Managing Director of the bank was also present on the occasion.

Riyadh may resume agri imports from Amman

AMMAN, Aug 26: A Saudi delegation is scheduled to arrive here Monday to discuss resuming imports of Jordanian agricultural products, suspended since the Gulf crisis six years ago, Information Minister Marwan Moasher said, reports AP.

Saudi Arabia has been considering resuming imports from Jordan which Riyadh suspended as part of a series of punitive steps against Amman following the August 1990 Iraqi invasion of Kuwait, Moasher said.

Saudi leaders accused Jordan of siding with Baghdad in the conflict and imposed a range of sanctions against Amman, including the closing of Saudi markets to Jordanian products and labour.

Saudi-Jordanian ties began to improve last year when Jordan started distancing itself from Iraq after two relatives of Iraqi leader Saddam Hussein defected to Jordan.

King Hussein's visit to Saudi Arabia in August sealed the two countries' reconciliation, and Amman said at the time that Riyadh will hire 3,000 Jordanian teachers.

The Jordanian monarch also told journalists late Friday that he will visit Bahrain and other Gulf countries soon, but not Kuwait which still resents Jordan's support for Saddam Hussein during the Gulf crisis.

Pak team to visit US for talks with IMF

ISLAMABAD, Aug 26: Pakistan will send a delegation to Washington for talks with the International Monetary Fund (IMF) to secure release of more than 300 million dollars in standby credit, official sources said yesterday, reports AFP.

The visit will coincide with the annual meeting of the IMF executive board scheduled in early September when the fund approves disbursements, they said.

The IMF promised a 600 million dollars standby loan to Pakistan in 1995. The fund has released around 280 million dollars in two tranches since December 1995.

The third installment was due in June after the announcement of the country's budget for fiscal 1996-97, which came into effect from July 1. But an IMF mission suspended its post budget trip to Pakistan, blocking the release as disbursements are made after delegation assess economic performance and policies.

Informed sources said the IMF had been unable to assess the situation as the proposals made by the government of Prime Minister Benazir Bhutto in the budget had been repeatedly revised.

The Bhutto government imposed 41 billion rupees (1.1 billion dollars) new taxes in the 500 billion rupees (14.2 billion dollar) budget, which showed an overall deficit of around 200 billion rupees.

The additional levies were strongly resented by business people, industrialists and transporters and the government, under pressure after a series of protest strikes, withdrew several taxes.

Japan to give Syria \$ 9.46m grant

DAMASCUS, Aug 26: Japanese Foreign Minister Yukio Ikeda left Damascus for Jordan yesterday after meeting President Hafez Al-Assad and signing a 1.022 billion yen (9.46 million dollars) grant to Syria, Japanese officials said.

A Japanese foreign ministry spokesman told Reuters, Ikeda told Assad that Japan wanted to see an early resumption of the peace negotiations between Israel's new government and Arabs on the basis of the land-for-peace principle.

This was the message which we conveyed here and we will convey it when we go to Israel later on this trip," he said.

Ikeda also stressed the necessity of fighting all types of terrorism," the spokesman said.

Japanese officials said Ikeda, who started his Middle-East tour in Egypt, left Damascus for Jordan by road. He will also visit Israel, the Palestinian self-ruled areas and Saudi Arabia.

Earlier on Saturday, Ikeda and Syrian Minister of State for Planning Affairs Abdulrahman Shabiy signed an agreement for a 1.022 billion yen grant to help finance the construction of an electric power training centre in Syria, the spokesman said.

The agreement brings Japan's soft loans, grants and technical assistance given to Syria since 1973 to a total of more than 1.5 billion dollars at the current exchange rate.

Developing countries boost global debt markets— BIS

ZURICH, Aug 26: A record volume of debt issued by developing countries in the second quarter of 1996 helped propel the international debt securities market to a record high, the Bank for International Settlements (BIS) said on Sunday, reports Reuters.

Despite less favourable market conditions, BIS said the issuance of bonds and Euro notes by developing countries was highly resilient, hitting a record 20 billion US dollars in the second quarter with two-thirds from Latin American borrowers.

The global bond market reversed of early 1994, the Mexican crisis in early 1995 and turbulence in financial markets at the beginning of 1996

had only a temporary, localised influence on debt issuance, BIS said in its quarterly report on bank and financial market developments.

The BIS, central bank to the world's central banks, said total new issuance of international bonds and Euro notes rose to 127.7 billion US dollars marking an annualised rise of 18 per cent in stock outstanding, against a backdrop of lower volatility in currency and bond markets.

Although a high proportion of floating rate and short-term paper showed the defensive attitude of investors toward market risks, BIS said a growing number of lower-rated borrowers had tapped the market at favourable terms, illustrating a

greater tolerance for credit risks.

"While illustrating in part a recovery of confidence on the part of international investors, active borrowing by lower-rated and non-rated names may also reflect a more general loosening of credit risk standards," BIS said.

This development, which originated in the syndicated loan market, is not without risks, BIS warned. It noted the recent default of a Nigerian state-owned bank on a yen-denominated private placement.

Syndicated bank loans also rose to a record 120.3 billion US dollar in the second quarter, boosted by merger and acquisition deals in the United States, the United Kingdom and the

French state's facility to finance the country's social security system.

First quarter figures showed the ongoing retreat by Japanese banks from the international bank credit market. Their market share dropped to 24 per cent, the lowest level in more than a decade, from a peak of 38 per cent in 1988.

The pull-back by Japanese banks resulting from the so-called Japan premium in the summer of 1995 was also reflected in a shift.

Away from the use of the yen and dollar in international bank lending in favour of the German mark, BIS said.

In a look at national banking groups, BIS found the combined share of European banks

rose to 58 per cent at end-1995 from 41 per cent at end-1985. German banks emerged as the dominant European group in cross-border lending, replacing French banks which had been the most important in 1985.

The relative importance of US banks has been seriously eroded over the last decade with their share falling to 10 per cent at the end of 1995 from 22 per cent at end-1985.

US banks have recently capitalised on their renewed financial strength to rebuild their foreign presence, particularly in European currency banking and securities rather than local or trade-related business, the BIS said.

The resilience of borrowing by developing countries despite