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DHAKA, FRIDAY, SEPTEMBER 27, 1996

Four-day project finance workshop concludes

Strong govt support need of the hour for pvt capital formation

RAJENDRAPUR, Sept 26: A strong government support to every step of private sector investment is an urgent requirement for attracting private capital, mainly foreign, in infrastructure projects, reports UNB.

This was the focal recommendation of a four-day Project Finance Workshop that concluded here today with a call for removing the investment hassles to make at least one private infrastructure project successful to build confidence.

Suggesting a reorientation of the government approach to private investment in infrastructure, the workshop noted that creation of a "single window" institutional approach and government facilitation and support are must for such

private investment.

As there is no alternative to private capital in future, the workshop said the government should aggressively pursue power sector transactions. Financing is available, but it may be difficult to raise fund for first transaction.

To ensure the financing private investment, the workshop recommended that government facilitate by providing reasonable guarantee and comfort. At the same time, multilateral and bilateral support will be needed.

The Board of Investment and the World Bank jointly organised the workshop at the BRAC's Centre for Management Development to address the major issues related to attracting significant private investment for

meeting the country's growing infrastructure needs.

The workshop, a principal step in the formation of the World Bank-supported Private Sector Infrastructure Development Project, was attended by international experts, representatives of private sector, donors and key government offices.

Four case studies — each on power, energy, ports and road sectors — were presented in the workshop and discussed by the participants who made a set of recommendations to be put forward to the government.

After three-day discussion for last three days, Power Cell Director General SD Khan presented a report on the case study on power sector, prepared by

Nazrul Islam of Design Power of New Zealand.

The power sector case study group identified the possibility of a 300 megawatt combined cycle power project at Baghabari at a cost of US dollar 363 million which would meet electricity demand of the western side of the country.

But the group pointed out some constraints like approval of independent power producers (IPP) policy, approval of model package documents, foreign exchange availability and uncertainty of gas supply which should be addressed first.

The experts also suggested that successful implementation of one private project is the immediate requirement to attract private capital in the power sector which experienced a long suspension of fund by the donor.

One single model set for security documents and a one-window operation for consent and approval, ensuring gas availability, electrical inter-connection facilities and commercialisation of utilities are also needed to attract investment in the sector.

"There is already an enabling environment for private sector investment in the power sector as the commitment of the government exists for private power generation," Khan said, urging sponsors to take the advantage.



Samson H. Chowdhury, President, Metropolitan Chamber of Commerce and Industry, Dhaka handed over the Chamber's comments on the government's proposed Telecommunications Policy to Mohammad Nasim, MP, Minister for Posts and Telecommunications, yesterday. The MCCI Secretary-General, CK Hyder was also present.

Construction of new terminal container at Patenga under study

The government is contemplating construction of a new container terminal to be operated by private sector in Patenga to cope with the rapid growth of the container traffic at Chittagong Port, reports BSS.

A case study on privatisation in port sector by the Overseas Economic Cooperation Fund (OECF) said that the container handling in Chittagong Port had grown at an average rate of 19 per cent per annum during past 10 years commencing 1985-86 and 18 per cent during last five years from 1990-91.

The study said during 1994-95 there was a jump growth of over 29 per cent while the growth rate of 1995-96 was low at 10 per cent owing to the political instability. "The high growth rate of container traffic is expected to continue for a few more years," it said.

For handling a projected traffic of 722,860 (twenty feet equivalent unit) TEU contain-

ers, by the year 2010 a site has been proposed for constructing the new container terminal which is likely to be located at the Karnafuli River front between khal number 16 and naval academy checkpoint very close to the river mouth where a private land is available.

The proposed container terminal will have berth length of 450 meters, back-up yard of 300,000 sqm are meters and four units of quay gantry cranes. The new terminal is expected to have an annual handling capacity of 263,000 TEU.

OECF in the study pointed out that the growth of container traffic in Chittagong Port has surpassed the estimated one which resulted in that the development of facilities in the port has not matched with growth in the traffic.

The existing container handling facilities and systems in the port have already made it extremely difficult for the Chittagong Port Authority (CPA) to

cope with the increasing demands for various services and efficient and orderly handling of containers is being seriously impaired. The situation will deteriorate further as the traffic grows and soon be entirely unmanageable with its resultant affect on the country's trade and economy, the study said.

CPA is considering to adopt a concept of build, operate and transfer or build own operation by private sector for development of the terminal, the study said.

The added that the investment cost of the terminal would be 280 million US dollars. In view of the remarkable progress of port developments in other Asian countries, it seems inevitable for Bangladesh to renovate the port of Chittagong as a primary seaport of this country in urgent manner not only facility wise but also institutionally to make the port competitive with the ports in other countries. "Exporting industries

in Bangladesh need such competitive port with international standard," it said.

In 1995-96 in the port of Chittagong, average port stay time of a container vessel was 5.25 days including 1.83 days waiting time at the anchorage which must be shortened to less than 24 hours. Average dwell time of import full container load and less than container load cargoes was 25 days which must be reduced to less than 10 days.

The study said such low productivity of the port increases transportation cost of the exporting and importing goods as container vessel operators have to increase ocean freight to recover the loss caused by longer port stay time of the vessel and consequently it reduces the competitiveness of the exporting goods in the price sensitive global market and increases consumer prices of importing goods or industrial materials.

Promotion of US investment in Bangladesh discussed

Foreign Minister Abdus Samad Azad attended the signing ceremony of the Comprehensive Nuclear Test Ban Treaty (CTBT) at the UN Secretariat in New York on Tuesday, reports UNB.

The Foreign Minister met US Congressman Bill Richardson and Deputy Chief of the Democratic Party.

They discussed matters of mutual interest, promotion of US investment in Bangladesh in particular, according to a message received in Dhaka yesterday.

Ambassador of Bangladesh in Washington Humayun Kabir and permanent representative of Bangladesh to the United Nations Anwarul Karim Chowdhury were present during the meeting.

The minister also met Foreign Minister of Singapore Prof S Jayakumar and held discussion on trade and investment related issues.

Philips to invest \$ 1.5b in Asia-Pacific by 2001

SINGAPORE, Sept 26: Dutch electronics giant Philips plans to invest about 1.5 billion dollars over the next five years in its Asia-Pacific factories manufacturing items ranging from TVs and shavers to cellular phones, officials said Thursday, reports AP.

Philips, which began selling in-house designed cellular phones just three months ago, aims to be among the world's top three manufacturers of consumer communications equipment by 2000, said Simon Roper, general manager of Philips Consumer Communications.

Much of the optimism stems from the booming cellular phone business in the region, which is expected to have 120 million mobile phone users by the turn of the century.

"The new investments will be channeled to manufacturing plants in China, Taiwan, India, Singapore and Indonesia," said Frans Sluiter, president of Philips Electronics Asia Pacific.

"The investment will easily be 1 billion dollars by 2000 and up to 1.5 billion dollars in five years time," said Sluiter.

"Our growth in the region is going to be more than the growth of the market," he told reporters after the launch of Philips' first mobile phone with global roaming facility.

It is being touted as the lightest mobile phone in the world with a record 10-hour talktime using an extended battery. It will be manufactured at Philips' new plants in Singapore and France. They will be marketed in October.

Roper said Philips' "single digit" market share of cellular phones is targeted to reach "double digits" by 2000. He refused to elaborate on how much has been invested in the Singapore plant.

BRDB disburses Tk 1cr credit to cooperative farmers

COMILLA, Sept 26: Bangladesh Rural Development Board disbursed about Taka one crore agri-credit among the cooperative farmers, reports UNB.

Board sources said that the loan was disbursed among 2,216 members of eleven cooperative societies of the district to attain self-reliance.

Meanwhile, the board has realised Tk 1.22 crore outstanding loan from the loanees.

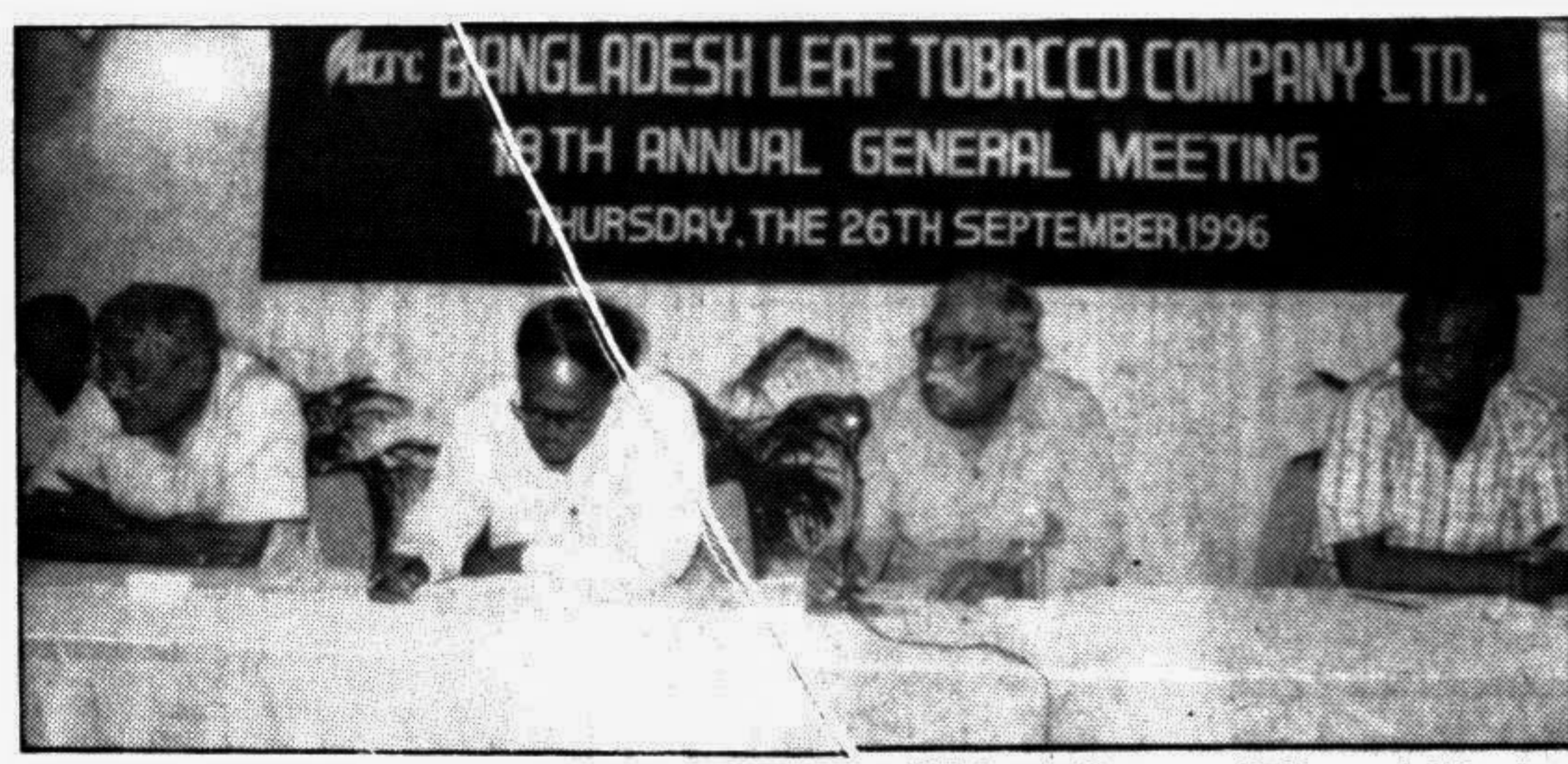
Pest attack damages aman cropland in Barguna

BARGUNA, Sept 26: Widespread pest attack on aman croplands in five thanas of the district has shattered the prospect of the crop, reports UNB.

Unemployment in WB, Gaza doubles

CAIRO, Sept 26: Unemployment in the Palestinian territories has more than doubled since the autonomy accord signed with Israel in 1993, a Palestinian official said yesterday, reports AFP.

"At the time of the political settlement, the unemployment rate was an average 17 per cent for the Palestinians," Ghaniya M. Khiss, Undersecretary of State at the Palestinian Economy Ministry, said in a newspaper interview.



The 18th annual general meeting of Bangladesh Leaf Tobacco Company Ltd. was held at a city hotel yesterday. (R to L) Director of the company Hasan Yusuf, Chairman AM Agha Yusuf and Directors Anwar Yusuf and Agha Ahmed Yusuf, are seen in the picture.

Steps to reopen Kaliganj Maslin Cotton to be taken

The government will take all possible steps to reopen the Kaliganj Maslin Cotton Mills and assuage the suffering of its workers, reports UNB.

State Minister for Jute and Textile AK Foyezul Huq said this while local Awami League MP Akteruzzaman met him at his office here on Wednesday to discuss the matter, said a PID handout.

Akteruzzaman apprised the Minister about the endless sufferings of the workers as the mills remained closed for the last six years.

Global economy to expand by 3.8 pc this year, predicts IMF

WASHINGTON, Sept 26: The world economy in 1996 should turn in its best performance in eight years with prospects looking even brighter for 1997, the International Monetary Fund said Wednesday in an upbeat economic forecast, reports AP.

The 181-nation lending institution's latest "World Economic Outlook" saw few threats on the horizon although IMF officials suggested the Federal Reserve should soon start raising interest rates in the United States to guard against inflation.

There is not evidence of serious overheating. But it would be our judgment that some firming of monetary conditions would be prudent in the present circumstances," IMF chief economist Michael Mussa told reporters.

Mussa stressed that he was not criticizing the Fed's decision to leave interest rates unchanged this week, but he said that "looking forward over the next few months" a Fed move toward higher rates would be warranted.

Overall, the IMF predicted that the global economy would expand by 3.8 per cent this year and record an even stronger 4.1 per cent increase in 1997. Both figures, if realized, would represent the fastest growth since a 4.7 per cent surge in 1988.

The new growth projection for 1996 was unchanged from the IMF's April forecast although the 1997 figure was trimmed by a slight 0.2 percentage point.

The IMF's forecast steady growth despite the fact that a recession in Western Europe turned out to be more severe than anticipated, while the

Japanese recovery from its worst slump since World War II has been erratic.

But offsetting weakness in developed countries was a continued surge in economic growth in developing countries where output was projected to jump by 6.3 per cent this year, more than double the 2.3 per cent increase forecast for industrial countries.

Asia was expected to continue leading the way with growth of 8 per cent. Latin America, which suffered a marked slowdown last year as a result of the collapse of the Mexican economy, was projected to return to a more solid expansion of 3 per cent this year.

The IMF even saw some glimmers of hope in former communist countries struggling to institute free-market reforms. For Russia, it projected that the economy would begin growing again in 1997 after a prolonged period of contraction.

The United States, the world's largest economy accounting for 21 per cent of global output, should expand by 2.4 per cent this year and 2.3 per cent in 1997, the IMF said in a forecast that was in line with White House estimates.

The IMF predicted that Japan would grow at a 3.5 per cent rate this year, the fastest of any of the world's seven largest economies, while Germany, the biggest economy in Europe, would eke out growth of 1.3 per cent, expanding to 2.4 per cent in 1997.

On the subject of US interest rates, Mussa said that while unemployment falling to a seven-year low of 5.1 per cent, price warning signs, it was important to put current circumstances in perspective to the last time the US jobless rate was this low in the 1980s.

At that time there was significant evidence of an acceleration of inflation and an overheating of the US economy, Mussa said. "We are not looking at that type of situation today."

BIBM workshop on investment banking held

A five day Workshop on "Investment Banking, Lease Financing and Factoring" was concluded on Wednesday at Bangladesh Institute of Bank Management (BIBM), says a press release.

The BIBM arranged this workshop for the first time considering the gravity of diversification of the banking system in modern global economy.

The Director General of BIBM, AHM Nazrul Islam Choudhury presided over the concluding session.

Speaking on the occasion, Choudhury emphasised the need for such workshop specially in regard to diversification of traditional banking product base and expressed the hope that the deliberations of the workshop would help to have a clear concept about the operational mechanism in handling investment banking, lease financing asset-securitisation, factoring services etc. by the bankers.

He also hoped that appropriate legal and regulatory framework would be established for the healthy growth of such diversified financial products.

VAT harming charcoal industry in Sylhet

SYLHET, Sept 26: They are turning ashes into gold. They are not discarding the paddy husks.

Instead, these husks are being used to make charcoal for cheap and environment-friendly fuel.

As a fuel charcoal is gaining increasing popularity especially among housewives and brickfield owners. However, its use is still confined to mainly the Sylhet region.

There is a reason why charcoal is popular in Sylhet. Because it was an entrepreneur from Sylhet who set up the country's first charcoal plant in 1986.

Haji Hiyatullah and Sons Company imported a compressor machine from Taiwan at a cost of Taka 1.5 lakh to start the indigenous venture. Since then it has been gaining tremendous popularity.

At present charcoal is produced in Sylhet's Kazir Bazar, Technical Road and Sheikh Ghat areas.

Its popularity has led to another innovation. When new entrepreneurs found that the imported compressor machine is expensive, they looked for ways to make it locally.

By 1990 a Bangladeshi firm — Sylhet United Engineers — was successful in marketing the

first locally made compressor which costs up to Taka 40,000 each. The local compressor are also efficient producing 80 kilograms of charcoal an hour consuming only 10 units of electricity, much cost effective than the imported ones.

The company is now getting orders from other parts of the country especially from Rangpur, Dinajpur, Koshoreganj, Chittagong and Dhaka areas.

With the availability of local compressor, charcoal industries were booming in and around Sylhet. According to manufacturers, six metric tons of grain husks can produce five metric tons of charcoal, hardly using other raw materials.

Growth in the sector brought in twin benefits. In one way, the industry is saving forests by cutting down the use of firewood in kitchens and brickfields. And, on the other, it ensured rational use of paddy husks that otherwise have no productive use. It also helps keep rivers pollution-free.

Manufacturers claim five metric tons of charcoal is as good as 20 metric tons of firewood.

There are at least 40 rice crushing mills along Surma river and the mills, on an average, dump some 400 metric tons of husks in the river everyday.

Local people attributed the quick loss of navigability of the river to dumping of husks by the mills. Such dumping has eased with the growth of charcoal sector.

Charcoal can also lead to cut in import of coal, said manufacturers.

A huge quantity of Indian coal are being smuggled into the country through Tamabil frontier every day. Tamabil has turned into a business hub of coal as businessmen from across the country through there everyday. Some 600 metric tons of coals are sold here everyday and it goes up to 1000 metric tons during the dry season when brick fields are on fire.

"We should encourage the people to use charcoal instead of sulphuric coal because it pollutes environment. Charcoal is environment friendly and cost effective," said an environment expert.

"As a fuel charcoal is more advantageous and less hazardous than any other conventional fuel as it burns with little smoke," said a local housewife Sitara Begum.

The tea-stall owners in Chakerbazar, Jalalpur and Lala Bazar of the town, who used to burn wood and bamboo as fuel before, are now preferring smokeless charcoal.

"Even a few years ago, husks of paddy used to be thrown away. But now it has a market value. The husk is now being sold at Tk 10 per gunny bag weighing about 20 kgs," said a charcoal manufacturer.

He said cane shells, coconut fibre and wood husks can be used in making charcoal. But, according to him, the husks of sun dried paddy ensures the best quality.

All these virtues should lead to further growth of the fuel. The users think so, but not the government.

Both manufacturers and users are worried that the government's bringing the product within the Value Added Tax is in fact harming its growth.

The VAT has been imposed at a time when the industry is trying to fledge.

"What happens when you put a ton of load on a young child? Can the child walk? This has exactly happened in case of charcoal industry," said a manufacturer.

So, many agree with Sylhet Charcoal Industries Owners' Association which is demanding that the VAT and Turnover tax be withdrawn to let the industry grow. Or else many units will be forced to shut down.

Source: News Network

US won't accelerate 10-year phase out of textile quotas

The United States will not agree to accelerate the 10-year phase out of quotas negotiated under the Uruguay Round's Agreement on Textiles and Clothing (ATC), says the Chief US Textile Negotiator in the office of the US Trade Representative (USTR), says BSS.

Ambassador Rita D. Hayes said September 24 that the World Trade Organization's (WTO's) council on trade in goods has decided to conduct an early review of ATC implementation in response to requests from textile-exporting countries that want the United States and other industrial countries to accelerate the phase out of textiles quotas and allow even greater market access than originally negotiated in ATC, a USIS report from Washington said.

The Clinton administration "is committed to upholding its part of the bargain" in the ATC as negotiated, Hayes said September 24. But, she stressed,

"We are also committed to making our trade agreements work for the American industries and the American workers. And we expect other parties to the ATC to live up to their agreements too."

Speaking at the annual conference of the International Textile Manufacturers Federation (ITMF), Hayes said she also informed the WTO council that the United States is very concerned about other countries

"market access commitments." These commitments were made by other countries when we negotiated the ATC and they're not being met," she said.

In late 1993, as part of the Uruguay Round agreements, trading countries negotiated the ATC, the successor to the Multi-fiber Arrangement (MFA).

Under the ATC, countries agreed to eliminate the MFA.

Lexco Ltd declares 22 pc dividend, 1:1 right share

The 16th annual general meeting of Lexco Limited was held at a city community center yesterday, says a press release.

The company issued 1:1 right share on its total market capitalisation of 1996.

It also announced 22 per cent dividend at the meeting in presence of a large number of shareholders, the press release added.



Lexco Limited held its 16th annual general meeting at Dhanmondi in the city yesterday. Abdul Matin (3rd L), Chairman of the company, seen in the picture among others. —Star photo