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Economist Intelligence Unit observation

Political enmity should be checked to restore investors' confidence

By Inam Ahmed

The Economist Intelligence Unit (EIU) forecasts the GDP growth to average 5.75 per cent in 1996-97 and 1997-98 with agriculture benefitting from increased budgetary allocations and industrial growth quickening.

But hostility between the ruling AL and BNP often played out on the streets must be contained if the country is to expect any foreign investment.

These observations came in EIU's 4th quarter 1996 country report on Bangladesh published recently.

The report further said the inflation will be around seven per cent and driven by a rising trade deficit, the current account deficit will top two billion US dollars in 1998.

A devaluation of the taka is

in prospect," it commented in its outlook for 1997-98.

About the ability of the government to generate internal resources, the EIU said the achievement of the revenue and expenditure targets set in the budget will be dependent on whether the government can hold current expenditure to 1.8 per cent growth over its revised level in 1995-96 and whether the ten per cent growth in revenue receipts can be achieved by the limited extension of Value Added Tax (VAT).

"It is likely that revenue will be below target, but that the shortfall will be offset by the usual failure to achieve the targeted level of expenditure in the ambitious ADP," it said.

About the political development it doubted that the now

prevailing political stability may be short-lived and relations with India will remain cordial in the short term.

It appears that the AL government does have a popular mandate and is in a stronger position than was the BNP toward the end of its period in office. Our forecasts assume, crucially, that the AL will use this relative strength to pursue growth-oriented policies with some vigour," EIU commented.

The change of government will result in many government posts at all levels in the administration changing hands as the AL seeks to reward its supporters and to place people sympathetic to its views in positions of influence," the EIU reports.

The armed forces have also been rewarded for the support

many of their senior members gave the AL at the election with an increased budget allocation for defence," it said.

EIU said it is too early to tell whether or not the conduct of politics in Bangladesh has moved closer towards accepting the norms common in representative democracies.

"If the past is any guide, the current calm will be interspersed with periods of hostility sometimes acted out on the streets, between the supporters of the AL and BNP," it noted.

"If such hostility is not contained, it would have a serious impact on foreign investors' confidence and would, therefore, put paid to hopes of raising the growth rate sufficiently to address the serious poverty and deprivation that are widespread in Bangladesh," EIU warned.

Communists against free-market reform in India

NEW DELHI, Nov 2: Indian communists on Friday warned Prime Minister H D Deve Gowda's government that it would be voted out of power if it went ahead with free-market reforms launched by its predecessors in 1991, reports AFP.

The Communist Party of India (Marxist) (CPI-M), which supports Deve Gowda's coalition government (I Party) lost in the April-May general elections because of the sweeping economic policies it launched while in office.

"The government of (former premier) P V Narasimha Rao got isolated from the people and was decisively rejected precisely due to those policies," a CPI-M spokesman said.

The CPI-M which is not part of Deve Gowda's centre-left United Front government but supports it from the outside, has only 32 members in the 545-seat parliament but its influence far exceeds its numerical strength.

"The United Front should realise that carrying forward the policies of the International Monetary Fund and World Bank will only encourage popular discontent as these policies are against people," the spokesman said.

The CPI-M also urged the United Front not to sell shares of state-run companies.

"We are opposed to the move of public sector disinvestment," he said. "The Congress government planned to disinvest shares of state-run firms worth two billion dollars but it got only 47 million dollars."

The Marxists, who runs several provincial administrations, also denounced foreign investment policies of Deve Gowda saying they "blatantly favoured overseas companies."

In the case of foreign investment, the government is going further ahead than Narasimha Rao's regime in liberalising the regulation on foreign direct investment," he said.

Emirates launches new ad campaign

Emirates' new advertising campaign, released across the world in October, features award winning personalities from Saudi Arabia, Asia, Australia, Europe and South Africa, who share their views of flying with the airline, says a press release.

The campaign's message-award winners fly with an award winning airline-draws a parallel between high achievers and Emirates' success.

The award winners in this new series are:

Yahya Al Bishri, Saudi Arabian award-winning fashion designer; Miss Mary Cheung, Hong Kong author and photographer voted among the Ten Most Outstanding Personalities in recognition of her work in public services; Dumrong Pootan, multi-award winning Thai entrepreneur, television personality and Senator; Carlo Sison, Italian film director whose accolades include the Best of Bronze award at the 40th Advertising Festival of Cannes; Bob Cartwright, eminent Australian winemaker of the famous Leeuwin Estate and winner of the RH Martin Memorial Prize for wine tasting and Herman Mashaba, South African founder of beauty products line Black Like Me and winner of the 1994 IMM Marketer of the Year award.

Their choice for Emirates is related through accounts of personal experiences of flying the airline, highlighting various aspects such as inflight meals, entertainment, telecommunications and ground services.

Emirates recently won three international awards in advertising from Media and Marketing Magazine of the UK.

US rejects Iraqi accusation of blocking oil for food deal

UNITED NATIONS, Nov 2: US Ambassador Madeleine Albright on Friday rejected Iraqi accusations that Washington was blocking an oil-for-food deal, saying that Iraq's "outrageous demands" were to blame, reports AFP.

In comments to reporters as the UN Security Council renewed oil sanctions against Baghdad, Albright denounced Iraq's "misinformation and disinformation" about the deal which would enable Iraq to resume oil exports for humanitarian purposes.

In recent days, Iraq has regularly accused Washington of blocking the deal, notably by withholding approval of a price fixing formula for Iraq oil.

Under the deal, Iraq would be allowed to export two billion dollars worth of oil every six months in return for badly needed medicine and food for its people.

According to UN agencies, 4,500 children are dying each month as a result of the UN sanctions.

Albright's comments came after Iraqi Deputy Prime Minister Taha Yassin Ramadan on Friday again accused the United States of continuing to block implementation.

Kibria at dialogue on privatisation

All SOEs will not be privatised at same time

Finance Minister Shah AMS Kibria yesterday strongly pledged to carry out the stalled privatisation process, but said the government might not sell out all the state-owned enterprises at one go, reports UNB.

Opening a two-day dialogue on Reforms in State-Owned Enterprise and Privatisation, he also refrained from announcing any timeframe for disinvesting the money-losing SOEs which remain a nagging problem for successive governments.

The government has a clear intention to carry forward the privatisation process... we are very clear that we will complete it," he said, vowing to maintain transparency and accountability in implementing the process.

Centre for Policy Dialogue and World Bank jointly organised the policy dialogue at a local hotel. It was participated by parliament members, senior government officials, economists, academics, bankers, senior journalists, private sector people and resource persons from the Bank.

Referring to the losses incurred by the SOEs, the finance minister said at least Tk 2500 crore from the revenue budget goes down the drain every year due to the losses of the units in sectors like jute, chemical and textiles.

The SOEs are also "squeezing out" the scope of borrowing by the private sector, he noted with concern as the government is in a dilemma in continuing fundings for the loss-making enterprises.

Kibria said the government would implement the privatisation process, but it would go "pragmatically" in carrying out the reform programme in the state-owned units.

"We will not throw the valuable industry out of the window. The countrymen made great sacrifice by providing funds for those SOEs," he said, adding "we will not allow further wastage of public assets in the name of saving public money."

He said it would be ensured that after the disinvestment, those units would be operational. As all the SOEs would not be privatised at the same time, he said making those units viable in the shortest possible period is an important factor for the government.

"Also, some of the SOEs may not be privatised for some years," he said and informed that the government would

protect the interest of the country and the workers while off-loading the public-sector enterprises.

The Finance Minister also called for debate on the privatisation issue in and outside Parliament to evolve the best possible "disciplined method" for the process, a reversal of the post-liberation nationalisation policy.

CFD Executive Chairman Prof Rehman Sobhan and Chief of the PRDF Division of the World Bank Dr Mary M Shirley also spoke in the inaugural session of the high-profile workshop.

Industries and Commerce Minister Tofael Ahmed said the issues of privatisation and formulation of a suitable industrial policy for the country will come up for discussion in the current session of parliament.

A committee has already been formed to formulate an industrial policy, the minister added.

Tofael agreed with the point raised in discussion at the workshop that fiscal deficit was the main reason for privatisation. "There should be no doubt on this point," he said.

The minister stressed that without a national consensus, the programmes of privatisation and handing over of the SOEs would never be implemented.

"Due to lack of political decision, many a programmes could not be implemented earlier," he said adding that only 12 units were handed over to private owners by the previous government.

Tofael said that some 66 enterprises were earlier identified for disinvestment and the present government has already prepared a complete list of industrial units for disinvestment.

Presenting a paper in the working session, Prof MM Akash pointed out that selected micro-level case studies in selected countries could show both positive and negative performances of public-sector enterprises.

He stressed the need for evaluating macro-level experiences in measuring the performance of state enterprises. By following the structural adjustment programmes, the country could achieve a fiscal stability, but the growth rate did not rise, observed Akash, a teacher of Dhaka University's Economics Department.

Former minister M K Anwar

said the losses in the SOEs began in early 80s for some socio-political reasons which affected both the public and private-sector enterprises.

Nirman International Managing Director K Z Islam said there is no significant difference between the management structure of the private and public-sector enterprises. The difference lies in the extent and kind of freedom in them.

Former Deputy Prime Minister Jamaluddin Ahmed identified lack of equity as a major problem in the SOEs, particularly in the state-owned commercial banks which, he said, have no money of their own. "They are just utilising depositors' money," he maintained.

He stressed the need for financial discipline in the SOEs and suggested not to blame only those enterprises for the total macroeconomic deficit of the country. Wastage and losses in other sectors should also be blamed, he said.

BIDS researcher Debapriya Bhattacharya pointed out the underpricing of fertiliser by state-owned fertiliser factories and said the BCIC was selling its products here below the price of international market whereas buying the government the same from KAPCO at global price.

He said appreciation of Japanese yen or depreciation in US dollar cannot hamper the private-sector enterprises as it can with regards to public-sector ones.

ADB VP discusses JMB assistance

The visiting Asian Development Bank (ADB) Vice President, Bong-Suh Lee, called on Communications Minister Anwar Hossain at his office yesterday, reports UNB.

They discussed matters related to assistance of ADB for the construction of Jamuna Multipurpose Bridge, said a PID handout.

The Minister thanked Lee for ADB's active cooperation in rehabilitation works of Bangladesh Railway (BR). He sought the Bank's further cooperation in construction of roads and bridges in future.

Communications Secretary Waliul Islam and Resident Representative of ADB in Bangladesh B Horayngara were present on the occasion.

Gold may hit fresh low

LONDON, Nov 2: Gold threatened to topple to fresh lows for the year on Friday after a week of pummeling from all quarters, dealers said, reports Reuters.

The market looks weak and vulnerable. Everyone is having a go," a dealer said. A spate of selling this week has been linked to gold producers, a European Central Bank and investment funds.

Bullion fixed at 377.20 dollars an ounce, off 2.30 dollars from the previous fixing on Thursday afternoon and down more than 5.00 dollars since the start of the week.

Gold prices could test support just below 377.00 dollars an ounce amid an overwhelmingly bearish market mood, analysts said.

"At the moment gold is perilously close to key support at 376.90 dollars," brokers GNI said in a report, referring to the 18-month low gold hit at the start of October.

"If this goes, the price could drop to 370 dollars pretty quickly," the report added.

But some dealers said it would likely find decent support here and consolidate in a new, lower range for the time being.

Early trading was quiet with many European markets closed for all saints day holiday. The market was expected to hold off big moves until after US jobs data were released later in the day, dealers said.

India largest aid recipient from EU

CALCUTTA, Nov 2: India was the largest Asian aid recipient from the European Union with figures crossing 1.7 billion Euro (2.2 billion dollars) since its inception in 1976, reports PTI.

The Union has emerged as India's largest trading partner and investor following liberalisation of the country's economy, according to a report published by the EU member state missions and European Commission delegation in India.

Stressing that economic cooperation was the hallmark of EU-India relation, the report pointed out that the signing of the five-year agreement on partnership and cooperation in 1994 had led to further development and diversification of trade and investment, facilitation of better understanding and strengthening of ties between the two regions.

The European Commission had recently proposed a communication paper titled, "EU-India enhanced partnership" to strengthen political and economic ties.

In the cultural arena, too, the European Union was eager to strengthen ties with India and had launched the 30 million Euro (40 million dollars) EU-India economic cross-cultural programme (ECCP) for the purpose.

Tata Engineering earns \$ 94m net profit

NEW DELHI, Nov 2: Tata Engineering and Locomotive Co. (Telco) said yesterday its net profit jumped 46 per cent from a year earlier to 94 million dollars in the six months to September, reports AFP.

Turnover of India's giant automotive company rose 37.6 per cent to 1.3 billion dollars, a statement from the company said.

"The overall demand for vehicles continued to be buoyant in the first half of this financial year," a Telco spokesman said. "Firm demand for the company's product continues."

The spokesman, however, said any significant slowdown in economic activity or a reversal of the government decision to lower interest rates could have an impact on the demand levels in the automotive sector."



The week-long Singapore Food Festival organised by Sonargaon Pan Pacific Hotel to mark the tenth anniversary of Singapore Airlines' operation to Dhaka made a colourful start Friday evening. A large number of guests arrived early to savour a large variety of South East Asian delicacies especially prepared by two master chefs from Pan Pacific Singapore Hotel.

Govt earns confidence of global investors: Tofael

Commerce and Industries Minister Tofael Ahmed yesterday said the present government has earned the confidence of investors and businessmen throughout the world for investment and trade, reports UNB.

Addressing the inaugural ceremony of a three-day French Catalogue Exhibition, the minister said there was tremendous response following the formulation of the new energy policy that allowed private investment in the power generation and transmission.

Listing the government measures in last four months, he said they have liberalized trade policy, restructured tax system, reformed the traffic system, set up a permanent Law Commission, enacted law allowing foreigners to have exclusive industrial zone and revitalized the Board of Investment, the Privatization Board and the Export Processing Zones Authority.

Referring to the uninterrupted help and assistance from the French people and government,

Economist Robert Kuttner honoured

NEW YORK, Nov 2: The United Nations on Friday honoured a noted economist who has argued for more government intervention to both guarantee profits and improve people's lives, reports AP.

Robert Kuttner, a founder of the Economic Policy Institute in Washington and a syndicated columnist, has decried what he calls the race for cheaper labour worldwide and the refusal by rich nations to forgive the debts of the poor.

His message differs from that offered by many other economists of Western capitalism, who concern themselves more with the purely economic forces that can help maximize corporate profits and raise shareholder value.

Kuttner was the guest speaker Friday at the annual Paul G. Hofman Lecture sponsored by the United Nations Development Programme, the world body's biggest aid agency.

"We need to reinvent a mixed economy, one that maximises both sustainable economic growth and equitable human development," Kuttner said in prepared remarks.

"As the economy globalises... we are reverting to a laissez-faire system that has been historically proven to be unstable, unreliable and unbearable in human terms."

One acre plot allotted for ADB office

The government has allotted a one acre plot at Argagora near Planning Commission here for the Asian Development Bank to construct its own office building, reports BSS.

This was stated by Finance Minister SAMS Kibria at the opening ceremony of the new office of ADB at the annex building of Sheraton Hotel yesterday.

Highlighting the remarkable role of ADB resident mission as a development partner of Bangladesh the Finance Minister said ADB's total lending to Bangladesh amounted to 4509.20 million US dollars till December last for 17 loans and total grant in the form of technical assistance amounted to US dollars 105.47 million for 209 projects.

He also said that at present 37 investment and 49 technical assistance projects are being implemented in various sectors with ADB assistance.

The finance minister said in the recent years the disbursement ratio of ADB loans to Bangladesh has been about 22 which is above bank-wide average ratio of 18 for ADB loans. He added "this is a testimony of the important role played by the Bangladesh resident mission of ADB in monitoring the implementation and disbursement of ADB loans in Bangladesh."

DCCI urges Indian chemical delegation for jt-venture investment

The Dhaka Chamber of Commerce and Industry (DCCI) held a discussion with the visiting delegation from Indian Chemical Merchants and Manufacturers Association (ICMMA), at the Dhaka Chamber auditorium yesterday, reports BSS.

Puranjit Mukherjee, President, ICMMA led the Indian delegation while Fazole R M Hasan, acting president, DCCI chaired the discussion meeting.

Welcoming the delegation, Hasan, mentioned that Dhaka Chamber maintained a very close relation with the chambers and associations of India for bi-lateral business interest.

UNSC maintains embargo on Iraq

UNITED NATIONS, Nov 2: The UN Security Council decided Friday to maintain six-year-old international sanctions against Iraq for failing to comply with UN resolutions, diplomats said, reports AFP.

The 15-member Security Council reviews the matter every two months and took the decision here at round-table discussions.

Hasan proposed the delegation to set-up chemical plants under joint-venture or under 100 per cent ownership. The acting president requested the members of delegation to take advantage of the liberal industrial policy of Bangladesh.

non-tariff barriers that stand in the way of entry of Bangladeshi products to India.

Hasan proposed the delegation to set-up chemical plants under joint-venture or under 100 per cent ownership. The acting president requested the members of delegation to take advantage of the liberal industrial policy of Bangladesh.

Under the deal, Iraq would be allowed to export two billion dollars worth of oil every six months in return for badly needed medicine and food for its people.

According to UN agencies, 4,500 children are dying each month as a result of the UN sanctions.

Albright's comments came after Iraqi Deputy Prime Minister Taha Yassin Ramadan on Friday again accused the United States of continuing to block implementation.

সোনালী ব্যাংক
জন্মদায়ক ও মনিহারী বিভাগ
প্রধান কার্যালয়, ঢাকা
দরপত্র বিজ্ঞপ্তি

এতদ্বারা অভিজ্ঞ ও ব্যাতিশাস্ত্র মুদ্রণকারীদের নিকট হতে ৫ (পাঁচ) প্রকার আইটেম যথাঃ ফর্ম, পোটার হেড প্যাচ, ফাইল কভার ইত্যাদি মুদ্রণ-এর জন্য দরপত্র আহবান করা যাচ্ছে। দরপত্র আগামী ১১-১১-৯৬ইং তারিখে বেলা ২-০০ মিনিট পর্যন্ত গ্রহণ করা হবে এবং ৫ দিনের অপরাহ্ন ৩-০০ ঘটিকায় ব্যাংকের দরপত্র কমিটি কর্তৃক দরপত্রদাতাদের উপস্থিতিতে যদি কেহ উপস্থিত থাকেন। খোলা হবে। দরপত্রের সঠিক উল্লিখিত মর অনুযায়ী কর্তৃক টাকার ৫% হারে জামানত সোনালী ব্যাংক, প্রধান কার্যালয়, ঢাকা-এর অনুসূলে সোনালী ব্যাংকের যে কোন শাখা হতে জিট পেম-অর্ডার-এর মাধ্যমে অর্থায়ন করা যাবে। দরপত্রের সিডিউল সোনালী ব্যাংক, প্রধান কার্যালয়, ভবনের ৪র্থ তলায় অবস্থিত।

১০-১১-৯৬ইং তারিখ পর্যন্ত অফিস সন্ধ্যাকালীন সময়ে অফিসঘন্টায় ১০০০/- (এক হাজার) টাকা নগদ মুদ্রা আবশ্যকীয় কাগজপত্র প্রদর্শনপূর্বক পাওয়া যাবে। দরপত্র সংক্রান্ত বিস্তারিত তথ্যাবলী সিডিউলে উল্লেখ আছে যা যথাযথভাবে পালন করতে হবে। কোন কারণ দর্শানো ব্যতিরেকে যে কোন কিংবা সকল প্রকার দরপত্র কিংবা দরপত্রের অংশ বিশেষ বাতিল বা গ্রহণ করার অধিকার ব্যাংক কর্তৃক সর্বস্বত্ব করে। অনিবার্য কারণবশতঃ নির্ধারিত তারিখে দরপত্র খোলা সম্ভব না হলে তা পরবর্তী কার্যদিবসে খোলা হবে।

নং ১৬/৯৬/৯৬
ডি-১১৮৭

হাকের আহমেদ
উপ-মহাব্যবস্থাপক

NOTICE
RE: MV GOLD SPRING
INVALID BILL OF LADING NO. 1 DATED 15 SEPTEMBER 1996

8800 MTS OF CEMENT CLINKER-GRADE 525, COUNTRY OF ORIGIN: CHINA
SHIPPER : AJAX INCORPORATED, 2/F, YOUNGSONG BLDG. # 1125-9
JAESONG-DONG, HAEUNDAE-KU, PUSAN, KOREA.

CONSIGNEE : TO THE ORDER OF JANATA BANK
NOTIFY PARTY : M/S MEGHNA CEMENT MILLS LTD, SENAKALYAN BHABAN,
14TH FLOOR, 195 MOTIJHEEL C/A, DHAKA AND JANATA
BANK, JANATA BHABAN, CORP BR., 110 MCA, DHAKA,
BANGLADESH.

WHEREAS

The above cargo was loaded on board the MV GOLD SPRING on 15 September 1996 at LANSHAN PORT, CHINA, for carriage to MONGLA, BANGLADESH in terms of a charter party dated 23 AUGUST 1996 between the OWNERS and the abovenamed shipper, AJAX INCORPORATED AS CHARTERER.

In breach of the CHARTER PARTY, the CHARTERER, AJAX INCORPORATED has failed to pay freight due to the owner. To date, a total sum of USD 198,892.00 is due and payable to the owners on account of Freight and Demurrage earned at LANSHAN PORT and other accrued expenses.

It has been brought to the OWNER'S attention that BILL OF LADING NO. 1 DATED 15 SEPTEMBER 1996 IS PRESENTLY IN CIRCULATION. This BILL OF LADING has been issued without the OWNER'S/MASTER'S authority and is therefore invalid.

TAKE NOTICE THAT THE OWNERS OF THE MV GOLD SPRING do not recognise the above mentioned BILL OF LADING NO. 1 for the above cargo dated 15 September 1996.

AND FURTHER TAKE NOTICE THAT the owner has custody of the valid signed BILLS OF LADING for the above cargo which are clause "FREIGHT PAYABLE AS PER CHARTER PARTY" ISSUED SUBJECT TO THE TERMS, CONDITIONS AND EXCEPTIONS CONTAINED IN CHARTER PARTY DATED 23 AUGUST 1996. These BILLS OF LADING will be released by the OWNERS to AJAX INCORPORATED only on receipt of payment of the freight.

LAWRENCE-LOAT LTD
OWNERS OF THE MV GOLD SPRING
30 OCTOBER 1996