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DHAKA SATURDAY, NOVEMBER 9, 1996

Jute spinning industry facing decline in export market

By Staff Correspondent

The country's jute spinning industry, an export-oriented sector which earned over Taka 284 crore during the fiscal year 1995-96 is facing a decline in the export market and the mills may become sick unless remedial steps are taken by the government immediately, cautioned officials of the Bangladesh Jute Spinners Association (BJSA) yesterday.

During the July-September period of the current fiscal year, the sector's export volume declined by 7.08 per cent while the earnings fell by 10.55 per cent compared to the corresponding period of 1995-96. The sector's exports declined from 1,03,872 MT in 1994-95 to 97,250 MT during the last fiscal year. The country's share of the world jute yarn and twine market also declined from 51.94 per cent to 48.62 per cent during the same period.

According to the BJSA officials, the primary reason for the decline in the country's jute yarn and twine export market is the uneven competition it is facing from India, the other major exporter in the world market. The Bangladesh mills are finding it difficult to compete in the international market as India is providing cash export incentives to yarn producers and it has depreciated its currency much faster than the taka, they said.

Moreover, the sector's production costs have also gone up due to the recent increase in power tariff and the wage hike of workers which was prompted by the government step to increase the wages of public sector jute mills workers. The BJSA officials pointed out. In addition, jute spinning mills also have to pay a higher interest rate on bank loans compared to the traditional jute mills, they added.

The BJSA has already asked the government to provide the sector with similar export incentives based on the FOB price for three years starting from July 1996, and also for initiating a more competitive exchange rate management to effectively meet the competition in the global market.

The Association also sought a waiver of the peak-hour rate in the power tariff, which was earlier approved in a National Export Council meeting, and a lower interest rate on bank loans.

Meanwhile, in July the Jute Ministry also forwarded a recommendation to the finance ministry to provide the jute yarn and twine sector with a 10

per cent "market assistance."

Currently, of the global annual demand for jute yarn of 200,000 MT, Bangladesh's share of the market is 48.62 per cent while India commands a share of 35.05 per cent and Thailand 16.36 per cent. The market share in this industry is expected to alter notably in the coming years as Thailand is closing its mills due to a short-fall in Kenaf production.

India, on the other hand, is moving aggressively to capture a larger share of the global market.

"India is expected to capture Thailand's share of the export market as well as a significant portion of Bangladesh's share of the market because of its competitive advantage resulting from effective exchange rate management and upgraded export incentives like external market assistance (EMA) at the rate of 10 per cent on export of jute yarn," cautioned Shabbir Yusul, chairman of BJSA.

"Besides, the Indian government has also taken up a massive jute sector diversification programme with UNDP assistance and is planning to export 80,000 MT of jute yarn and twine in 1996-97, up from only 17,841 MT in 1990-91."

The country's jute spinning

sector grew from an export base of only 12,888 MT and a global market share of 6.44 per cent in 1979-80 to 1,03,872 MT and a commanding market share of 51.94 per cent in 1994-95. On the other hand, India exported only 17,841 MT of jute yarn with a world market share of only 8.92 per cent and its exports grew to 70,100 MT with 35.05 per cent market share in 1995-96.

During the last 17 years, exports of BJSA mills, comprising 34 member mills, grew by 655 per cent in volume while the production capacity expanded by 1,168 per cent. The export earnings from the sector contributed 30 per cent in the total export earnings from the jute manufacturing sector during the previous fiscal year.

"Unless the government comes forward to solve the problems of the jute yarn and twine sector immediately, this important export sector will suffer huge losses and the mills will turn into sick industries," said the BJSA Chairman. "If the sector is given adequate incentives than Bangladesh will be able to capture 70 per cent of the world market, but if we lose the market share it will be very difficult to regain it."

'Gas supply to KPM was stopped due to problem at Bakhrabad field'

Gas supply to Karnaphuli Paper Mills (KPM) at Chandraghona was stopped Sunday due to production problem at Bakhrabad Gas Field, not for non-payment of outstanding gas bills, reports UNB.

This was informed by the KPM authorities, clarifying a news report published on Tuesday that "the Bakhrabad Gas Company disconnected the gas line to the KPM for alleged failure to pay outstanding bills."

The UNB news report quoted a memorandum that was submitted Monday to the TNO of Chandraghona urging the Prime Minister to take urgent steps to reactivate the mills which stopped operation on Sunday due to disconnection of gas line.

In its clarification, the KPM authorities said they were informed by a fax from Bakhrabad Gas Systems Ltd, at about 4 pm on Sunday that "gas supply to KPM need to be ceased from today due to production problem at Bakhrabad Gas Field."

Japan's new team of ministers for economic reform

TOKYO, Nov 8: Japanese Prime Minister Ryutaro Hashimoto appointed on Thursday a new team of ministers to spearhead his government's push for much-needed deregulation and economic reform, reports AFP.

The key finance ministry portfolio went to Hiroshi Mitsuoka, 69, a former trade minister and leader of a major faction within Hashimoto's Liberal Democratic Party (LDP).

He replaced Wataru Kubo of the Social Democratic Party (SDP), which decided against renewing its membership of the ruling coalition.

Shinji Sato, 64, a former transport minister and son of the late prime minister Eisaku Sato, was given the International Trade and Industry Ministry, replacing Shunpei Tsukuhara.

Taro Aso, 56, was appointed Director General of the economic Planning Agency, which is responsible for formulating government economic policy, replacing Shushe Tanaka.

It was the first cabinet post for Aso, a grand son of late prime minister Shigeru Yoshida. He has served as parliamentary vice education minister in 1988, and chairman of a lower house committee on foreign affairs in 1991.

Sayedabad Water Treatment Plant WB to consider fate this month: JS told

The World Bank, which had tagged a set of conditionalities to loan for the proposed Sayedabad Water Treatment Plant, will consider the fate of the project next month, reports UNB.

The ambitious project is set to be placed before the Board of the World Bank in its meeting on December 10 for the approval of the multilateral donor agency, Parliament was informed Wednesday.

In written reply to Saber Hossain Chowdhury, LGRD and Cooperatives Minister Zillur Rahman said after approval of the project, the government would sign an accord with the Bank for financing it.

Implementation works for the project are expected to start in full swing at the end of December this year, he said, informing the House that the government has taken all steps to fulfill all the conditions.

The Fourth Dhaka Water Supply and Sewerage Authority sayed, better known as Sayedabad Water Treatment Plant, will jointly be financed by the Bangladesh government, French government and the World Bank.

The first phase of the project, financed by the Bangladesh government, which includes development of DND canal and development of the project site, is already under implementation and likely to

be completed soon.

Dhaka WASA has signed an agreement with a French company for supplying and installing electric and mechanical equipment for the water-treatment plant.

The French company will start work after ensuring the financing by the World Bank of the project, fate of which had been in uncertainty for lack of finance.

The donor agency has put some preconditions which must be fulfilled for their participation in the project.

Malaysian firm may manufacture helicopters for Kawasaki

KUALA LUMPUR, Nov 8: Malaysian auto group Diversified Resources Bhd (DRB) is considering manufacturing helicopters for Kawasaki Heavy Industries Ltd, a newspaper reported here today, according to AFP.

Since DRB was appointed franchise holder for the BK-117 helicopter two months ago it would seem viable the company produces the rotary-wing aircraft here, a senior DRB official was quoted saying in the New Straits Times.

SEC fines Aziz Pipes Ltd

The Securities and Exchange Commission (SEC) has fined Aziz Pipes Limited Taka 10,000 for non-compliance with the law in preparing the accounts during the last quarter (July to September), reports BSS.

According to the SEC quarterly review, the Commission did not impose penalty on any listed company during the previous quarter (April to June).

SEC, the regulatory body of the capital market, received 16 complaints and all of them were taken up for redressal of grievances, the review pointed out.

The complaints were on delayed or non-refund of over-subscribed money, delayed or non-receipt of dividend, delayed or non-issuance of allotment letters or securities certificates, non-holding of annual general meetings and odd lot price problems.

Forty-three listed companies held their annual general meeting of shareholders during the last quarter compared to 27 such companies during the previous quarter.

In all 36 listed companies declared dividend during the quarter. Of them, four companies declared both cash and stock dividend. The rates of dividend varied from 5 per cent to 105 per cent including 50 per cent stock dividend.

Iran turned down in bid to attend WTO meet

GENEVA, Nov 8: Iran was turned down on Thursday in a bid to attend as an observer at next month's first ministerial meeting of the World Trade Organisation, trade officials said, reports Reuters.

According to officials, the chairman of the WTO's ruling General Council told the body that there was no consensus among the 125 members on allowing Tehran to send a delegation to the session, being held in Singapore from December 8-13.

No meeting publicly objected to a meeting of the council, called to pursue efforts to finalise the agenda for Singapore, to Iran's presence at the ministerial session, they said.

But William Rosier of Switzerland, who chairs the council, said prior consultations he with members established the absence of consensus — the basis for all decisions in the WTO.

Diplomats said the main objections had almost certainly come from the United States, although other western countries are also known to be opposed to a WTO rule for Iran at present.

Vietnam's foreign trade stands at \$ 15b

HANOI, Nov 8: Total imports and exports for Vietnam stood at about 15 billion dollars as of the end of October, but Vietnam is still facing a trade deficit, official media reported Friday, reports AP.

The trade deficit stood at about 3.49 billion dollars, or about 16 per cent of the country's predicted gross domestic product, the state-run People's Army newspaper reported.

Exports through the first 10 months of the year totalled 5.81 billion dollars, compared with imports of about 9.30 billion dollars, the newspaper reported.

Final APEC free trade plan this month

MANILA, Nov 8: Members of the Asia-Pacific Economic Cooperation Forum (APEC) will finally put combined plans for regional free trade on paper at a summit in the Philippines this month, officials said yesterday.

The Manila Action Plan for APEC to be issued after an APEC leaders' summit on November 25, will outline details on lowering tariffs, investment restrictions, deregulation and cutting red tape, they said.

APEC members have been strengthening earlier outlined individual action plans on free trade and the detailed revised plans are to be presented to the summit.

At Bogor, Indonesia, the APEC members agreed in 1994 to remove trade and tariff barriers in the region by 2010 for developed nations and by 2020 for developing nations.

Edsel Custodio, head of the Philippine delegation to APEC meetings, said there would be a "full accounting" of each member's individual action plans.

The report would focus on "how near or how far is each economy from the Bogor 2010-2020 vision" regarding tariffs, he said.

Romulo Manlapig, head of the trade and investment committee of the Philippine APEC delegation, said members would measure on non-tariff measures according to how far they and advanced commitments already made under the World Trade Organization (WTO).

Manlapig said this would also include a review of how each economy was working to open investment, remove restraints on trade and cut the

cost of doing business.

Custodio said the Manila action plan would also include a paper on strengthening technical and economic cooperation between members and would outline a strong programme with specific timeframes for APEC members to adopt common standards on certain products.

Custodio said a meeting in Manila just before an APEC ministerial meeting on November 21 would work out the "language" of the Manila action plan but said the Philippines, as host, was facing no serious problems.

APEC includes Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Singapore, Taiwan, Thailand, the United States and the Philippines.

45,620 hectares of land may come under rabi farming in M' bazar

MOULVIBAZAR, Nov 8: Agriculture Extension Department has drawn up a programme to bring 45,620 hectares of land under rabi crop cultivation this season in the district, reports BSS.

According to an official source, more than 3600 hectares will be brought under boro cultivation.

About 97,050 metric tons of boro-paddy is expected to be produced under this programme.

Italy's inflation falls to lowest level in 27 yrs

ROME, Nov 8: Italy's annual inflation rate fell to 3 per cent in October, the lowest level in 27 years, the state statistical institute reported Wednesday, reports AP.

In September, inflation had been running at 3.4 per cent annually.

Factored into the October rate was a 4 per cent rise in housing costs and 1 per cent for clothing, among other factors.

Lowering inflation has been a key aim of Premier Romano Prodi's centre-left government.

Govt to popularise bio-fertiliser

The government has decided to increase production of bio-fertiliser and popularise its use to prevent loss of soil fertility, says UNB.

The decision was taken on Wednesday by a meeting held in the presence of the Agriculture Minister with Agriculture, Food, Disaster Management and Relief Minister Begum Matia Chowdhury in the chair.

The Minister instructed the officials of the Agriculture Ministry to gear up implementation of the programme of Bangladesh Institute of Nuclear Agriculture (BINA) for the transfer of bio-fertiliser production technology to private sector.



David Loretta, Chief Executive, Institutional Banking Group of Standard Chartered Bank (SCB), met the Finance Minister SAMS Kibria at his office Wednesday.

Palestinians to seek \$ 1b from donors for '97

GAZA CITY, Gaza Strip, Nov 8: The Palestinian Authority will present international donor countries this month with an investment plan for 1997 worth close to one billion dollars, Palestinian minister Nabil Shaath said Thursday, reports AP.

The plan will be presented at a conference of donor countries in Paris on Nov. 19.

Donor countries pledged more than 790 million dollars to the Palestinian Authority in 1996, but so far only about 255 million dollars has been received.

Shaath, the Palestinian minister of planning, said much of the money was held up by Israel's closure of the West Bank and Gaza Strip, which prevented equipment and materials intended for use in donor projects from entering the Palestinian territories.

IMF sees ME's tremendous economic potential

WASHINGTON, Nov 8: The International Monetary Fund believes that there is "tremendous economic potential" in the Middle East, Mohamed El-Erian, deputy director of the Fund's Middle Eastern Department, said in a November 7 interview, according to USIS.

Indeed, the region's economic progress has not gone unnoticed, attracting the attention of investors and the business community throughout the West, El-Erian said. As examples, he pointed to the increasing interest in countries like Tunisia, Israel and Lebanon which have established themselves in the international bond markets.

This interest in Western capital markets, in turn, increases the amount of funds available to finance the Middle East's development and infrastructure needs.

To date, a number of countries in the Middle East have made significant progress in macro-economic stabilization, the IMF official stated, singling out Egypt for reducing its inflation from 20 to 7 per cent in the past few years while building its foreign exchange reserves to a very comfortable level." El-Erian also had praise for

Jordan, which has reduced its fiscal and current account deficits by two-thirds at the same time it has maintained a growth rate of six per cent.

Overall, the region's economy is expected to grow by four per cent this year, double what it averaged in the previous three years, El-Erian said. But in order to sustain this kind of growth over time, the countries of the Middle East need to continue on the road to privatization, trade liberalization and regulatory reforms, he stressed.

One of the main goals of the Summit's organizers is regional economic integration.

There's a new zip in British economy

Neville Stack writes from London

It has been a long time since anyone has described the British economy in anything but cautious terms. But now the buzzword is 'zip'.

True for many months the indicators have been encouraging, though not always at the same time. But now, as they all point in the right direction at once, even the finance minister, Gordon Brown, was able to declare with a I-told-you-so grin: "There is a new zip in the economy."

He was commenting on the latest figures, just out, showing that the improvement has accelerated and that he was well on course to his goal of "sustained and sustainable growth," without inflation.

The Treasury reported that gross domestic product (GDP) rose 0.8 per cent in the three months to September compared with the previous quarter, and 2.3 per cent year on year.

The point with satisfaction to the 1.4 per cent growth from the through in the last general election year of 1992, when British industry was being devastated by recession.

The growth figures confirm there is a new zip in the economy," commented Clarke. "We are well on course to grow faster than Germany and France for the fourth consecutive year, and the trade figures show how competitive the UK economy now is."

"Healthy growth, low inflation and a good trade performance. This is a position few chancellors have been able to enjoy in my lifetime."

Exports are up, unemploy-

ment is down. Wage rates and business costs are steady, and inward investment continues apace. The housing market is improving and shows no sign of the price inflation that caused such havoc and heartbreak in the Eighties.

Now wonder that the mood in the cabinet room at No 10 Downing Street is more bullish than has been for years.

Much of the improvement reported at weekend is due to a pick-up in manufacturing industry and "invisibles", Germany and France, two of Britain's best customers, are struggling with their own economic problems, and trade with the European Union has been in difficulties.

But despite the increasing strength of the pound, demand has been rising abroad, and the visible-trade gap narrowed in August to Sterling 0.6 billion — half of the deficit recorded in July. Invisibles such as overseas investment and financial and other services, also accelerated, and make up the difference.

Although preliminary figures showed the trade gap with non-EU countries widen in September to 0.9 billion, Treasury officials estimated that the deficit with the whole world would continue as exports pick up to European trading partners who are on a different business cycle to the UK.

The economy was growing above the trend rate of 0.6 per cent per quarter, said Treasury economist, but they maintain that the increase is "comfortable," because there was still

unused capacity in some sectors of industry.

The Treasury's summer economic forecast called for a target of 2.5 per cent GDP this year. It was within reach provided the economy grew by another one per cent in the final quarter.

The Bank of England governor Eddie George in commendably observational in his determination to squeeze out inflation, and he has already called for a rise in base rates, but City analysts do not think that Clarke will agree on the strength of these figures.

The pick-up in growth is being attributed to a significant improvement in construction, as business confidence rises, and a bumper harvest, as well as the surge in manufacturing.

"The UK economy is entering its fifth year of economic growth," says the Treasury forecast. "Output is now almost 11 per cent higher than in early 1992."

The sad total of people unemployed and claiming benefit has continued to fall, and in May it was 800,000 below the 1992 peak. Employment rose by over 300,000 in the year, and more jobs were on offer. Already skill shortages are beginning to cause problems.

Interest rates have been cut by one per cent since last November. And mortgage rates are down by almost 1.5 per cent, to the lowest level for 30 years.

Business investment was up by 7.25 in the first quarter of the year, and recent surveys of management optimism by the Confederation of British Indus-

tries show that this will continue.

Even the public-sector borrowing requirement (PSBR) is being kept more or less within bounds at about 32.2 billion, but the pre-budget round of bidding by ministers eagerly seeking funds to finance their pet projects ranging from education to prison-building, will be difficult for Clarke to resist.

But resist he must if he is to achieve the tax cuts in his November budget that he is austere refusing to promise, despite the pleading of the right-wing Conservatives.

Many on both sides of the house argue in private that the taxes should be increased, to solve social problems and fund education reforms, but this is politically impossible so near the general election in May.

In any case, on current tax rates and public expenditure plans (and Labour is committed to follow the chancellor's strategy on both, if they are elected) the PSBR is forecast to fall from 32 billion this year to 27 billion in 1996-97, and 32 billion in 1997-8.

All the other big countries in the European Union are struggling desperately to slash their deficits in order to qualify for admission to the first wave of monetary union, leading to the single European currency. There is considerable unrest in France, Germany and Italy, as the cuts bite, and the German polls are showing the tide of public opinion running against chancellor Helmut Kohl, and his implacable advocacy of European federalism.

Sitting on the UK's opt-out option, both government and opposition in Britain are content to wait and see about eventual membership. They are consoled by the fact that most of their troubles are if not over, at least contained, while their European partners — and competitors — are struggling to even approach the British position.

The optimism of the government and the treasury is reflected in the continued success of the Invest in Britain campaign. The UK is claimed to be the semi-conductor and telecoms capital of Europe.

A record number of 477 inward investment projects were recorded in 1995-96, bringing the new-jobs total to 114,000 over three years, and safeguarding more than 285,000.

Much of the investment is from the Asia-Pacific region, but UK now attracts more of Germany's investment that the USA, with a 1.1 billion factory switched by Siemens from Germany to the northeast.

President of the Board of Trade Ian Lang commented: "The world is flocking to Britain because our policies of low taxes, low burdens and high performance have made us the enterprise centre of Europe."

The figure translate into spending. Good times are returning to the High Street. Shops and restaurants are doing good business, and the housing market is beginning, warily, to recover.

It looks as though the Feel-good Factor has returned at last — and it is here to stay.

The Chittagong Port Authority
(Stores Department)
Office of the Controller of Stores

Tender Notice

Sealed tenders on prescribed form are invited from the bonafide Manufacturers/Importers/Suppliers for the following materials:

Sl No	Tender No & date	Description of stores	Last date of tender sale	Date of opening of tender	Cost of tender form (Non-refundable)
1.	2858 dt 13-10-96	Traffic Series Form	26-11-96	27-11-96	Tk 100/- (one hundred) only
2.	2863 dt 23-10-96	Audio Visual Equipment	-do-	-do-	-do-
3.	2864 dt -do-	Bib cock, Stop cock, pillar cock etc.	-do-	-do-	-do-
4.	2865 dt -do-	Wooden & steel furniture	-do-	-do-	-do-
5.	2866 dt -do-	Screen Cloth	-do-	-do-	-do-
6.	2867 dt -do-	Boot Black Ammunition	-do-	-do-	-do-
7.	2868 dt -do-	White & Roll Register	-do-	-do-	-do-

Tender must be submitted in prescribed tender schedule to be obtained from the office of the Controller of Stores/CPA, Chief Finance & Accounts Officer/CPA & Chittagong Port Authority's Liaison Office, House No 49C, Road No 4/A, Dhanmondi Residential Area, Dhaka (Phone No 865492) on all working days within the above date on payment of cost as shown above.

Tender must be dropped in the tender box kept in front of the Chamber of the Controller of Stores/CPA & Chief Finance & Accounts Officer/CPA by 11.45 hrs on the date shown above and will be opened at 12-00 hrs on the same day. No tender form will be sold on the day of opening. Tenderers or their authorised representative may remain present at the time of opening of the tender. The original copy of GIR/TIN & up-to-date Trade Licence must be shown and photostat copies of the same must be submitted at the time of purchase of tender schedule. Otherwise tender schedule will not be issued. For details information the office of the undersigned may be contacted.

The Port Authority reserves the right to accept or reject any tender part or whole without assigning any reason thereto.

DFP-25111-4/1
G-1468

Controller of Stores
Chittagong Port Authority