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DHAKA THURSDAY, NOVEMBER 14, 1996

Tariff on certain SAARC items will go from Dec 7

COLOMBO, Nov 13: Trade barriers within the South Asian Association for Regional Cooperation (SAARC) for specified items will be lifted from December 7, according to industrial ministry sources today reports Xinhua.

The sources said the South Asian Preferential Trade Agreement (SAPTA), signed on December 7, 1995 by the SAARC countries — Sri Lanka, India, Pakistan, Bangladesh, Bhutan, Nepal and the Maldives, will come into effect on that date.

The sources quoted minister CV Gunaratna as saying Tuesday among SAARC countries by lifting tariff barriers placed on certain items for the benefit of their people, in a spirit of mutual accommodation with full respect to sovereignty, equality, independence and territorial integrity of all states.

Under this agreement, the biggest trade partner in the region India will grant tariff concessions for 106 items, Pakistan 35 items, Sri Lanka 31 items, the Maldives 17 items, Nepal 17 items and Bhutan 11 items.

ADP to face critical review

Govt identifies 175 projects for slashing allocations

The government has decided to critically review the Annual Development Programme (ADP) 1996-97 in order to identify the public sector projects which can be transferred to the private sector for implementation, according to a well-placed source in the planning commission.

The government has also identified 175 projects out of 858 projects in 1996-97 ADP for slashing their allocations in order to rationalize the development expenditure.

These decisions were taken at a meeting of the ECNEC headed by Prime Minister Sheikh Hasina last month.

ECNEC also resolved that other projects in the ADP should be reviewed by the concerned ministries or divisions and the planning commission in order to revise their respective allocation.

The government will allocate an additional Tk 50 crore

for the industry sector by cutting funds from World Food Programme activities and roads and culverts projects in the rural areas.

Since the government would not implement the Rupsa Bridge project and Dhaka City Flyover construction projects during the fiscal 1996-97, it would revise the allocations for these projects.

The meeting held at the Premier's secretariat was attended among others by the ministers of Finance, LGRD, Water Resources, Energy, Communications, Agriculture and state minister for Religious Affairs, cabinet secretary, principal secretary, planning secretary and other high officials.

The Prime Minister emphasised that the ADP 1996-97 must reflect the government's highest priority for the agriculture sector and all allocations in the ADP, must be refixed in accordance with that priority for speedy poverty alleviation and rural development.

She further added that it was important to take up specific projects to implement the government's privatisation programme and asked the authorities concerned to rationalise all project allocations in the light of economic benefits.

The government has allocated Tk 12,500 crore for the 1996-97 ADP in June 16 of which Tk 7300 crore was allocated under local currency and Tk 5,200 crore was allocated as project aid. Later on July 7, the government decided to increase the allocation under local currency by Tk 327 crore of which Tk 100 crore was allocated for the agriculture sector, Tk 50 crore for the rural development sector, Tk 12 crore for infrastructure and water supplies and Tk 165 crore for increasing jobs

Bonn to give Dhaka Tk 300 cr aid

Germany will provide Deutsche Mark 100 million equivalent to Tk 300 crore to Bangladesh as development aid this year, reports UNB.

Of the amount, DM 80 million will be spent for financial cooperation and DM 20 million for technical cooperation.

A Summary Record of Negotiations to this effect was signed between the two governments in Dhaka yesterday as the outcome of a three-day annual bilateral negotiation between Bangladesh and Germany which began on Monday.

Reiner Morbach, Director of Federal Ministry of Economic Cooperation and Development of Germany led a seven-member delegation while Bangladesh side was led by ERD Joint Secretary Abu Saleh at the negotiation.

The German delegation told the Bangladesh side that despite its budgetary constraints, Germany has increased its development aid to Bangladesh this year.

It said poverty alleviation remains the key area in the German-Bangladesh development cooperation. The basic social services like health and family planning and non-formal primary education will be focused further.

In addition, Germany will continue to support the development of economic infrastructure in Bangladesh.

At the annual negotiation, Bangladesh side illustrated its political and economic framework for international development cooperation.

The German delegation emphasised the importance of political stability as a pre-requisite for satisfactory development of Bangladesh.

It encouraged the new government to continue with the economic and social reforms. Economic growth is considered a pre-condition for poverty alleviation.

Besides these key items, the delegation dealt with a number of regulatory and technical issues of high importance for the implementation of ongoing projects.

Glittering prospect of Bangladeshi jewellery in Gulf

The prospect of Bangladeshi jewellery in Bahrain is very bright, local observers and experts in the Gulf country observed, says UNB.

The observation was made at Jewellery Arabia 1996 Exhibition held from November 6-9 in Bahrain. Nine Bangladeshi jewellers took part in the exhibition.

Bangladeshi exhibitors sold jewellery of Tk six lakh and received spot order for monthly supplies of 29 kgs of jewellery costing Tk 1.62 crore per month, according to a message received here Wednesday.

Sponsored by Export Promotion Bureau and Embassy of Bangladesh to Bahrain, the exhibition was inaugurated by the Prime Minister of Bahrain, Bangladesh Ambassador to Bahrain Gyausuddin A Chowdhury received the Prime Minister and showed him the jewellery products.

BTMA, UCEP sign MOU

Bangladesh Textile Mills Association (BTMA) will provide 25 per cent of running cost and 100 per cent of training materials for the textile training unit of UCEP — Dhaka Technical School.

A Memorandum of Understanding (MOU) for 'cooperative training program' was signed yesterday between BTMA and UCEP-Bangladesh in a simple ceremony at BTMA office, says a press release.

As per the MOU, BTMA members will ensure suitable jobs with standard wages to all graduates of the textile training unit of UCEP — Dhaka Technical School.

After completion of off-the-job training courses at UCEP, each trainee will be awarded final certificate subject to successful completion of three months on-the-job training at the factory.

UCEP will update the courses or part in consultation with BTMA and according to relevant labour market analysis.

UCEP will also arrange suitable training courses for the workers of BTMA member mills and the cost will be borne by the concerned mills. Similar MOU has been signed between UCEP and Bangladesh Finished Leather and Leather Goods Exporters Association (BFLLEA) for 'cooperative training program' earlier.

An advisory council will look after the issue which will be formed very soon taking representatives from each side.



Salahuddin Kasem Khan (2nd from left), Chairman UCEP Board of Governors and Mohammad Shajahan (middle) Chairman, BTMA yesterday signed a MOU for 'Cooperative Training Programme' on behalf of their respective organizations. Col (Retd) Mujib ur Rahman Vice-Chairman UCEP Board of Governors, Prof Ahmadullah Mia, Director, UCEP-Bangladesh, Hasan Jamil, Sr Vice Chairman, BTMA and other high officials from both organizations were also present on that occasion.

China, UK sign minute on HK's exchange fund

HONG KONG, Nov 13: The Chinese and British sides on the latest Liaison Group (LIG) today signed an agreed minute on the question of the arrangements for the transfer of Hong Kong's exchange fund, reports Xinhua.

Signed by senior Chinese and British representatives Zhao Jihua and Hugh Davies, the four-item minute said the Chinese government has decided that the exchange fund of Hong Kong shall on the commencement of July 1, 1997 be transferred to its entirety to the Hong Kong Special Administrative Region (HKSAR) government, which shall manage the fund on its own in accordance with the relevant laws of the HKSAR.

The decision of the Chinese government was made in accordance with the Sino-British joint declaration on the question of Hong Kong and with the HKSAR basic law, which states that the exchange fund of the HKSAR shall be managed and controlled by the government of the region, primarily for regulating the exchange value of the Hong Kong dollar.

China's trade surplus hits record in Oct

BEIJING, Nov 13: China recorded a trade surplus of 3.91 billion dollars in October, its largest trade surplus ever in a single month, official reports said Wednesday, says AP.

The unusually large surplus was attributed to a decline in imports following a surge earlier this year in purchases of overseas equipment that will soon be subject to higher tariffs.

Exports in October rose 23.3 per cent over the year-earlier figure to 15.5 billion dollars, the fourth straight month of increase. Imports totaled 11.31 billion, up just three per cent over a year earlier, the newspaper China Daily reported, citing figures from the General Administration of Customs.

Kibria addresses workshop

Formulate proper guidelines for public resource management

A workshop yesterday stressed the need for making best use of public resources and establishing an effective institutional framework for public expenditure management, reports UNB.

The day-long workshop on "Review of Public Expenditures in Bangladesh," organised jointly by the Ministry of Finance and the World Bank, was held at the NEC auditorium.

Inaugurating the workshop, Finance Minister Shah AMS Kibria laid emphasis on formulating proper guidelines for public resource management and improving the existing methods of public expenditure.

He termed the shortcomings in the public expenditure control a fundamental problem of the financial sector and said that the country did not have any suitable method of rectifying the problems relating to the public resource management.

Kibria pointed out various problems like slow progress in project selection, approval and implementation as well as lack of efficiency in the public institutions and of reforms in the financial sector.

"We cannot name any public institution of which we can be proud," he said adding that weaknesses in running these institutions lead to slowdown of their activities. There is a tendency to concentrate power to the centre," he added.

The finance minister said the government would try for establishing better macroeconomic management to the best of its ability. With the change in political scenario, time has come to devote to economic development, he said.

The workshop co-organiser, World Bank Resident Mission chief Pierre Landell-Mills said control of public expenditure and resource management is crucial for survival of a government. He stressed proper use

Improved demand marks Ctg tea auction

CHITTAGONG, Nov 13: There was an improved demand for all grades of teas at the weekly sale held here on Tuesday as export and internal buyers were active, market sources said, reports BSS.

Polish buyers were more active with some interest from Russia and Jordan, Afghanistan and Pakistan competed for different grades of teas. Blenders lent a good support while loose tea trade was stronger this week.

Bold and large broken were a good market and were mostly dearer by upto 50 poisha. Medium broken were also a good market selling at firm to slightly dearer levels. Smaller broken were a much stronger market of ten selling upto Taka dearer. Popular types followed a similar trend and sold between

BB bill auction results

The 24th auction of the 30-day Bangladesh Bank Bill and the 94th auction of the 91-day Bangladesh Bank Bill were held here yesterday, reports UNB.

Nine bids for a total of Tk 48 crores and 11 bids for a total of Tk 77 crores were offered against the 30-day and 91-day Bills respectively, said a press release.

Of these, seven bids for a total of Tk 28 crores and six bids for a total of Tk 50 crores respectively against the 30-day and 91-day Bills were accepted.

The weighted average prices of the accepted bids of the 30-day and 91-day Bills were Tk 99.43 and Tk 98.10 per Tk 100 respectively. The corresponding yields are 6.86 per cent and 7.77 per cent per annum.

11000 children die of hunger every day: WFP

ROME, Nov 13: Every day 11,000 children die of hunger around the world while 200 million are suffering from malnutrition and a lack of protein and calories, the World Food Programme said Tuesday, reports AFP.

Other figures released by the WFP revealed that in many societies women are "the last to eat after feeding their husband and children even when breast-feeding."

WFP told a meeting of non-governmental groups on the sidelines of the World Food Summit which opens in Rome today that more than 800 million people are suffering from hunger in the world.

Some 70 per cent of these are women and children.

And 500 million women have been hit by anaemia and lack of iron, which can have dangerous effects on their babies.

LDC ministers' meet on trade opens

GENEVA, Nov 13: Commerce and Industries Minister Tofael Ahmed said here today that the Bangladesh government was pursuing a coordinated approach to integrate national economy with export-led growth and trade liberalization policy, reports BSS.

He was presiding over the opening session of the three-day meeting of the ministers of least develop countries (LDCs) on trade here.

The ministers of 28 LDCs are participating in the meeting as the member-countries of World Trade Organization (WTO). The Chief Executive of WTO, Renato Ruggiero and Secretary General of UNCTAD, Rubens Ricupero also took part in the discussion.

Tofael said the government immediately after the independence of Bangladesh had taken up a lot of programmes to repair the war-ravaged economy through poverty alleviation, employment generation and increased export-led production. To expedite the export, Bangladesh joined the General Agreement on Tariffs and Trade (GATT) in 1972, he added.

He said, "We don't want to be identified as LDC any more. So we have taken all-out efforts to make a vibrant economy." He said the government had taken reform measures in financial and administrative sectors to create an investment-friendly environment as the strategy for economic development.

The minister said the LDCs should be firmly united to exert maximum benefit from liberalization and globalization of world trade and production. He underscored the need for more coordination and discussion among the LDC members so that they could bargain with developed countries with specific agenda in the forthcoming WTO conference in Singapore next December.

CALS director calls on Speaker

The visiting Director of CALS Industry Forum of Japan Hiroshi Mizutani called on Speaker Humayun Rashid Chowdhury at his office yesterday, reports UNB.

They agreed to organise a two-day CALS seminar in the capital in March next year. Last month, a similar seminar, organised by CALS, was held in Singapore.

CALS is working on linking industrial society with information society. It also organises programmes in Asia and Pacific countries.

The forum is incorporation the latest information technologies into their management strategies, approaches, standards and production process in order to remain competitive in today's changing global market environment.

It wants setting-up of an organisation in Bangladesh and form a study group comprising the members of business community, students, academicians and government officials for understanding advanced information technology.

Garments, leather machinery exhibition opens

A three-day long fifth German and Japanese Garments-Leather Machinery Exhibition '96 was opened at Sonargaon Pan Pacific Hotel, Dhaka on Tuesday, says a press release.

Shah AMS Kibria, Minister for Finance inaugurated the exhibition while A K Fayzul Hoq the State Minister for Jute & Textile was present as special guest.

The inaugural ceremony was also addressed by the ambassador of Japan in Bangladesh. Directors of world reputed garments & leather machineries manufacturers such as PFAFF, Pegasus & VEIT also addressed the ceremony.

Kibria in his speech emphasised that there should not be any argument about the government's assistance to the export-oriented garments and leather industries. He has advised the entrepreneurs to find out diversified items for export. He has categorically mentioned that he is convinced that only quality machine and technologies can produce quality products.

He further said that government will support the new and old entrepreneurs in all aspects.

A K Fayzul Hoq, gave emphasis on the government's liberalised policy for the export oriented industries. He has categorically mentioned his high hope of the economical growth through the garments and leather industries.

The Ambassador of Japan in Bangladesh has recalled the friendship between the Japan and Bangladesh. He has pointed out that Japan expect big investment in this country. He informed that the visiting Japanese Economic Mission is looking forward to invest in Bangladesh.



Mohammad Yunus, Vice Chairman of Islami Bank Bangladesh Limited, addressed as chief guest the inaugural ceremony of 15 day long training course for the Probationary officers of the bank organised by Islami Bank Training & Research Academy (IBTRA) recently.

Tackling the overheated DSE - I

By Tanya Gupta

prices of stocks that have had no positive change in fundamentals, has confounded the market watchers. The reasons behind the rise in prices has been attributed by analysts to supply shortage, insider trading, removal of capital gains tax, general optimism on the market, lowering of high interest rates paid on National Savings Certificates, and Relative illiquidity of other assets. All of the above contribute to the inflated prices of the shares.

The next serious question that we come to is what can be done to improve the situation. Recommendations that come up in response to this often are not holistic or complete. An industry-wide policy would need to be developed that would not only stimulate investment but also offer productive and efficient uses for available financial resources. The following are the areas that could be tackled:

1. The Dhaka Stock Exchange should be made more efficient through automation of the exchange, increase of membership, and inclusion of academic and investment experts in the DSE council.
2. The executive function should be separated from the DSE council function. The council members should be totally removed from the daily activities of the council. The council should only deal with strategic council issues.
3. Rules and procedures should be implemented that track the investments made by members of a company (including management, board of governors, major stockholders etc), SEC and DSE members.
4. All these are associated with particularly vulnerable functions.
5. Through strict laws on insider trading that will result in prison sentences for violations related to securities trading combined with constant monitoring of the exchange activities for any unlawful activities, one can minimize the chances for insider trading.
6. Crackdowns by SEC are vital for generating the perception in the market that it is an effective regulatory body. For example, recently, Howader PVC Pipe Industries Limited, Aroma Tea Limited, Froglegs Export Industries, Swan Textile Mills Ltd, Progressive Plastic Industries Ltd, Milon Tameris and New Dhaka Refractories Ltd were delisted for breaching rules which was certainly a good move.
7. Companies should be encouraged to enlist on the stock

exchange by offering more incentives such as the capital gains tax elimination. The government has large holdings of securities that it is unnecessarily holding on to. These holdings run into approximately Tk one crore. Considering the extreme shortage of supply, it should definitely let go of these holdings.

The government should also go for complete privatization of energy, gas, telecommunications sectors. Doing so will put DSE on the world map and attract a lot of money, technical know-how, international expertise as well as jobs. Some extent of participation has been allowed but the government badly needs to take a plunge and indicate a wholehearted commitment to privatization in these areas. (To be continued.)