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HYUNDAI

CARS THAT MAKE SENSE

DHAKA MONDAY, JUNE 23, 1997

US, Malaysia sign open skies accord

WASHINGTON, June 22: The United States and Malaysia signed an "open skies" agreement Saturday eliminating restrictions on airlines from each other's countries, officials said, reports AFP.

The economic and consumer benefits demonstrated by the success of open skies in Europe as well as by our liberal agreement with Canada are increasingly convincing other countries to abandon protectionism," said US Transportation Secretary Rodney Slater.

"I wish to salute Malaysia for its forward-looking approach to aviation and express my appreciation for our partnership in this important sector."

The accord signed in San Francisco by Slater and Malaysian Transport Minister Ling Liong Sik extends liberalisation beyond the standard open skies arrangement by allowing US airlines to fly cargo between Malaysia and third countries according to a Transportation Department statement.

The United States has 24 open skies agreements including five others in the Pacific Rim with Taiwan, New Zealand, Singapore and Brunei, negotiations are continuing with South Korea.



John L. Whitmire

US oil executive due today

A senior American oil executive arrives in the capital today on a brief visit to explore possibility of joint venture in oil exploration, production and petrochemical projects, reports UNB.

John L. Whitmire, 56, Chairman and Chief Executive Officer of Union Texas Petroleum, will have talks with officials of the Energy Ministry and Petrobangla as well as prospective entrepreneurs in Bangladesh on mutually beneficial business relationship in the energy sector.

Whitmire has been involved in supervising the oil exploration and production operation of the worldwide Phillips Petroleum Company in the last 30 years and is at present a member of the boards of MAPCO, the American Petroleum and National Audubon Society of the United States.

Union Texas Petroleum with headquarters in Houston, USA, is a worldwide organisation with long-standing exploration and production ventures in Indonesia, the UK, North-Sea and Pakistan.

Manufacturers slate budget proposal

Extra duty on clinker to threaten cement industry

Bangladesh Cement Manufacturers Association has said the additional duty on clinker, proposed in the 1997-98 budget, will not only increase the price of cement but also threaten the very existence of the industry, reports UNB.

Addressing a press conference at a city hotel yesterday, the association convenor, AKM Muhiuddin, contradicted the Finance Minister's claim in the budget speech that cement price would come down with the reduction of duty on limestone from 15 per cent to 7.5 per cent.

He said clinker was the main raw material for most of the cement factories in the country, whereas limestone is used only in the state-run Chhatak Cement Factory.

All the nine private sector factories use clinker producing some 25.11 lakh metric tons of cement annually while the Chhatak Cement Factory produces only 1.65 lakh tons, Muhi said.

In such a situation, he wondered, how the 2.5 per cent surcharge in addition to the existing

tax on clinker could reduce the price of cement.

Referring to the Tariff Commission suggestion, the association convenor demanded reduction in duty on clinker from existing 7.5 per cent to 2.5 per cent and on cement bags from 45 per cent to 15 per cent.

M Khalequzzaman of Meghna Cement, Shamsul Alam of Confidence Cement, Shafiqur Rahman of Modern Cement and Sarwar Kamal of Mongla Cement also spoke at the press conference.

G-7 summit : Leaders criticise Japan for rising trade surpluses

DENVER, June 22: World leaders lectured summit partner Japan on its rising trade surpluses, warning in tough language that the world's second largest economy must do more to stimulate demand at home, reports AP.

A nine-page draft economic document, also bemoaned record high unemployment rates in Europe but did not offer any new solutions on how to restart Europe's stalled job machine.

The criticism of Japan and its skyrocketing surpluses echoed earlier commentary by the Clinton administration, which is concerned that a rising trade gap with Japan will fuel protectionist pressures in the United States.

The draft statement said Japan must work toward "achieving strong domestic-led growth and avoiding a significant increase in its external surplus." The leaders said Japan must intensify its efforts to deregulate its economy, cutting red tape that frustrates foreign nations trying to break into Japanese markets.

The economic statement also pledged an additional 300 million dollars to help Ukraine build a new concrete shell over the remains of the destroyed Chernobyl reactor, and endorsed an effort to make bribery of public officials by foreign companies illegal.

Currently, only the United States has laws against bribery and the Clinton administration has been pushing other countries to outlaw the practice so that US firms will not be at a disadvantage in the competition for global business.

The economic session was the only meeting where Russian President Boris Yeltsin was excluded from the newly renamed Summit of the Eight. He was having an economic session all his own, meeting with US military contractors.

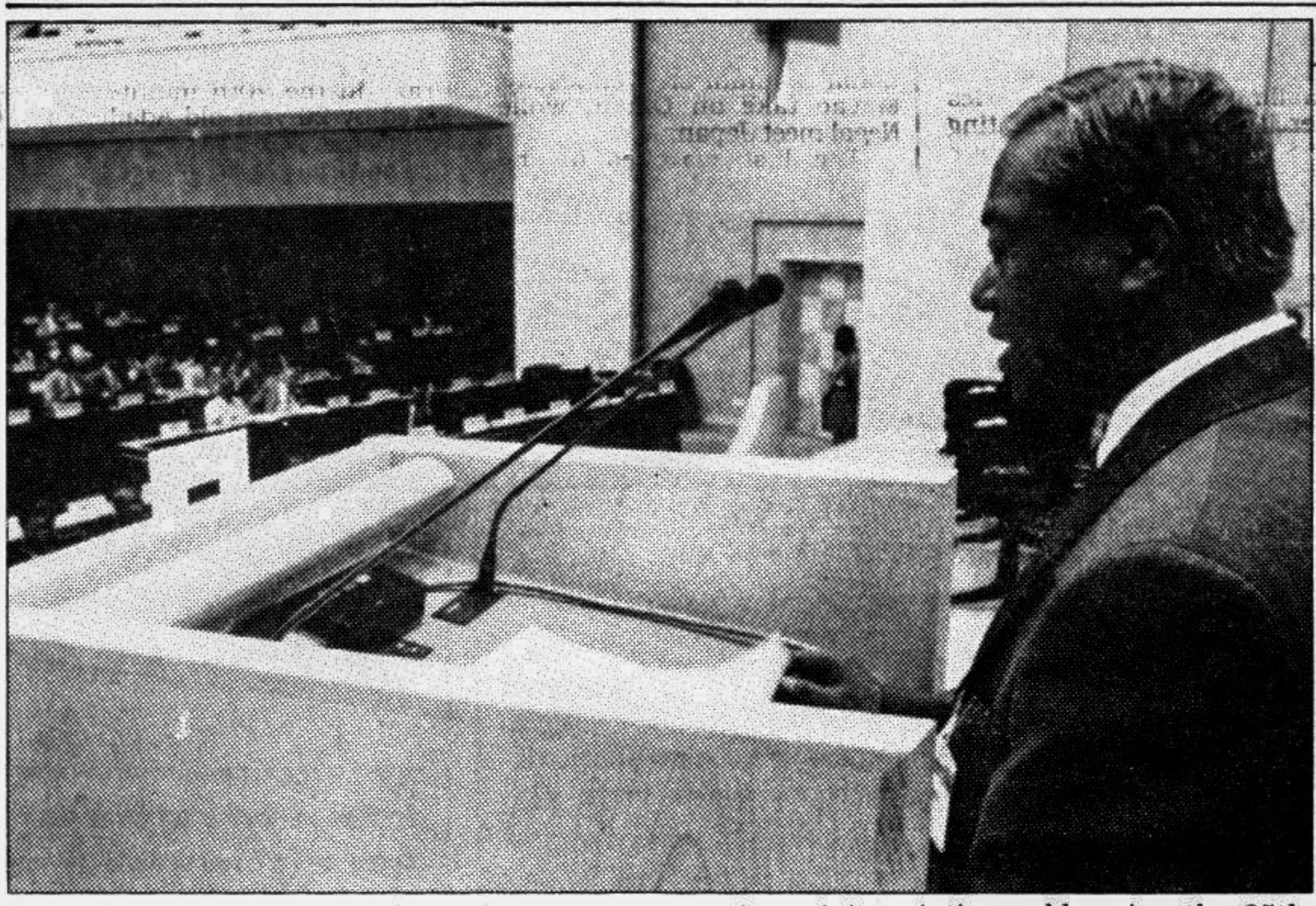
On the issues of jobs and prosperity, the statement praised the United States for its current booming economy but warned that officials must guard against a resurgence of inflation and must stay the course to get the federal budget

deficit under control. While praising the US prosperity, the document was silent on the nettlesome problem confronted at this summit of how to bridge the gap between the American model of capitalism and the European model.

The United States has been tremendously successful at creating jobs, pushing unemployment currently to a 24-year low 4.8 per cent, but the job growth has come at a cost in painful corporate restructurings and increased worker anxiety.

Europe offers greater job protection and a much more extensive social safety network including generous unemployment benefits but has paid a price in unemployment that is at an all-time high of 12.8 per cent in France and is at double-digit rates through most of continental Europe.

For France, Germany and Italy, the economic statement said those European countries "share the challenge task of restoring strong employment growth."



Abdul Awal Mintoo, President of Bangladesh Employers' Association, addressing the 85th session of the International Labour Conference held in Geneva from June 2 to 19.

Loan defaults and classification: A dimension in complex environment—Part-2

The inevitable result of the credit expansion also led to a fall of the country's foreign currency reserves for meeting voluminous and continuous import commitments, and the experience of cash crunch. Some of the commercial banks were rather forced to lend heavily in the form of term loan against industrial projects for which neither their deposit base had enough cushion nor sufficient expertise developed to appraise and monitor such project loan professionally. These loans in view of its maturity pattern are yet to show its real status for which we are to wait sometime more. Many of these industrial term loans may turn into delinquent nature in the long run and the net result will be havoc provisioning requirement. The crisis, thereby, may aggravate further. Tougher classification standard and provisioning requirement due to be phased quarterly by 1998 but until that happens, some of the banks may be in worse shape than their financial reports suggest, unless prudent steps are undertaken right now.

Despite privatisation move, banking industry until 1990 was used to operate effectively under a unified regulated system — the ministry asked banks what they should and should not do. Till early 90's banks prospered by providing credit to trade-related business mainly. The government for obvious reasons required the banks to lend money in the priority sector of the country. The regulated financial market almost assured that there would be no threat to bank's profitability even though it was far from international standard. Before introduction of revised loan

classification methodology in 1989, which appeared as tough-sounding regulation to cover the losses, the profits were largely considered artificial. BCD Circular No 34 of 1989, however, put the banking industry into an acceptable disclosure system. Thereby the banks' balance sheet chock-a-block with huge bad loans has appeared more or less transparent.

Despite the awful record of the banking industry, salary and emolument of the employees have been increased to attain efficiency in banking delivery system. But excepting a very few, quality of banking services leaves much to be desired. The amount of bad loans has kept on increasing at an unexpected pace. Therefore, the banking industry is not just like a bad headache which may be cured with some minor treatment. It may take years to get over the banking ills.

Banks refinancing the troubled clients under a nursing programme landed them ultimately with further stuck-up situation. Too much credit expansion in the past years also contributed to increased labour costs, and cut the borrowers in serious problem. As a result, along with other factors, many businesses effectively went bankrupt without formal declaration and dragged the banks to share their losses.

In a developed economy, a bank at times of crisis, usually tries to stay afloat by calling back its outstanding loans and refuses to accommodate new ones. But the situation in Bangladesh is reverse. Faced with growing problems, Bangladesh Bank is pos-

sibly reluctant to come down hard on problem banks to set aside their accumulated losses. If the problem banks are forced to set-aside money to cover those losses or inject fresh capital as per provisioning requirement, many of them would be in serious straits. And the result will be economic and political backlash which the country cannot sustain at this stage. Fixing the banks' problems will require huge money. The government is possibly trying to nurse the banks into shape through restructuring and privatisation hoping that investors would inject capital as well as develop better management.

Therefore, for an effective classification and promoting standard, realistic policies and strategies need to be devised matching with the socio-economic-political environment of the country. These should focus on developing short, medium and long term agenda and gutting the right professionals who could implement the agenda. And the banking industry should remain and act as a commercial organisation free from bureaucratic tangle in absolute term.

Present classification approaches have been apparently successful in developed countries, but so far it has become effectively harder to reach its objective as the banking sector is not in a good position to fight back.

To keep pace with the market-oriented economy the banks, therefore, are yet to come up with realistic and corrective measures towards healthy growth following tra-

ditional bureaucratic management psyche, outdated rules and regulations causing very lengthy and poor delivery system, and cumbersome legal procedure in recovery of bank's money. Dictated loans, influence of non-professionals in decision-making process, political and economic instability in the country, lack of pragmatic policies, absence of continuous vigilance and improvement of the quality and security of risk assets, lack of sense of belongingness and sense of participation of bank officials are also ailing the sector today. Demonstration of banking diligence and sincerity is seriously needed now to overcome these age old problems.

The commercial banks have been lending to the industrial projects while the country is yet to develop adequate entrepreneurship quality to run and manage such projects professionally compatible with international standard. Couple of years back the country had little experience of industry management technique. Educated people in particular with little background have just stepped into industrial ventures. Bankers still do not have much choice in selecting a good entrepreneur for financing. Bangladesh is still in the transition period of trading environment which may continue sometime more to switch over.

These limitations contributed much to the absence of corporate culture and professional management. The banks, in the name of rapid industrialisation and boosting the economy, had to lend inexperienced entrepreneurs, in



The visiting Netherlands delegation, headed by W De Vries, Director of Commercial Affairs of the Municipality of Groningen, met the members of Metropolitan Chamber of Commerce and Industry, Dhaka at the chamber in the city yesterday. Laila Rahman Kabir, Vice-President of MCCI, is also seen in the picture.

MCCI to hold investment seminar in Singapore

Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) will organise a two-day Investment Seminar in Singapore, on July 10 and 11, in collaboration with Singapore Trade Development Board.

It is the first of the three investment seminars to be organised by MCCI this year. The other two will be held in Japan and South Korea, says a press release.

Already, 100 leading Singaporean entrepreneurs have registered for the seminar. From the Bangladesh side, a strong delegation of MCCI members, headed by its President, Samson H Chowdhury will represent the country. The seminar will be inaugurated by Minister of Commerce and Industries To-fael Ahmed.

MCCI has appointed a Singaporean Consultant to prepare the background and other papers for the seminar. These will be considered along with presentations by the members of the Board of Investment (BOI), the Chairman, Singapore Trade Development Board and President of MCCI.

MCCI expects that the series of investment seminars will help project the investment opportunities which have started opening up in the country for the investors in the Asia-Pacific region.

Share prices up in Bombay

BOMBAY, June 22: Profit booking by Indian speculators and foreign and domestic financial institutions will rein in Indian share prices in the coming week, brokers said yesterday, reports AFP.

The 30-share sensitive index on the Bombay Stock Exchange (BSE) was up 53.05 points 1.3 per cent to 4,083.04 points on Friday, over the previous week's close.

The national index tracking 100 shares was up 26.56 points or 1.5 per cent to 1,753.27 points over the same period.

Stock broker Ajit Ambani said he expected the BSE sensex and share prices to spurt up early next week and then fall.

India to sell shares in 15 state-run cos

NEW DELHI, June 22: The Indian government has decided to sell its shares in 15 state-run public sector companies, Finance Minister P Chidambaram said yesterday, reports AFP.

The minister declined to name the companies but said they included "three top" firms. "We have gone to the cabinet with the names and are awaiting clearance" Chidambaram told a news conference here, adding the 15 companies had been suggested by the industry ministry.

Chidambaram gave no further details about the proposed disinvestment. India's sweeping public sector spans such vital sectors as railways, defence, telecommunications, steel, aviation, shipping, transport, health, oil and electronics.

Many public sector firms are perennially in the red. Some public sector compa-

nies were partially privatised after New Delhi launched sweeping market reforms in 1991 to end four decades of close-market economy.

Reuter report adds: Indian Finance Minister P Chidambaram said the ratio of direct taxes as a percentage of gross domestic product (GDP) had risen to 3.0 per cent in 1996/97 (April-March) from 2.0 per cent in 1990/91.

"The strategy of reducing taxes and better enforcement is yielding results," he told the news conference.

In the 1997/98 budget Chidambaram slashed the tax rate for the highest personal income bracket to 30 per cent from 40, and the corporate tax rate to 35 per cent from 40.

In the current fiscal year beginning April 1 India hoped to raise tax revenues from income and corporate taxes.

Shipping Intelligence

CHITTAGONG PORT

Berth No.	Name of Vessel	Cargo	L Port	Local Agent	Date of Arrival	Date of Leaving
J/1	Joint Chris	GI	Sing	Prog	20/6	26/6
J/5	Irene-6	GI	Basa	Oil	19/6	25/6
J/6	Arktis Sky	GI	Sing	TSL	20/6	25/6
J/7	Singhung-2	Sugar (GI)	Land	Seacom	7/6	22/6
J/10	Padma	Cont	Sing	RSL	19/6	-
J/11	Freesia	Cont	Sing	RSL	16/6	22/6
J/12	Kota Alam	Cont	Sing	PIL(BD)	15/6	22/6
J/13	Future	Cont	Col	BDSHP	7/6	22/6
CCT/1	Meng Kiat	Cont	Mong	AML	17/6	22/6
CCT/2	Dragon	Cont	Sing	Baridhi	18/6	24/6
CCT/3	QCTeal	Cont	Sing	QCSL	18/6	24/6
COJ	Shobha	C Clink	Kara	BSC	25/5	24/6
TSP	Ya Mujer	Sulp	Sarja	USTC	3/6	26/6
RM/4	Yun Hua	Cement	Dali	PSAL	13/6	23/6
DOJ	Banglar	C Oil	-	BSC	R/A	22/6
DD	Shourabh	Repair	Mumd	Cross	31/5	24/6
DDJ/1	Penguin	Idle	Para	PSAL	-	-
DDJ/2	Tanary Star	-	-	-	-	-
RM/8	Barge	Repair	Chand	Karna	R/A	26/6
RM/9	Jamuna-V	-	-	BSC	R/A	26/6
CUFLJ	Kiron	Repair	-	BSC	R/A	24/6
KAFO(U)	Banglar	Repair	-	BSC	R/A	24/6
	Blue North	Cement	Qing	PSAL	3/6	30/6
	Sea World	Urea	Mong	Litmond	13/6	24/6

Vessels Due at Outer Anchorage

Name of Vessels	Date of Arrival	Local Agent	Cargo	Loading Port
Kota Bintang 12/6	22/6	Sing	PIL (BD)	Cont
Won Fu	24/6	Lans	Delmurec Clink (M Jetty)	-
Vientiane	22/6	Cal	Fairmax GI (Pulses)	-
Firas-1	24/6	Yant	Jaycee Cement	-
Sokol	25/6	Tuti	Seacom M Seed	-
Banglar	23/6	Sing	BSC	Cont Sing/MGL
Elbe Star 12/6	23/6	Mong	BDSHP	Cont Sing/Col
Ultima 15/6	25/6	Bis Mong	Baridhi	Cont
QCTeal 18/6	23/6	Sing	QCSL	Cont Sing
Kota Selamat 15/6	23/6	Sing	PIL (BD)	Cont Sing
Mizoram	23/6	Mar	SSL	GI Cal

Tanker Due

Sitara	23/6	Sing	ECSL	MS/JET-1
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Vessels at Kutubdia

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
Ismaya	-	Sing	B Day	9/1
Orion	-	Sing	B Day	25/2
Mighty Tide	-	Sing	B Day	R/A (11/5)
Smil Lloyd-72	-	Sing	B Day	R/A (14/6)

Vessels at Outer Anchorage

Ready on				
M Regina (Cont)	Cont	Sing	PIL (BD)	21/6
Al Salma	GI/GL	Yang	ASLL	21/6
Asian Harp (Roro/24)	Vehi	Yako	BBA	22/6
Pioneer Elegant	GI	Sing	Radiant	22/6
Banglar Jyoti	C Oil	-	BSC	R/A (16/6)
Banglar Asha	-	-	BSC	R/A (20/6)

Vessels Not Ready

Prospatia	Cement	Lans	USTC	18/6
Thetis-K	Cement	Yantai	PSAL	21/6

Vessels Awaiting Instruction

Pioneer Rossi	-	-	JF	R/A (15/6)
Techmat Pioneer	-	-	PSAL	R/A (16/6)
Sea Bird	Urea	-	Litmond	R/A (16/6)
Puk Hang	-	-	Litmond	R/A (18/6)

Vessels not Entering

Philia	Cement	Sing	SSTL	16/6
Nickolas	Cement	Lans	Jaycee	11/6
Hydroussa	Ballast	Monr	OTL	21/12
Pilefs	Scraping	Boan	GBL	3/3
Iloos Flame	Scraping	Sing	AHZ	30/5
IB Vladivostok	Scraping	Basa	AHZ	13/6
IB Ivan Moskvitin	Scraping	Sing	AHZ	14/6
Banglar Sampad	Scraping	-	BSC	R/A (17/1)
Sha He Kou	P Cargo	D Salam	Karna	19/6
Ena Supply-1	-	Sing	B Day	20/6

Movement of Vessels for 23-6-97

OUTGOING	INCOMING	SHIPPING
J/7 Asian Harp	NB	B Moni
CSJ B Asha	CCT/1	Kota Bintang
RM/4 Yun Hua	J/7	IB Everett
J/6 A Sky	J/6	Mizoram
	RM/5	Starata
	J/11	Prospatia

The above are the shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

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