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The Daily Star BUSINESS

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**HYUNDAI**

CARS THAT MAKE SENSE

'Govt ready to allocate 2.5pc of GDP for science & tech'

Star Business Report

The government is ready to allocate 2.50 per cent of the GDP for the development of science and technology, said the State Minister for Planning, Science and Technology, Mohiuddin Khan Alamgir.

He was delivering speech at a meeting held in the conference room of BCSIR after inaugurating a two-day open exhibition of the BCSIR, says a press release.

The State Minister said the country has potential for expanding the field of science and technology and scientists should formulate suitable projects for rapid industrialisation.

Presided over by Prof Dr Moshiuzzaman, Chairman, BCSIR, the meeting was addressed by Mohammad Fazlur Rahman, Secretary of the Ministry of Science and Technology, M A Matin, Member (Science and Technology) BCSIR, Sadequul Islam and Md Gohar Hossain, President and General Secretary respectively of BCSIR Scientists Association.

Earlier, the State Minister visited different Laboratories and expressed satisfaction at the research activities of BCSIR.

Bid to start massive housing reforms in China

BEIJING, May 9: China's commercial banks will channel 100 billion yuan (12 billion US dollars) into mortgages this year in a bid to kick start massive housing reforms, the China Daily reported today, says AFP.

The sum, up 72 billion yuan (8.7 billion US dollars) on the total offered in 1997 is aimed at luring those living in subsidised public housing into purchasing their property and at boosting the flagging economy.

To reach its target of eight per cent growth this year, the Chinese government has listed the housing sector as a new area of economic growth, while at the same time a new round of fundamental housing reforms will put a stop to the welfare housing system, the newspaper said.

"Financial experts believe that if the scheduled housing investment is fully realised, it can contribute 1.8 percentage points to this year's economic growth," it added.

In 1996, private home buyers accounted for just 0.3 per cent of China's commercial loans, compared with between 20 and 40 per cent in the United States.

But an increase in mortgages would generate consumer spending, the newspaper said, with housing sales volume of 10 billion yuan creating a consumption level of 14 billion yuan.

Most of the state sector's estimated 100 million employees currently enjoy state-subsidised housing with rentals costing less than one per cent of household income.

Bosnia to get \$1.25b in aid in '98

BRUSSELS, May 9: International aid donors pledged 1.25 billion dollars in aid for Bosnia in 1998 to fund ongoing reconstruction efforts for the war-ravaged country slightly more than the 1.1 billion dollars expected, reports AFP.

The aid is estimated first of all to be poured into Bosnian reconstruction efforts, as well as to strengthen economic reforms which are part of the International Monetary Fund and World Bank adjustment programme.

One of those attending the donor conference, described Friday's aid promise as "a success" because it outstripped the 1.1 billion dollars the international donors conference was expected to agree.

He said it was a result of the improved political situation in Bosnia and progress towards reconciliation.

The conference was the fourth of its kind since the war in Bosnia ended in 1995.

Hong Kong fair Kohinoor Leather attracts visitors

Star Business Report

Kohinoor Leather Products Ltd., which participated in the recently-concluded Hong Kong Leather Goods Fair 1998, has received a good number of orders from the buyers of France, USA, Australia, Spain, Argentina and Malaysia.

The visitors at a fair was impressed by the products of Kohinoor and showed their keen interest to import Bangladeshi leather goods, said the firm in a press statement yesterday.

The company along with other two leather goods manufacturer, Apex Leather Craft and Oasis International, participated in the fair from Bangladesh.

Govt-business ties go well, but politics needs to play its part towards reforms

Star Business Report

Government-business partnership is going stronger than ever before, but consensus among political parties still remains the key to putting the much-needed reforms in place, a seminar was told yesterday.

"For the first time, government and private sector are working very closely," Commerce and Industry Minister Tofael Ahmed said, referring to process of consultations on policy issues.

Yussuf Abdullah Harun of FBCCI agreed with the minister but said much would depend on the opposition support to the reform measures.

"Please don't play politics with that (reforms). For God's sake, please don't make us suffer," Harun said, calling for bipartisan support for reforms as a senior BNP MP had just made his remarks.

"Only then will we be successful in globalising the economy," he said, speaking at the discussion on state of the economy, sponsored by Centre for Policy Dialogue.

Low revenue receipts, poor ADP performance, slow pace of reforms but faster liberalisation, non-availability of credit, lack of confidence among businessmen were the issues highlighted by discussants.

"It has been a very difficult period in terms of availability of credit," said Laiba Rahman Kabir of MCCI. "The industry does not feel confident to invest."

"The government has to take some courageous decisions," Harun said, putting administrative, legal, and banking reforms at the top of agenda.

Mohiuddin Khan Alamgir, the minister for state for planning, defended criticism on government borrowing and said "this does not necessarily deprive the private sector."

"Borrowing would not have gone to private sector or channelled to capital market," he argued.



Appearing briefly, Finance Minister SAMS Kibria responds to an "initial assessment" of the economy (1997-98) at a CPD-sponsored discussion yesterday. CPD Executive Chairman Professor Rehman Sobhan, Commerce Minister Tofael Ahmed and M K Anwar, MP, are also seen.

M K Anwar, MP, said government borrowing, from whatever sources, had a "crowding-out" effect on private investment.

Alamgir attributed lower-than-expected revenue receipts to "low imports and a sluggish growth in non-tax revenue."

"Tax-GDP ratio has to rise to from the current 9.3 to around 12 per cent in the next three years," Alamgir said.

The minister also refuted charges against the planning ministry that slow processing of project proposals was one of the reasons why ADP suffered.

There were late submission of projects, "but there was no delay in processing the proposals," Alamgir said, protesting World Bank's Pierre Landell-Mills and others who held his ministry responsible for slow project approval resulting in delayed project implementation.

On ADP cut, he said a five per cent performance shortfall in the Tk 12,800 crore ADP should be accepted, which would mean loss of not even Tk 800. CPD's initial assessment quoted anonymous reports that showed ADP might be slashed by about Tk 1,900 crore.

Landell-Mills said donors would always assess the quality of projects before they disbursed funds. He, however, said Bangladesh had increased its capacity to receive more foreign donor funds.

Harun said the ADP suffered "both quantitatively and qualitatively" this year.

A key question that came up in the discussions was: Why aren't the businessmen happy despite 19-20 per cent growth in exports and 12 per cent production increase?

Only 3-4 sectors account for the growth," Harun of FBCCI responded, "95 per cent of the businessmen who are employed in other sectors do not see this growth."

And, dissatisfaction in the business community was stemming from this factor because of the "sheer number" of the disgruntled, Harun said.

Harun said the pace of liberalisation had not been matched by adequate reforms. The local businesses were not prepared to face the global competition both in terms of policies and business environment, he said.

The commerce minister agreed and said the economy was opened up much more than it had been called for. When tariff barriers were brought down "drastically" in the early 1990s, there was no obligation from the WTO, Tofael said.

Harun also joined government ministers in defense of the state of affairs in business and governance.

"In the past, there were a lot of irregularities, a lot of directed loans... today, there are a lot of transparency... there are

a lot of improvement in economic governance."

Responding to AKM Shamsuddin of the Foreign Chamber who said foreign investors would feel shy if domestic investors were not active, the commerce minister said foreigners only "look at the profitability" in any venture.

The minister claimed there was a considerable interest among foreign investors and that actual inflows were much higher than figures being quoted. "There's a lot of underestimation," said Dr S A Samad, the principal secretary to the Prime Minister.

Jan Bove of the IMF said the CPD assessment did not mention the ongoing financial sector reforms and privatisation process. He criticised the poor economic database in Bangladesh and said he had been pushing for long to improve it.

"When there was a recession in the business activities and import was sluggish, how could there be a higher inflation?" asked Landell-Mills.

CPD executive chairman Professor Rehman Sobhan moderated the discussions attended also by Agriculture Advisor to the Prime Minister M Anisuzzaman, Finance Secretary Akbar Ali Khan, Industries Secretary Ejazul Huq, former Finance Minister M Syeduzzaman and BIDS Senior Research Fellow Dr. Zaid Bakht.

Lower economic growth predicted

When economic ministers were praising themselves, they were told of an assumption that showed a growth rate well below an expected six per cent for the current financial year.

An estimate presented at Centre for Policy Dialogue discussion said the most optimistic scenario would put the economic growth rate at 5.62 per cent.

A moderate estimate is 5.4 per cent, while the conservative figure is 5.02, against last year's 5.7 per cent.

Finance Minister S A M S Kibria avoided a direct response to the assessment. "With the budget only one month away, and only two days left for donors' meeting, how can I talk about the current economic situation?"

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Sri Lanka's per capita income rises to \$814

COLOMBO, May 9: Sri Lanka's per capita income has increased to 814 US dollars in 1997 from 760 dollars in the previous year due to a significant increase in gross domestic product (GDP), a central bank official said Friday, reports Xinhua.

Sri Lanka's economy grew by 6.4 per cent last year compared with 3.8 per cent in 1996.

The GDP increased by 15.9 per cent to 15,140 million dollars in 1997 with a mid-year population of 18.6 million. Sri Lanka is gradually approaching a middle-income-level country as a result of the rise in per capita income and continuous good economic performance, the official said.

Sri Lanka will have to raise funds in the future from foreign capital markets unless domestic savings are raised substantially.

The official said recent statistics reveal that domestic savings have gone up at a faster rate in recent years due to substantial increases in the real income of the people.

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California firm plans to produce power with Calcutta waste

Richard Springer writes from San Ramon, California

A California engineering consultancy firm is studying the composition and disposal of municipal wastes in Calcutta before using it to produce electricity for the eastern metropolis.

The San Francisco-based company is working with the Indian Institute of Chemical Engineers, Calcutta, and Jadavpur University to analyse the make-up of municipal and medical wastes in the city.

Ranjit K. Chakravorti, president and founder of TRS Consultants Inc., said the study aims to see if it is feasible to export technology to India to convert the waste to energy or other uses in the city with a current population estimated at almost 8.5 million.

The study is headed by A. K. Mitra, vice president of the Indian Institute of Chemical Engineers, and a team of institute engineers. TRS is funding the entire study and has hired the services of San Francisco-based Brown, Vence and Associates, an internationally known consultant specialising in waste management.

The study will also assess appropriate know-how and capital and maintenance costs if a particular technology is adopted. "If the technology chosen is waste-to-energy option, then the proposed disposal method could provide much-needed electric energy and reduce the refuse related issues confronting the society," Mitra said in a press note.

Chakravorti said he and Michael Brown, president of Brown & Vence, in their trips to West Bengal have received a "lot of positive responses" from government officials.

West Bengal Power Minister Shankar Sen is "very enthusiastic" about the project, Chakravorti told the California newspaper India-West. The chief of the Solid Waste Department, Kanti Ganguly, and the Calcutta Corporation Commissioner are also excited about the project.

"You have to know the composition of the garbage, before you can decide if [a particular] technology is feasible," he said, pointing out that, to his knowledge, no comprehensive assessment of waste has yet been done in any Indian city.

Chakravorti said an attempt to convert municipal waste into electricity in New Delhi which was funded with a 400,000 dollar grant from the U.S. Technical Development Programme, failed because a complete analysis of the waste was never done.

Calcutta is estimated to generate some 2,500 tonnes of municipal solid wastes every day which is dumped in landfills. To find if a system that incinerates solid waste and converts it to energy is feasible for Calcutta, it is important to make sure that the waste can produce enough combustible material, he explained.

Waste conversion also minimises city land cost, since less land is needed for dumping waste, Chakravorti estimated that Calcutta's current land fill site could be exhausted within 10 years.

— India Abroad News Service

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— India Abroad News Service

WB chief starts 3-day visit to Moscow May 19

MOSCOW, May 9: World Bank President James Wolfensohn will arrive in Moscow later this month on an official three-day visit to discuss Russia's loan projects with the bank, ITAR-Tass news agency reported, says AFP.

Wolfensohn will arrive in Moscow on May 19 and hold talks with government officials on implementation of projects under the bank's loan programme with Russia.

The World Bank has already granted Russia 10 billion dollars in loans for some 40 specific projects, and is planning to offer a further three billion dollars in 1998 to fund 12 further projects, according to ITAR-Tass.

The World Bank loans are aimed at helping Russia's reform process in concrete areas such as health and education, and are distinct from an International Monetary Fund's 10.2-billion-dollar loan.

IMF officials are due to return to Moscow around the same time as Wolfensohn to continue studying Russia's financial situation with a view to disbursing the next tranche in the loan.

— Star photo



Tint Lwin (2nd-L), Ambassador of Myanmar in Bangladesh, had a meeting with CSE Director Syed Mahmudul Huq and CEO AGM Shamsul Kamal recently.



Whiz Technologies Ltd opened a retail computer outlet at 105, Sukrabad, Mirpur Road in the city yesterday.

—Star photo

Myanmar envoy visits CSE

Tint Lwin, Ambassador of Myanmar to Bangladesh, visited Chittagong Stock Exchange (CSE) recently, says a press release.

He held a courtesy meeting with the senior executives of the bourse, at which he was given a detailed presentation on CSE vision and activities.

CSE Director Syed Mahmudul Huq, Third Secretary Tin Maung Win, and CEO AGM Shamsul Kamal were present.

After the meeting, the Ambassador visited various departments of CSE, including its trading floor.

Indonesia's coal output continues to increase

JAKARTA, May 9: Indonesia's coal production has been increasing sharply in the last 20 years and it may well continue to increase for many years to come, a mining expert said, reports Xinhua.

In the early 1970s, when an oil crisis started to strike the world, the government began to turn to coal as an alternative fuel, former secretary general of the mines and energy ministry Sigit Soetarto said on Thursday in Banjarmasin, South Kalimantan.

In those days, he said, the coal produced in Bukit Asam in South Sumatra and Onbillin in West Sumatra reached only 148,826 tons, but in 1995 production shot up to 45 million tons and further to 55 million tons in 1997.

The higher output has also boosted the export of the commodity following requests from many countries for the high-quality coal.

Indonesia, which exported 36.4 million tons of coal in 1996, is currently the world's third largest exporter of thermal coal.

Decreasing oil resources in Indonesia in the last 10 years have given coal an increasing role as an alternative fuel, he noted.

Indonesia has a total of 36.6 billion tons of coal deposits in different parts of the country, including East Kalimantan, South Kalimantan, South Sumatra, West Sumatra, Sulawesi and Irian Jaya, Soetarto said.



A partial view of the stall of Kohinoor Leather Products at the recently-concluded Hong Kong Leather Goods Fair 1998.

and financial markets in Asia.

Business and government leaders attending the conference were optimistic about the recovery of crisis-hit economies and believe such recovery should begin this year and take "a couple of years" to accomplish.

China's chief trade representative and Vice-Minister of Foreign Trade and Economic Cooperation Long Yongtu said the fact that some 800 business people met over the last three days in Hong Kong showed their confidence and continued interest in Hong Kong and in China as a whole.