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The Daily Star

BUSINESS

DHAKA MONDAY, MAY 11, 1998

HYUNDAI
CARS THAT MAKE SENSE

US economist suggests long-term strategic plan for energy sector

Star Business Report

Bangladesh needs long-term sectoral and strategic plans — especially for oil, gas and power sectors — to attain a higher and sustainable growth, says a US economist.

Professor John Adams, a fellow at Centre for South Asian Studies at University of Virginia, says the country also needs "good and strong" arbitration procedures to settle disputes between the government and an explorer.

Adams also lays emphasis on continuation of economic policies when the political governments change. "The government policy should not change when a party government changes," he said, talking to a select group of journalists on Friday.

Adams, a USIS guest here, has met with businessmen, chamber leaders, researchers and government officials in

Dhaka and Chittagong as part of his study of Bangladesh.

Speaking on the recent dispute between the government and a multinational gas exploration company over an accident, he said: "You need adequate arbitration through transparent procedures" so that the government as well as companies could understand their responsibilities if case of an accident, Adams said.

He said it would be a quite "win-win" situation for the parties if "contracts" were written properly and their responsibilities were clearly spelled out.

Adams suggested that the government invite international experts to review the ongoing bidding and contract procedures so that its interests were protected.

He said he believed Bangladesh should allocate

more resources for agro-based products since the sector was the highest single contributor to the economy and its benefits were widely distributed. He suggested product diversification and a strong domestic textile industry to face challenges after 2005 when all economic activities would be globalised.

He said Bangladesh enjoyed advantages in such areas as ready-made garments, sea food and vegetables, which have a ready international market.

To create new markets, he said, Bangladesh needed more business schools and its young entrepreneurs should take part in international trade fairs. The government could assist them in their drive for market creation, he noted.

Adams criticised the country's poor power generation capacity, which he said was seri-

ously hindering economic growth. He said electricity generation should be increased by 10 per cent a year and rural electrification programmes should be strengthened.

Rural electrification would beget new and small-scale industries, he said.

He also put emphasis on infrastructure development like better port facilities, good roads, and improved telephone system, which would help efforts to lure foreign capital. He said competition in telephone and power sectors would reduce the cost of production.

The Chittagong port should increase its facility every year for an "easy entry of raw materials" for production and merchandise exportable. Imports and exports increased manifold but the facilities at ports did not match the growth, he said.

Budget proposals from BFFEA

Fish exporters want cash incentive, full exemption on income tax

By M Shamsur Rahman

The Bangladesh Frozen Foods Exporters Association (BFFEA) has demanded duty exemption on import of machinery, cash incentives on shrimp export, withdrawal of higher electricity rates for frozen fish processing industry, income tax exemption on export, abolition of tax at sources and abolition of import fee.

It also wants flood and cyclone insurance be made optional. At present, all export-oriented businesses must be insured for natural disasters.

The association says it is necessary that import of fish processing and packaging equipment, packaging materials, thermometers etc. be made duty free to help factories maintain health standards set by the EU, the US and Japan, all ma-

for importers of Bangladeshi fish.

The BFFEA, in its budget proposals to NBR, referred to various incentives given by the neighboring countries to promote fish exports.

"There are 'zero duties' in these countries and they are giving 11 to 15 per cent incentive bonuses on export income, the BFFEA said.

"In today's free market economy it has become difficult for us to compete with other countries. So to remain in the international market, it has become necessary that the frozen foods industry, fully dependent on local raw material, be given a 25 per cent cash incentive."

According to the proposals,

it is also necessary to reduce production cost of goods, which is possible by withdrawing the peak-hour rate of electricity. "Electricity charges on usage of generators and demand charge should also be withdrawn."

"Currently, there is no penalty on exports in the world. But in Bangladesh, tax at source on export bill is deducted at a rate of 0.25 per cent with the condition that at the end of fiscal year it would be adjusted with the income tax.

"Although there is the provision to adjust with the income tax but in reality it is not there in practice."

The association said this was causing liquidity crisis for the exporters making products costlier.

The BFFEA pointed out that exporters in India and Pakistan were getting full income tax exemption and those in Sri Lanka 75 per cent.

"Currently our exporters excluding tea, jute and jute goods producers are getting only 50 per cent income tax exemption. As a result, we are facing undue competition in the international market from these neighboring countries for similar products, it said, asking for a 100 per cent tax exemption.

Demanding withdrawal of the import fee, it said the 1995-97 Import Policy provision for a 2.5 per cent L/C permit fee (excluding those under duty bond in case of imports worth above one lakh taka) was making production costlier.

4-day Pak trade exhibition begins today

Star Business Report

A four-day single country exhibition, 'Made in Pakistan' begins at a local hotel today.

The Minister for Commerce and Industries, Tofael Ahmed will inaugurate the exhibition, said the Pakistan High Commission in a press statement.

The exhibition will feature a wide array of products and services offered by Pakistani firms.

About sixty parties from Pakistan will participate in the fair at which most of Pakistan's exportable items will be put on display.

The trade fair will help introduce the latest industrial base of Pakistan to the Bangladeshis particularly relating to engineering and textile products, garments, home-furnishings, handicrafts and furniture, carpets, sports goods, glassware, confectionery, surgical instruments, cosmetics, sanitary ware and denim products, it said.

The exhibition marks the Golden Jubilee celebrations of the Independence of Pakistan and is in pursuance of the decision of the Pakistan-Bangladesh Joint Economic Commission.

BIBM seminar on SEA financial crisis tomorrow

A seminar on "Southeast Asian Financial Crisis: Lesson for Bangladesh," organised by the Bangladesh Institute of Bank Management (BIBM) will be held at the 3 pm on Tuesday, says a press release.

Two papers will be presented, one by Dr Kabir Hassan of New Orleans University, USA, and the other by BIBM faculty members Dr Toufic Ahmed Choudhury and Dr Ananya Rahman.

Mahbubur Rahman Khan, Managing Director of Sonali Bank and Dr Debapriya Bhattacharya, Senior Research Fellow of Bangladesh Institute of Development Studies (BIDS) will act as discussants.

Dr Muinul Islam, Director General of BIBM, will preside over the function.

Senior executives of banks and financial institutions including resource persons of research institutions and universities are expected to attend the seminar.

BCSIR takes steps to bridge scientists-entrepreneurs gap

Bangladesh Council for Scientific and Industrial Research has taken steps to ensure better communication between its scientists and entrepreneurs to gear up research works needed for rapid development of the industrial units producing daily essentials, reports UNB.

"We are planning to launch new researches on the basis of general disposition of entrepreneurs about new products," said Dr Moshuazzaman, Chairman of the BCSIR, popularly known as Science Laboratory.

Talking to a group of newsmen at the BCSIR conference room here yesterday, Moshuazzaman, also a professor of Dhaka University Chemistry Department, said they have also plans to build a bridge between the BCSIR and the universities.

He said the BCSIR is also contemplating to go on production of some processing products like baker cyst invented by its scientists in joint venture, if any entrepreneurs comes up with viable proposals.

Since independence, the BCSIR had developed some 80 processes, of which more than 50 were leased out to different companies. At present, 33 processes are on commercial operation.

The BCSIR Chairman emphasised on more allocation for research programmes of the organisation, which has six units — three laboratories in Dhaka, Chittagong and Rajshahi, and Institute of Food Science and Technology, Institute of Fuel Research and Development and Pilot Plant and Process Development Centre, all situated in Dhaka.

Besides, a leather research institute is now under construction at Nayarhat near the capital in addition to a glass and ceramic research institute costing Tk nine crore, Moshuazzaman said.

He regretted that scientific researches in the country are not being provided with adequate funds for long 15 years for lack of political will of the governments during the direct and indirect martial law.

"The trend, however, has changed with the country's march towards democracy," he said adding that the present government is giving more emphasis on science and technology as well as allocating adequate budget, which is a pre-condition for fruitful research.

The Chairman told the newsmen that for the first time a government has allocated a

special fund of Tk 2.7 crore for research and development of the BCSIR while another amount of Tk four crore for implementation other projects.

Moshuazzaman also stressed the need for ensuring basic facilities for the BCSIR and its researchers and other staff.

He listed a number of future projects of the BCSIR that included processing pineapple juice in Rangamati, using spirulina to combat diabetes, measuring arsenic in ground water and its prevention, packaging programme, lead-free gasoline and municipal waste management.

The press briefing was organised on the occasion of the BCSIR's two-day exhibition that concluded yesterday. It was also attended by BCSIR members M A Matin, Fazlul Haq, Enamul Karim, director Sattar Ali and Scientists Sangha president Sadekul Islam.

Continued USAID support assured

Visiting Deputy Administrator of USAID Ambassador Harriet Babbitt called on Finance Minister SAMS Kibria at his office yesterday, reports UNB.

They discussed the matters of mutual interest with particular reference to USAID assistance programme, including the PL-480 programme.

The Finance Minister expressed gratitude to the US government for its continued assistance to the development of Bangladesh and sought greater economic cooperation in the future.

Kibria apprised the USAID official about the progress achieved in socio-economic fields of Bangladesh. He also informed him about the reform programmes being carried out in different fields, including the banking sector.

The USAID Deputy Administrator assured him of continued support to Bangladesh.

They also discussed the scheduled visit of US President Bill Clinton and the First Lady to Bangladesh.

US Ambassador to Bangladesh John C. Elchman and Director of USAID Richard Brown and Additional Secretary of Economic Relation Division Suhel Ahmed were present on the occasion.

BARI Piaj-1 promises onion autarky

From Our Correspondent

JHENIDAH, May 10: Bangladesh can attain self-sufficiency in onion production if the newly developed high yielding variety, BARI Piaj-1, is adopted for cultivation, officials at a farmers' rally here said.

About 4.5 lakh tonnes of onion is likely to be produced with the use of the new variety, they said.

Chaired by local union parishad chairman Matiar Rahman, the rally was addressed by Dr. MA Majed, Director General of Bangladesh Agriculture Research Institute (BARI), Mojammeel Haque, Project Director of Spice Research and Abdur Rahman Mandal, Deputy Chief Extension Officer of Bangladesh Water Development Board (BWDB).

About 140 local farmers cultivated the new variety on five hectares of land on an experimental basis and produced 20 tonnes of onion per hectare as against the normal rate of eight tonnes.

"We are confident to fulfil our national requirements of onion if we are aware of cultivating BARI Piaj-1 variety," Dr Majed said.

He also said that the new variety could change the socio-economic condition of the

farmers.

Our Magura Correspondent adds: Masala Gabeshana Kendra of BARI arranged the farmers' rally at Dhaora High School premises under Dhalohara union of Sailkupa thana in Jhenidah district recently to acquaint the cultivators with the new variety.

A demonstration plot of the BARI Piaj-1 variety was also shown to the farmers, journalists and other officials who attended the rally.

The officials of BARI at the rally said the production of onion would be three times higher with the cultivation of the new variety.

According to the Agriculture Extension Department (AED), hundreds of acres of land in Gagespur, Amalsar, Sripur, Sabdalpur, Srikol and Atharokhada unions under Magura district and Dhalahar, Bogura, Hakimpur, Monoharpur, Sarutia, Dudsar, Fulhari and other unions under Jhenidah district are suitable for onion cultivation.

A large number of marginal and landless farmers in these areas cultivate onion every year as the main cash crop.

They are facing problem in getting improved quality of onion seeds.



Sue S Song, Assistant Manager of Samsung Electronics Co Ltd (Refrigerator Export Group), opened a new branch of Electra International at Shewrapara in the city on Saturday. Chairman Md Sanaullah Shahid and Managing Director Md Zakuiullah Shahid of Electra International were also present.

G8 urges more aid for poorest countries

LONDON, May 10: Leading industrial nations yesterday urged more government aid for the world's poorest countries, but also said these countries should make greater efforts to attract private investment, reports AFP.

The final communiqué after a meeting of Group of Eight finance and foreign ministers here stressed the continuing need for substantial flows of official development assistance, particularly to the poorest developing countries.

But the G8 ministers also underscored "the importance of more developing countries making the necessary reforms to attract flows of foreign direct investment and to mobilise additional domestic resources."

On official development aid, the G8 said it should be focused

on countries "which are pursuing effective strategies to address good governance, sustainable development and poverty reduction."

Aid to such countries should be more flexible, it added, pledging to work on flexibility with the Organisation for Economic Cooperation and Development assistance committee and the International Monetary Fund.

The ministers also urged all countries eligible for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative to take necessary policy measures to qualify as soon as possible.

The HIPC initiative, adopted by the IMF and World Bank two years ago, aims to offer about 40 of the most impoverished countries — most of them in Africa — a chance to rid themselves of unsustainable debt.

Commodity market: Prices of gold, oil, tea fall

LONDON, May 10: Gold prices fell back on the London bullion market below 300 dollars per ounce amid fears that the precious metal might not play an important part as strategic reserve by the European central bank. Prices of platinum, aluminium, palladium, silver and copper also slipped, reports AFP.

Crude oil prices fell slightly as speculation mounted that there would be no production cuts of producer countries before the next OPEC summit in June.

Sugar prices rose sharply this week amid predictions of supply tightness.

GOLD: Tarnished. Gold prices on the London bullion market fell back below 300 dollars per ounce amid predictions of a rise in European interest rates, which made investors turn to the forex market instead.

Prices fell by 7.65 dollars to 298.55 dollars per ounce.

SILVER: Buffeted. Silver prices fell amid concern that US investor Warren Buffett had remained tight-lipped at the annual general meeting of his Berkshire Hathaway Investment Fund.

Prices fell by 33 cents to 5.88 dollars per ounce. Prices soared in February, when Buffett said he had bought up 129.7 million ounces of silver on the London bullion market.

Dealers are waiting with bated breath for his next move. They did, however, note with some relief strong demand from India, which was expected to boost trade in the coming sessions.

PLATINUM AND PALLADIUM: Tumble. The prices of these two metals slumped as dealers predicted that Russian shipments would not be delayed further, as the political situation seems to have calmed down.

Russia is the world's leading supplier of palladium and the second most important exporter of platinum.

COPPER: Slide. Fresh fears over the outlook for the Asian economy sparked a downturn in copper this week.

The fall of the yen against the dollar and a spate of violent protest in Indonesia unleashed fears of renewed financial and economic turmoil across the region, which in turn provoked a major sell-off from invest-

ment funds.

LEAD: Lift. Lead prices rose due to a fall in LME reserves this week.

Three-month prices rose by 14.50 to 556.50 dollars per tonne after LME stocks fell by 750 tonnes to 106,500 tonnes.

ZINC: Rise. Zinc prices fell after a fall in LME stocks and news that the Spanish Los Frailes Mine would close for six months.

The mine, which produces about 60,000 tonnes of metal per year, was flooded.

ALUMINIUM: Fall. Weakness of the yen and riots in Indonesia reawakened fears of further economic turmoil in Asia, casting a new cloud over the aluminium market.

Three-month prices fell by 7.50 dollars to 1,400.50 dollars per tonne.

NICKEL: Lower. Nickel prices fell under the weight of a modest rise in LME reserves.

TIN: Tumble. Tin prices, like those of its sister metal aluminium, fell amid concern over future demand from Asia.

Three-month tin prices fell by 92.50 dollars to 5,742.50 dollars per tonne.

COFFEE: Warming. Robusta coffee prices for delivery in July rose sharply amid continued

supply tightness and speculative purchases.

Prices rose by 30 dollars to 1,825 dollars per tonne.

Robusta production fell by almost 20 per cent in March on a 12-month comparison to 6,614 million sacks, according to provisional data from the International Coffee Organisation (ICO).

SUGAR: Boost. Sugar prices rose sharply this week, amid predictions of supply tightness over the medium term.

On the London market, prices for delivery in October rose by 10.9 dollars to 261.10 dollars per tonne.

TEA: Weak. The price of high grade leaves fell by 36 pence to 150 pence per kilogram, while medium grade leaves fell by 20 pence to 100 pence per kg.

VEGETABLE OILS: Bubbling. US soy prices rose sharply this week after a fall in US stocks. The market also rose amid low palm oil supplies.

Soy prices on the Chicago Board of Trade (CBOT) rose by 20 cents to 6.41 dollars per bushel (of 27.2 kg) for delivery in May.

GRAINS: Germinating. Grain prices rose this week amid heavy rain fall in US pro-

ducing regions, which threatened to waterlog plantation in the US Mid-West and Canada.

In the longer term, prices have been buoyed by administrative reforms in China. Some analysts predicted that this would cut back on bureaucracy and corruption.

Merchants allege Markets flooded with Indian sugar

Bangladesh Wholesale Sugar Merchant association (BWSMA) has alleged that local markets have been flooded with Indian substandard sugar, putting the local industries at stake, reports UNB.

In a statement, the association said the smuggled low quality Indian sugar is not only destroying economy, but also posing a threat to public health.

The association urged the government to take steps to withdraw all the adulterated Indian sugar from the market, including that of the TCB sold through tender, and dump those into sea.

Exchange Rates

Following is the Sunday's forex trading statement by Standard Chartered Bank.
Central Bank USD/BDT Rate: Buying-BDT46.15/Selling-BDT 46.45

TT/OD	BC	Currency	TT Clean	OD Sight	OD Transfer
46.5100	46.5500	USD	46.1150	45.9600	45.8400
78.4624	78.5282	GBP	75.1213	74.8688	74.6734
26.4261	26.4489	DEM	25.8928	25.8057	25.6951
0.3532	0.3535	JPY	0.3447	0.3435	0.3426
31.6502	31.6774	CHF	30.9393	30.8353	30.6930
23.4425	23.4627	NLG	23.0000	22.9227	22.8287
28.8524	28.8772	SGD	28.2049	28.1101	27.9853
7.8617	7.8685	FRF	7.7387	7.7127	7.6887
32.6157	32.6438	CAD	31.8694	31.7623	31.6138
6.1294	6.1347	SEK	6.0218	6.0016	5.9836
29.9524	29.9782	AUD	28.8219	28.7250	28.5125
12.4358	12.4465	MYR	11.6747	11.6354	11.6139
6.0098	6.0150	HKD	5.9427	5.9227	5.9095
12.4692	12.4799	SAR	12.2289	12.1877	12.1656

Useance Export Bills

TT DOC	30 Days	60 Days	90 Days	120 Days	180 Days
46.015	45.731	45.352	44.9162	44.4425	43.3183

Exchange Rates of Some Asian Currencies Against US Dollar

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
39.76/77	44.05/10	38.60/80	3.8405/3.8500	9200/9400	1385/89

US Dollar

	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months
USD/BDT	46.67	46.88	47.09	47.30	47.51	47.72
USD/BDT	76.50	76.94	77.04	77.00	77.54	77.79

Indicative forward cover selling rates against Taka

CHF/BDT	31.77	32.03	32.29	32.54	32.80	33.06
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Market Commentary

Trading in the local foreign exchange market was slow on Sunday in international markets. However, demand for the US dollar was high and ranged

Market Commentary

Trading in the local foreign exchange market was slow on Sunday in international markets. However, demand for the US dollar was high and ranged between Taka 46.45 and 46.4650 in the interbank market. The call money rate was steady and was between 7.5 and 8.5 per cent.

The international foreign exchange markets are closed on weekend. On Friday last in New York trading the US dollar gained slightly against the European currencies after release of surprising strong job growth in the US where the unemployment rate in April fell to a 28-year low of 4.3 per cent. While dollar's rise against the Japanese yen was capped below 133 yen level on fears of central bank interventions despite officials at G7 meeting last weekend insisted Japan to boost domestic growth rather than export-led growth. On Friday at New York market the US dollar closed at 1.7700/10 DEM, 132.75/80 yen and GBP at 1.6360/70 against USD.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 10.5.98

Berth No	Name of vessels	Cargo
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