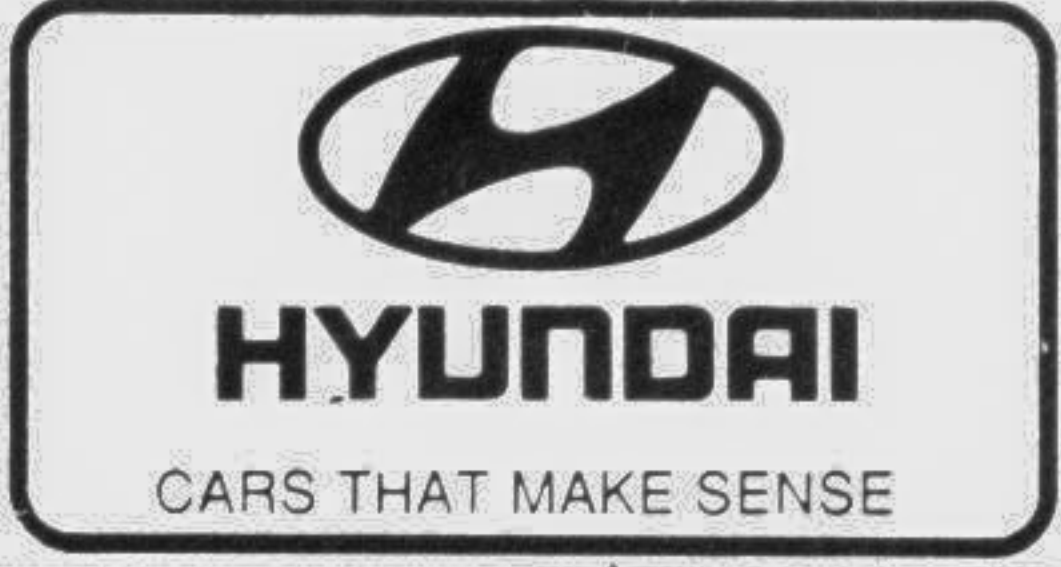




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HYUNDAI
CARS THAT MAKE SENSE

DHAKA TUESDAY, MAY 12, 1998

Air Parabat's
Dhaka-Ishwardi
route opens

State Minister for Information Prof Abu Sayeed has said the government has taken steps to create a healthy competitive environment between government and private agencies in the light of free-market economy, reports BSS.

Prof Sayeed said this while inaugurating the Dhaka-Ishwardi domestic route of Air Parabat, a private sector domestic airlines, at Ishwardi Airport Sunday.

The ceremony was addressed, among others, by Zinnatul Ferdous MP, Shamsur Rahman MP, chairman of Air Parabat Air Vice Marshal (ret'd) A K Handaker and its managing director Nadira Alam.

Prof Sayeed described the development of communications system as precondition to national development and progress and added the government has been providing all possible incentives to encourage private entrepreneurs in the sector.

He said a revolutionary trend will be initiated in the country's communications system through the opening of Bangabandhu Bridge.

Jakarta raises
train fares by
41.5 to 100 pc

JAKARTA, May 11: Jakarta will raise train fares by 41.5 to 100 per cent, except for Economy Class tickets, after this week's increase on sea and air fares, a press report said today, according to AFP.

State-owned railway company PT Perumka will implement the increase from midnight May 12 (1700 GMT), on all Executive and Business Class trains.

PT Perumka had director Eko Sasputro said Economy Class tickets would be temporarily kept at current fares because of the financial crisis, despite instructions from the transport ministry to raise fares.

"We have consulted with the minister for transportation and the Director General of Land Transportations, including on the decision to hold off on raising ticket prices on Economy Class trains considering the current situation and condition of the underprivileged," Saputro was quoted as saying by the daily.

Had the increases been imposed on economy fares, intercity rates would have gone up 100 per cent to 39 rupiah per kilometer (less than one cent per 0.62 miles) from 19.43 rupiah.

A Perumka official said the firm had long planned to raise fares due to the slide of the Indonesian economy that caused operating costs to soar 80.6 per cent, the report said, without detailing other fares.

Despite the price hike, Perumka was optimistic trains would remain a popular travel option with Thursday's sharp 37 per cent increase on airfares. The firm planned on adding extra wagons and better ticketing service.

'Boycott Pak
products'

As a four-day exhibition of Pakistani products began at Sonargaon Hotel yesterday, a large number of posters calling for boycotting Pakistani goods have flooded the surrounding walls of the hotel, reports UNB.

Increase Bangladesh's wealth, boycott Pakistani products," says the poster that was originally produced by Bangladesh government in exile in 1971 during the War of Liberation.

The poster was reproduced by Muktijuddho Jadughar (Liberation War Museum) as part of its reproduction programme of all publications of the 1971 government.

The poster was reproduced by us... but I don't know who pasted those there," said Akku Chowdhury, Member Secretary of the Trustees of the museum.

He told UNB that they reproduced some 8 types of posters published during the Liberation War. "Perhaps, someone who bought or collected the posters, pasted those," he added.

KSA opens 2nd
largest dam
in ME

RIYADH, May 11: Saudi Arabia has inaugurated the second largest dam in the Middle East, after Aswan in Egypt, at a cost of around 66 million dollars, newspapers reported yesterday, says AFP.

The all-concrete dam for agriculture and drinking water in the Bisha region of southwest Saudi Arabia, inaugurated on Saturday by Crown Prince Abdullah bin Abdul Aziz, has been named after King Fahd.

It has a capacity of 325 million cubic metres (11.375 billion cubic feet) of water, measures 500 metres (yards) in length, 103 metres in height, and its wall is 80 metres thick.

The desert kingdom, which in 1984 achieved self-sufficiency in wheat production, now has a total of 206 dams.

Railways reels under heavy losses, draining a billion a year
Road to recovery lies in private hands

By M Anwarul Haq and Toufique Imrose Khalidi



With so many vying for a seat on trains, Bangladesh Railways should have been the most profitable business on earth. BR books will tell you a shocking story, however. Last year, it cost the public exchequer a sum that could more than pay for running the Dhaka and Jahangirnagar Universities which are seats of learning for roughly the same number as the BR employees.

maintaining 30 per cent passengers buy their tickets.

There are other aspects in which BR is failing, appallingly. Safety has never been a concern for the authorities. And it is common knowledge that maintenance is in a sorry state.

In most cases, the accidents which have killed scores of passengers could have been avoided and occurred for reasons such as lack of care, attention and accountability.

Was there any valid reason for the latest incident on early Sunday morning, which killed 17 passengers?

It's just callousness," says Communications Minister Anwar Hossain.

And this has been the case for years, without a remedy.

Roads are better, faster, cheaper

In fact, for the last few years, it has been a losing battle for BR.

On inter-city routes, railways are facing new competition. Buses are better these days if

one considers comfort and costs. And now there are no dearth of luxury buses connecting major cities.

These bus services are also claiming a share when it comes to cargo, a monopoly for lorries and trains for long. Inter-city buses, in many ways faster and more reliable, are now ferrying even perishable goods and consumer items. Some domestic courier service providers have also emerged as good clients.

Solution lies in private hands

Bailing out BR appears a daunting task. Donors like World Bank and Asian Development Bank say gradual privatisation could be a solution.

And, the success of the Dhaka-Narayanganj operation seems to have encouraged the government to turn to private operators in a bigger way.

Already, BR has employed a private firm to handle its computerised ticketing for inter-city trains. In another step, the on-board service for the newly-introduced Shuborno Express

has been contracted out to a private firm.

Even operation of some mail trains is being considered for lease-out to private companies. The government plan is to invite an operator if its offer can beat the average revenue for the previous 3-5 years on a particular route.

At the moment, trains on two long-distance, high-density routes are being considered, according to a senior BR official. The Karnaphuli mail train on the Dhaka-Chittagong route and the Dhaka-Mymensingh Balaka Express have been chosen for the purpose.

Sources say the BR authorities are also considering six local train services in the Lalmonirhat Railway Division for private operators. These have long been incurring huge losses.

Repair and maintenance as well

BR, which once had two major facilities for repair of tracks and rehabilitation of locomotives and passenger carriages, is today almost fully-dependent

on foreign expertise and technical assistance for all major repair works.

Things are changing on this front as well, thanks to individual initiatives backed by encouraging signals from the government.

A private firm, Aananda Builders, successfully performed the reconstruction of 23 passenger coaches in the last three months.

BR officials say some major aspects of the existing railway workshops at Parbatipur and Saidpur may also be leased out to private companies.

Some more plants in the private sector are also expected to undertake carriage reconstruction work and build cargo wagons.

Glorious history

It was on November 15, 1862, when the colonial Britishers laid the first rail track in what is now Bangladesh. That was only 37 years after the world's first-ever public railway had been opened to traffic between Stockton and Darlington in

England.

The 53.11-kilometre broad-gauge rail line between Darshana and Jagati was the beginning. Soon after, the British saw the potential of tea, jute, cotton and other commercial items in this fertile deltaic soil, and hence the utility of railways.

The Hardinge Bridge across the mighty Ganges was opened to traffic on January 1, 1915. By then Dhaka, Narayanganj, Chittagong, Comilla and Chandpur had been rail-linked under the Assam Bengal Railway Company.

Some 100 years after the start, the railways in this country sustained the most devastating blow.

In 1971, after the War of Liberation, the Bangladesh Railways found itself in 300 parts. Three hundred bridges and a large number of stations were badly damaged.

Committed efforts restored some 2700 kilometres of railway tracks. But bad management, theft and pilferage eroded much of its potentials. The hardware and rolling stock suffered heavily because of theft and mismanagement.

Corrupt inspectors and supervisors have allowed travel without tickets at the cost of standard of services.

Today, with some 489 rail stations, 284 diesel locomotives, 1397 passenger coaches, 16,255 goods wagons, Bangladesh railways still carries more than 100,000 passengers and nearly 9,000 tonnes of freight a day.

The government subsidises the BR to pay for its 40,410 employees. Every year, the payment from the state exchequer is going higher.

Some officials admit that only large-scale privatisation of its commercial operations could save Bangladesh's generally well-covered railway networks.

Communications Minister Anwar Hossain agrees with the view. He confirms that efforts are being made for privatisation "in as many areas as possible".

"The sky is the limit so far as potential of privatisation of the railways is concerned. However, since this is a new concept and we do not have a sample structure before us in this field, we have to do it carefully," he told The Daily Star.

The minister, however, speaks of limitations, and refers to bureaucratic impediments and resource constraints for improving railway track conditions before many lines could be handed over to private operators.

Japan's cabinet
approves \$ 35b
supplementary
budget

TOKYO, May 11: Japan's Cabinet approved a 4.6 trillion yen (35 billion dollars) supplementary budget Monday as part of the government plan to jump-start the economy with public spending, says AP.

The measure, targeted for the fiscal year that started April 1, will require 6.2 trillion yen (46 billion dollars) in new government bonds, the Ministry of Finance said.

The budget plan would provide funding for a wide range of projects, including 826.5 billion yen (6.2 billion dollars) for developing telecommunications infrastructure and promoting technology.

A ministry official briefing reporters said the spending plan would boost the country's combined regional and national deficit to 6.7 per cent of gross domestic product in the current fiscal year.

Originally, the ministry had forecast that the country's combined fiscal deficit would come to 4.7 per cent of GDP. The deficit in the fiscal year that ended March 31 was an estimated 5.9 per cent.

Common market
Gulf states still
haggling over
customs barriers

ABU DHABI, May 11: Gulf Arab states are still haggling over how to tear down their customs barriers in line with a 15-year-old agreement to set up a common market, official said yesterday, reports AFP.

Despite several rounds of talks over the past few years, the six-nation Gulf Cooperation Council (GCC) remains split on proposals to reduce the percentage of national contribution to the output of industrial units so they are exempted from customs tariffs in member states.

A technical committee met last week and recommended lowering that percentage to 30 per cent from 40 per cent, but Saudi Arabia was opposed, according to a memorandum by the Riyadh-based GCC Secretariat.

"Saudi Arabia expressed reservations on the proposed cut in national contribution to the added value in industrial units in the GCC," according to the memorandum published in the United Arab Emirates (UAE) daily Al-Bayan.

The added value includes the difference between the institution's total turnover and the costs of the raw materials, goods and services used in production at that unit.

The added values in various sectors make up the gross domestic product, the barometre of economic performance in any country.

Tofael opens 'Made in Pakistan' show in city
India, Pakistan should not
tax Bangladeshi products

Star Business Report

Commerce and Industries Minister Tofael Ahmed has called for resolving internal problems in SAARC member countries to increase regional trade and economic cooperation.

Speaking as chief guest at the launching of a display of Pakistani products in the city, the minister said there was enormous scope for increasing regional trade -- representing only 3.8 per cent of the global business of the SAARC nations -- through reducing tariff for the four LDCs of regional forum.

He said India and Pakistan should give Bangladeshi products a zero-tariff entry to reduce their huge trade imbalances against Bangladesh.

The trade show, dubbed "Made in Pakistan", was organised at a city hotel by the Pakistan High Commission in Bangladesh and the Karachi-based Export Promotion Bureau.

The minister pointed out that all regional blocks like NAFTA, EU, ASEAN were doing

more than 40 to 60 per cent trade among their member states.

Of their global trade, the EU covers 60 per cent, ASEAN 40 per cent and NAFTA more than 43 per cent by doing business among themselves, the minister said.

"We could also succeed like North American Free Trade Area and European Union if we continue to cooperate among ourselves."

Pakistan High Commissioner Karam Elahi and FBCCI president Yussuf Abdullah Harun also spoke on the occasion.

The commerce minister said it was "sad" that some people tried to create problems when the government wanted to install bus services between Dhaka and Azmeer.

"There are train links between India and Pakistan and there is no problem. But when we talk about bus communication between India and Bangladesh, there's a lot of negative talk about it," he said.

He said Bangladesh could not avail India and Pakistan's derogation to export its products as they had set a rule that Bangladeshi products must add 40 per cent value in the country to get into their markets.

He referred to a proposal where member states agreed to reduce value addition to 20 per cent and urged the both governments to endorse it at a forthcoming SAARC ministerial meeting in Colombo this July.

He said SAFTA would not be succeed until India and Pakistan reduced tariff rates substantially.

"We have very very good ceramic products, but we cannot export to India" as Bangladesh's ceramic industry adds about 30 per cent value to its products, he said.

The minister suggested the member states take steps to increase regional trade to 10 per cent from the present level of three per cent by the end of the century.

The minister said

Bangladesh needed support from both the countries at the May 18-20 WTO ministerial meeting in Geneva for maintaining GSP and quota facilities from the US and the EU.

To increase bilateral trade, Karam Elahi said there should be a regular shipping service between Chittagong and Karachi.

The High Commissioner said SAFTA and SAPTA would not only help in increasing the intra-regional trade but would also contribute to rectifying the trade imbalances among the SAARC members.

Yussuf Abdullah Harun said the present low level trading among the SAARC members was "totally unacceptable." He said India and Pakistan should allow Bangladeshi products without any tariff.

A total of 54 stalls have been erected for the four-day fair where Pakistani engineering products, foods, textiles, freezing equipment, construction materials, handicrafts, stationery products are being displayed.

Arab oil ministers
meet to boost prices

The Arab world today

Modern Arab history has been dominated by a fight with colonialism and almost four decades of conflict with Israel. Iraq's invasion of Kuwait in 1990 and the Gulf War ended Arab unity. Today, many no longer see themselves first and foremost as Arabs.



Economic overview

The Arab countries support a population of approximately 270 million with 63.6 in Egypt alone. Although some nations generate a vast amount of national wealth, its distribution varies greatly.

	GDP	Per capita GDP
Algeria	\$7.1 billion	\$3,480
Bahrain	\$370 million	\$12,100
Comoros	\$500 million	\$700
Djibouti	\$17 billion	\$1,200
Egypt	\$38 billion	\$2,490
Iraq	\$17 billion	\$2,000
Jordan	\$30.7 billion	\$4,280
Kuwait	\$15.8 billion	\$16,900
Lebanon	\$32.9 billion	\$4,360
Libya	\$2.4 billion	\$6,510
Mauritania	\$87.5 billion	\$1,110
Morocco	\$17 billion	\$3,080
Oman	n/a	\$10,020
Palestinian Terr.	n/a	n/a
Qatar	\$10.7 billion	\$20,820
Saudi Arabia	\$173 billion	\$9,510
Somalia	\$16 billion	\$500
Sudan	\$23.7 billion	\$870
Syria	\$74.4 billion	\$5,000
Tunisia	\$37.1 billion	\$4,250
U.A.E.	\$62.7 billion	\$22,480
Yemen	\$23.4 billion	\$1,955

Source: The World Almanac

AP/Wm J. Castello

Software fund and file fail to find their way

By Shehab Ahmed

An ambitious plan to turn Bangladesh into a software-exporting nation remains a pipe dream. Four years on, government officials have failed to tap a five crore taka revolving fund to help entrepreneurs set up an Information Technology (IT) village and train manpower for the scheme.

Since 1994, the plan had been gathering dust in the file cabinets of Export Promotion Bureau (EPB), assigned to develop thrust sectors to boost exports.

IT was selected the most prospective sector which could

be the one of engines of development as Bangladesh sought to find new avenues of growth in the next century.

EPB officials said there had been no dearth of enthusiasm on the part of the government, which duly approved the project but failed to prepare the modus operandi so far.

"We are not a bank, we do not have expertise to process project proposals from prospective," an EPB official told the Star.

The official said it had been trying to borrow competent personnel from the banks to act-

ivate the project.

"Two bankers with project credit experience opted to join us but we have failed to get the services of an engineer for appraisal of the proposals," he added.

The plan, among others, envisages setting up of the IT village, where competent professionals would develop software for exports.

The site has been located at Ashulia in Savar. The Computer Council was given the task to train at least 1,000 computer teachers for developing

manpower.

Earlier in 1994, Bangladesh Information Technology Group was formed, with 23 organisations dealing in computers.

To prop up computer business, a task force recommended lowering duties and tariff on computer and its components, bringing it down to 2.5 per cent from 42 per cent.

The task force, headed by professor Jamilur Reza Choudhury of BUET, had also visited India to see how they were using computer technology, designing and exporting software.