

Tame trade unions, bring foreign capital

The Baily Star Roundtable calculates the costs of "clogged" ports

"If one union calls a strike,

Syed Alamgir Farouk

The shipping secretary said

currently the ports are overutil-

ising their equipment capacity

and as a result they are han-

dling almost double their abil-

at the behaviour of the users of

the port. "Even the shipowners

are going on strike. " he said.

"this is unprecedented and pro-

viding bad examples to work-

He also expressed his dismay

ing of the port.

Recognising the economic costs of a "clogged" port, government decision makers said yesterday that bringing in international private capital to improve port capacity and services would be the top priority.

Shipping Minister A S M Abdur Rob said the government would encourage private investment in ports, parallel to government initiatives, and not allow any obstructions to foreign capital already in the

Speaking yesterday at The Daily Star roundtable on How to Make Our Ports Function Better, he referred to two inland container terminals planned by a US company and a proposal to build a deep sea port.

The minister said Myanmar was already developing its port facilities to handle one million TEUs and warned "if Bangladesh does not improve its capacity, shipping business will shift to other countries."

Rob said the government was formulating a shipping policy to be finalised in a month or two aiming at modernising the

ports.

He also lambasted at labour practices at ports. "Going into strike without any notice by workers and owners is unprecedented in the world," said the minister. " If we can not improve the quality of the port, it will automatically cease to exist," he said, r referring to workers' opposition to private terminals.

The minister said the CBA problem in the port was "more externally instigated by political parties than internally motivated".

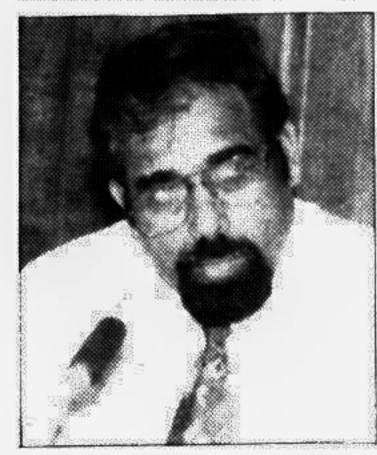
Albab Akanda, senior Project Specialist of ADB, said the economic cost of an inefficient port is enormous.

Francis B Narayan, Resident Representative of ADB in Bangladesh, said it was very important for the government to unclog the port to ensure foreign exchange earning.

Rezwanul Huq, Chairman of Chittagong Port Authority (CPA), gave a brief resume of the port set up in 1888. The port handles 80 per cent of the counof the Karnaphuli river, nine nautical miles off the bay. This, he said, makes cargo handling

The secretary said the port is seriously lacking in equipment to handle containers. He said the ADB has agreed to assist the government in procuring costly sets of equipment. The condi-tions for the ADB assistance include privatisation of some of the port facilities and rationalising manpower.

"But the real problem in implementing these conditions is the union," said Karim, "I hope

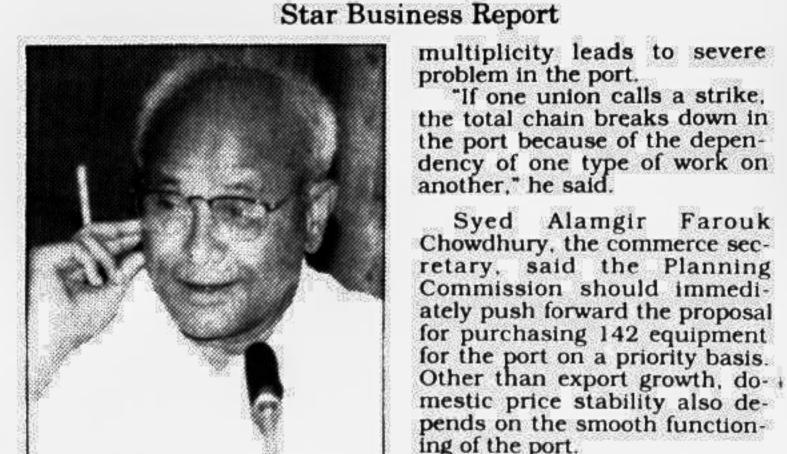


Narayan: Money won't be a problem

this will be overcome." Nurul Hug Sikder of BGMEA said the port is now severely under-equipped to tackle the projected half a million Twenty Equivalent Units (TEUs) containers by the year 2000 from the present capacity of 190,000

He said the government must deal with the workers' demands effectively because frequent work stoppage seriously affects trade and business. In 1997 alone, the port was closed to trade for 26 days because of work stoppage by workers.

Workshop on poverty adopts declaration



Shawkat Ali Khan: How can there be five unions?

sometimes without any notice. He said such situation lead to congestion and the shipping lines impose congestion surcharge on port users.

"But why should we pay the surcharge? We are not responsible for the congestion," said Sikder.

He demanded permission for many more private ICDs and that delivery of containers be allowed directly without any bank guarantee. He pointed out that private ports will greatly reduce pressure on Chittagong

Kamaluddin Ahmed, president of Chittagong Chamber, also raised similar concerns and said neither the CPA nor the ministry can control the workers who are harming the economy so much. He said political parties are

deeply involved with port labourers and giving them 'blessings' to stop work. "We must keep the labour unions in the port out of politi-

cal influence," said Ahmed. He also said there are at least nine unions in the port for different types of workers and this



Amir Khosru Chowdhury: Port is not a place to do pol-

Dr. Mashiur Rahman, the economic relations secretary. said the CPA has enough fund to purchase new equipment of its own. He, however, said private and foreign investments should be allowed in the development of ports so that pressure on foreign exchange reserve does not

He said the government should effectively communicate with the workers that private sector ports will create more jobs rather than curtail them. He also talked about

delinking ports from politics and said making the nation hostage by stopping the port is 'bad politics'.

Amir Khosru Mahmud Chowdhury MP, a former Chittagong chamber president, said the CPA board must be restructured to include the stakeholders in it. "This will enable the CPA to better respond to any situation." he said. "At the same time, autonomy of the board is necessary to mitigate the political problems. It is necessary to come to a consensus

among the political parties that port is not a place to do poli-Laila Kabir of MCCI said the

government must ensure that labour laws be followed by workers.

Shawkat Ali, MP, President of Parliamentary Standing Committee on Ministry of Shipping, said it is a clear vio-lation of the law that there are five workers unions in the port.

"In fact there were three, the highest permitted by the law." he said, " the rest two came into being through court orders."

He also said the Mongla port must be better utilised to give relief to Chittagong port. "But the Mongla port has a bad reputation of 'ship arrest', " he said. "Whenever there is a dispute between the shipping company and local agents, the local agents get court orders to arrest the ship and impound it for months and years. This discourages ships to come to this Syed Mansur-Ul Huq, a for-

mer CPA chairman, said the CPA must be made autonomous. He also said talks with workers



BGMEA's Sikder: Ban trade unions at ports

tor port handling. Albab Akanda of ADB said

national interest demands that the CBAs be depoliticised to a large extent.

were needed about private sec-

He said the ADB assistance envisages ways to commercialise the Chittagong port to make it client-oriented.

Mahfuz Anam, The Daily Star editor who moderated the discussions, said the major ports in South Asia and Southeast Asia were either being corporatised or privatised which Bangladesh should also take into consideration.

"The present practices in the port must be changed. With these ways, the country cannot proceed much further into the next millennium."

Masudul Mannan of the World Bank said the government should tackle the labour problem amicably.

"The labour leaders will have to be convinced that the privatisation would not go against the interest of the workers and employees," he said calling for implementation of several recommendations submitted by the Bank and other organisations earlier regarding expansion of port fa-

Mannan stressed the need for a good planning and urged the government for arranging manpower training programme regularly for the overall improvement of the services in two sea ports.

Port tariff to go up

Responding to a question raised by Nurul Huq Sikder that the port lacked enough facilities for storage of exportable goods the shipping minister informed the meeting that the government was thinking to raise the port tariff very shortly.

The port tariff would be increased so that importers could not keep their goods at the godown for long, he said. "It's too low -- even lower than that of a tin-shed godown in a rural

Garment makers. to submit memo to private bank MDs today

Star Business Report A group of garment manufacturers will formally submit memorandum to the managing directors of the private commercial banks in the city today urging them not to levy any "acceptance charge" on an L.C. document.

Private commercial banks levy one per cent acceptance charge on the total import value of a Letter of Credit document. which the manufacturers allege, increase their cost of production of apparels.

"This charge causes us to reduce price competitiveness of our products in the international market," said Mostafa Golam Quddus, president of the Bangladesh Garment Manufacturers and Exporters Association. He will be leading the manufacturers' rally today to submit the memorandum.

Energy Group

LONDON, July 11: Energy Group, British subsidiary of US Texas Utilities Company, said yesterday it was pulling out of a 530-million-dollar power sta-

withdraw from the project, and that is all we wish to say at this point in time," a spokesman

quits Taiwanese power project

tion project in Taiwan, says

"We have served notice to

Extend financial services

to all poor families

The three-day international workshop on "Poverty and finance in Bangladesh; emerging institutional issues in microfinance" ended here yesterday adopting an unanimous declaration for the extension of financial services to all poor families in the country and increasing the size of loans to poor groups who have the capacity to invest in and manage higher productivity economic behaviour, reports BSS.

The minister: It's all exter-

try's imports and 60 per cent of

exports -- which together come

to about 11 million metric tons

in cargo every year. Its profit in

1997-98 was Tk 113 crore.

slightly up from the previous

shipping secretary, said the

Chittagong port was inaccessi-

ble to mother vessels because of

its location, on the right bank

The shipping secretary: Uni-

ons are the bane, users too

A H Mofazzal Karim, the

nal instigation

year's Tk 110 cr.

The declaration further viewed that the provision of poverty focused services should remain with the Micro Finance Institutions (MFIs) and NGOs with Micro Finance Service (MFS) which have demonstrated the capacity to manage this part of the financial sector. The state should do its best to provide the necessary support to these institutions, it added.

It further re-affirmed the value of micro-credit and financial services more generally to the maintenance of livelihood for the poor people of Bangladesh.

The declaration was adopted at the concluding session cumroundtable discussion held with senior research fellow of BIDS and Chairman, Shamunnay Dr. Atiur Rahman as moderator, former minister of State Dr. Moyeen Khan, MP. Col (Rtd) Faruque Khan MP. Proshika President and ADAB Chairperson Dr. Qazi Faruque

Ahmed, Managing Director of Palli Karma-Sahayak Foundation (PKSF) Dr. Salehuddin Ahmed and BIDS research fellow Dr. Hossain Zillur Rahman took part as panel discussants. Proshika Vice-President-1 and head of IDPAA Mahabubul Karim made introductory re-

Held at the Islamic Development Bank (IDB) bhaban, the workshop was jointly organised by the Institute for Development Policy Analysis and Advocacy (IDPAA) at Proshika

Sponsored by Department for International Development (DFID), UK and UNDP, Dhaka, the workshop was participated by noted experts, academicians, consultants and practitioners from home and abroad.

Besides the inaugural and closing sessions, six working sessions were held during threeday deliberation where a number of papers on various aspects of micro-finance system were presented by renowned person-

The workshop, while focusing initially on questions of institutional sustainability, also extended thinking on the creation of stronger and more positive linkage between overall economic growth, poverty elimination and the role of financial services to achieve both sets of objectives within Bangladesh and considered its

institutional implications. In the summary and find ings of the workshop, released at the concluding session stress was given on widening and deepening the financial services to the poor which should occur through institutions with proven records of poverty-fo-

cused financial services. The workshop further stressed that resource expansion should be made through a combination of savings mobilisation among the poor themselves and access to domestic revenue budget allocation and private capital markets.

The workshop was inaugurated by Finance Minister Shah AMS Kibria on Wednesday. Eminant personalities from UK, USA, Bolivia, Pakistan, In

donesia and host Bangladesh took part in the workshop. Habiganj Poura

budget announced HABIGANJ, July 11: The Habiganj pourashava has announced its budget of Tk

cal year, reports UNB. Chairman Shaheed Chowdhury last week unveiled the budget at the municipal auditorium with no new tax.

10,45,89,296 for the current fis-

The amount has been estimated from its own source, government grants, revenue, development and other income generating sectors.

'Qatari gas will reach India soon'

The ERD secretary: private

sector ports will create more

jobs rather than curtail

DOHA, July 11: Qatari Energy Minister Abdallah Ibn Hamad Al-Attiva said yesterday that his country had reached an accord in principle on supplying gas to India, the

official Qatari news agency QNA reported, reports AFP. "The two parties agreed to sign a long-term agreement for supplying Qatari gas to India." Attiva said upon returning here from a four-day visit to India.

ful" and "fruitful. "I hope that Qatari gas wil soon arrive in India," he said

He called his visit "success-

IMF official sees possible recovery in Asia this year

HONG KONG, July 11: Some economies in Asia hit by fi nancial crisis could see a recovery before the year's end or by early next year, an IMF official was quoted yesterday as saying, reports AFP.

Stanley Fischer, International Monetary Fund (IMF) Deputy Managing Director who is assisting and monitoring troubled regional economies. said "expansion could return to Korea and Thailand late this year or early next year."

Fischer said in an article published in the liong Kongbased Asiaweek that the regional crisis "will be over sooner if countries get on with their economic programmes and the international community provides financial support.

Weak yen drags other Asian currencies down

SINGAPORE, July 11: The yen's weakness before Japan's ipper-house elections dragged other Asian currencies down on Friday as regional markets waited for Tokyo to unveil firm tax cuts to stimulate its econ-

omy, reports AFP. There is still uncertainty about the tax cuts. The markets are not so sure what kind of details will come, there's going to be foot-dragging until this weekend," said a foreign exchange dealer with a European

bank here.

As the yen closed at 141.40 to the US dollar here, the Singapore dollar fell sharply to end Asian trading at 1.7288 from its close of 1.7155 the day before. The Malaysian ringgit dropped to 4.2550 from 4.2200 against the greenback.

Dealers said the Singapore unit hit an intra day low of 1.7310.

The Thai baht slipped to 41.755 from 41.40, the Indonesian rupiah to 15,280 from 15,150, the Philippine peso to 42.0 from 41.80 and the Taiwan dollar to 34.42 from 34.388 against the US unit.

The South Korean won started off strongly at 1,305 to the US dollar from 1,307 on Thursday, easing slightly by the close of Asian trading to 1,315 amid fears of renewed labour unrest in Seoul.

The won is at its strongest level since early December. Traders and economists have warned that the won's rapid appreciation could deal a blow to the crisis-hit country's exports. the engine of its economic re-

They have suggested the currency should trade at around

Japanese Prime Minister Ryutaro Hashimoto's Liberal Democratic Party (LDP) is expected to hold onto its Seats in Sunday's election, in which half the upper chamber's 252 seats are up for grabs.

In the run-up to the vote, Hashimoto promised permanent income-tax cuts to stimulate demand in recession-hit Japan but has given no details.

"Maybe after the elections they will go ahead with more drastic reforms. Meanwhile mey will continue to be sold, the Singapore dealer said.

He said signs of fresh diplomatic tensions between Malaysia and Singapore — this time over a strip of Malaysianowned railway land in Singapore — were contributing to bearish sentiment on their cur rencies.

"We're not going to war but Singapore is a very small economy and a lot of its investments are in Malaysia." the dealer In Tokyo, some dealers

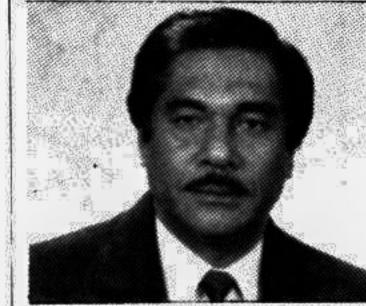
leared the ven would slide further whatever the election re-

"If the LDP wins, Japan's economic policy will not change significantly, so the dollar's trend will not change significantly either," a Yokohama bank dealer said.

"With no specific details of permanent tax cuts announced investors cannot move in either direction."

Election to BGBF Board held Star Business Report

Syed J Haider has been elected Chairman of Bangladesh-German Business Forum (BGBF) at the Forum's first general meeting held on Thursday.



Syed J Haider

Haider is the Managing Director of Broadways Chapmen Limited, and a former Senior Vice President of the Dhaka Chamber of Commerce & Indus-

At the same meeting. Michael K Nathan, Team Leader, GTZ GmbH and Nasir A Choudhury, Chairman, NASCOM Pvt. Ltd. have been elected Vice-Chairman and Treasurer respectively of the BGBF, said the Forum in a press statement.

Other members of the Board of Directors are R Maksud Khan, President of Dhaka Chamber of Commerce and Industry (DCCI); Iftekharul Alam, Chairman of Omnichem Limited; A S M Quasem, Chairman of Newage Group of Companies; Neo G. Mendes. Chairman of Omnitrans International Ltd; Soeren Rendal, Managing Director of Siemens Bangladesh Ltd. and Dieter Rohlf, General Manager of Eurasiatic Handelsgesllschaft.

LONDON, July 11: Oil investors has a nervous week, with prices falling amid tur-· moil in Nigeria, expectations of a rise in Iraqi export levels and

Brent, the reference North Sea crude, ended the week at about 13.13 dollars a barrel on the international petroleum exchange, dipping below the 13dollar mark at one point early in the week.

The market, already suffer-

ing from oversupply, was hit

further by expectations of a rise

in Iraqi exports allowed under the UN "oil for food" programme. Meanwhile, the International Energy Agency said that world industrial stocks reached a record 2.6 billion barrels in May, while demand fell to 74.9

million barrels a day from 75

million barrels. One factor pushing up prices was the turmoil in Nigeria, a major oil producer, after the sudden death of imprisoned opposition leader Moshood Abiola, street violence raised fears of a disruption to exports.

Cocoa prices, meanwhile, concrete signs of movement to 247,125 tonnes. were stable despite figures showing strong consumption by

the Dutch chocolate industry. GOLD: Dull. Gold prices fell sharply this week as the US dollar regained strength and European Central Bank President Wim Duisenberg disappointed the market by announcing that the ECB is to hold 15 per cent of its exchange reserves in gold.

3.95 dollars over the week. The 15 per cent reserve figure was higher than predictions that the bank would decide on just 10 per cent, said Merrill Lynch expert Ted Arnold.

Gold was being traded at

290.15 dollars an ounce, down

However, "what disappointed people is the fact that (Duisenberg) did not mention a possible freeze of gold sales by national central banks," Arnold said. SILVER: Cheaper. Silver

prices were hit by a drop in demand from India, a major market for the precious metal. Silver prices slid in the wake of gold and in absence of any

from US investor Warren Buf-

Analysts speculate that he may be behind new buying of silver on the New York Comex Market.

PALLADIUM AND PLAT-INUM: Onhold. The market faces new interruptions in vital Russian export of the metals. against a background of political and economic uncertainty in Russia. Platinum prices rose

slightly as exports failed to resume, despite talks between the Japanese importers and Russian authorities at Almaz Exporting Agency. COPPER: Tarnished. Copper

prices suffered the Asian flu

this week on the London Metal

Exchange (LME), falling to a 12-

year low as traders eyed slim hopes for a quick revival of the important Asian market. Three-month copper on the LME fell 15 dollars to 1,595 dollars a tonne, while LME warehouse stocks fell 2.025 tonnes

LEAD: Heavy. Lead prices fell this week on technical trades. Three-month lead lost 16.25

dollars to 532.25 dollars a tonne, while LME warehouse reserves rose 150 tonnes to 104,075 tonnes. ZINC: Brilliant. Zinc prices rose this week owing to tighten-

Three-month zinc rose 23 dollars to 1,045.30 dollars a tonne, while LME stocks fell 5,275 tonnes over the week to 387,700 tonnes. ALUMINIUM: Flimsy. Alu-

minium prices continued to dip

on the London Metal Exchange

amid market disappointment

over tax cutting measures an-

nounced by the Japanese gov-

ernment in a bid to rescue

ing supply and technical fac-

Japan's troubled economy. Three-month aluminium ended the week at 1,287.30 dollars a tonne, down 11 dollars, after hitting a four-year low during the week. LME reserves fell 16,625 tonnes to 511,950

NICKEL: Dull. Three-month nickel prices fell this week to 4,182.50 dollars a tonne, down 60 dollars, hitting a four-and-ahalf year low during the week, mainly on pessimism over the Asian economy, an important factor for the metals market. Investors were disappointed

by the tax-cutting measures announced by the Japanese government, followed by a slide in the yen, and new worries about weaker demand for base metals. traders said. TIN: Shiny. Tin prices rose this week on technical trades.

Three-month tin ended at

5.527.50 dollars a tonne, up

77.50 dollars, while LME ware-

house reserves fell 65 tonnes to

4,880 tonnes. **OIL:** Slip. The price of Brent crude, the reference North Sea oil, fell amid an increase of Russian exports, the possibility of renewed exports from Iraq and figures showing that industrial reserves are at a record high levels.

Brent for August delivery was being traded at 13.13 dollars a barrel from 13.62 dollars last week on the International Petroleum Exchange.

The International Energy Agency said that world industrial stocks had reached a record of 2.6 billion barrels in May. It revised downwards its estimates of worldwide demand for oil to 74.9 million barrels a day from 75 million barrels. Predictions that Iraq might

increase oil exports soon also afflicted market sentiment. RUBBER: Firm. Rubber prices rose as industry increases stock levels before the end of the season, analysts said. Contracts for July and August delivery here rose by 50

pounds to 475 pounds per tonne.

In Kuala Lumpur, the RSS1

index rose to 2.86 ringgits per kg from 2.81 ringgits. COCOA: Tepid. Cocoa prices remained unchanged amid extremely quiet trade this week. Contracts for delivery in September held at 1,085 pounds

per tonne.

Commodity market: Prices of gold, oil down; cotton up COFFEE: Hot. Robusta coffee prices rose by 24 dollars to ,597 dollars per tonne (for delivery in September) as weathermen forecast the arrival of a cold front in growing regions of Brazil.

TEA: Strong. The Mombassa auction houses in Kenya enjoyed strong demand this week. Average prices rose by between 10 to 25 cents per kg, the tea brokers' association said.

SUGAR: Melting. White sugar prices fell after Moscow said that it would impose an import tax on sugar during the country's sugarbeat harvest. On the London market, prices for October delivery fell

to 244.40 dollars per tonne from 249.60 dollars last week. VEGETABLE OILS: Warming. Vegetable oil prices rose as hot dry weather beat down on soya plantations in the American

velopment of the beans might be blighted. GRAINS: Growth. Rainfall in America's bread basket region

midwest, raising fears that de-

around Kansas and Nebraska Midwest, hampered harvesting and lifted grain prices this

Wheat prices on the CBOT rose by three cents to 2.71 dollars per bushel (of 27.2 kg, for delivery in July), maize prices rose by one cent to 2.38 dollars

per bushel (of 25.4 kg). COTTON: Rise. Continued drought in southern US cottonpicking regions, notably in Texas, lifted prices this week. Hot, dry weather has

prompted producers to reduce

their estimate of the 1998-1999 harvest to 14.88 million tonnes. Prices covered by the cotton outlook index rose to a fivemonth high of 70.45 cents per

pound from 70.40 cents. WOOL: Chilled. Demand in Australia remained threadbare as Asian investors steered clear of the market. The Australian Wool Ex-

change (AWEX) index, which has replaced the eastern index. fell by 12 cents to 5.94 Australian dollars per kg.

The British wooltops index also fell sharply, losing 12 pence to 308 pence per kg, as the seasonal summer lull set in.

ligures showing record worldwide crude reserves, reports