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The Daily Star BUSINESS

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Amartya Sen blasts Europe's inaction to stem unemployment

ROME Oct 29: Indian Nobel Economics Laureate Amartya Sen criticised Europe for being negligent in fighting unemployment, in an interview yesterday with the Italian left wing newspaper L'Unita, reports AFP.

The Nobel prize winner who is widely acclaimed for bringing a human face to economics through his work on preventing poverty and famine said it was too soon to judge whether Europe's centre left governments would make a change in tackling unemployment.

He questioned the effectiveness of moves to shorten the working week as a means to tackle unemployment.

If wages were cut along with working hours the standard of living and consumer demand would fall, he argued, whereas keeping wages high while shortening hours would raise hiring costs and impede job creation.

Sen urged European governments to overcome their fear of inflation, to keep economic development at a high level and to adopt policies leading to job creation he singled out for praise the Bank of Italy's decision to cut its discount rate.

Govt sugar mills may not reach output target

ISWARDI, Oct 29: The public sector sugar mills may fail to achieve their production target

however, the government-run sugar mills produced 1.65 lakh metric tonnes of sugar last year as against annual domestic demand of four lakh metric tonnes of sugar.

Concerned sources said, private-level crushing of sugarcane outside the mills created an artificial crisis of sugarcane in the government-owned mills.

Moreover, the country's total production of sugarcane is likely to fall by five lakh metric tonnes as at least 15 per cent sugarcane fields have been damaged by the recent floods, they added.

As a result, normal production has been affected in the public-sector units, including North Bengal Sugar Mills, Nareure Sugar Mills and Rajshahi Sugar Mills.

FDI hinges on bureaucratic bottlenecks

FICCI for BOI move to erase irritants

Star Business Report

Foreign investors yesterday appealed to the Board of Investment (BOI) to help remove administrative bottlenecks, sort out tariff and tax anomalies and ease various rules for them.

The Foreign Investors Chamber of Commerce and Industry (FICCI) in a luncheon meeting with the BOI chief Farooq Sobhan yesterday said these problems, especially administrative bottlenecks, was throwing a spanner in the investment wheel.

"Although the avowed government policy is to encourage and facilitate foreign direct investment in the country, it appears yet from experience that too many hurdles are on the way of attracting prospective foreign investments," said AKM Shamsuddin, president of FICCI, at the luncheon at a local hotel. "Of these, administrative bottlenecks seem to be the major reason for non-implementation of a good number of investment proposals registered with the BOI," he said.

The BOI chief gave a patient hearing to the problems of the foreign investors and assured

that he would take them up with relevant authorities for their speedy solution.

FICCI president Shamsuddin said that government policies should be binding for all quarters by giving them legal cover.

He also demanded participation of FICCI in all the advisory and consultative committees relating to trade and investment for correct decision-making on foreign direct investment (FDI).

The BOI chief agreed to the contention of FICCI and said he would take the issue to the relevant ministry.

About red tapism, FICCI said inordinate delay, procrastination, inefficiency and rent-seeking tendencies of the desk officials in the investment-related agencies of the government including BOI frustrate prospective foreign investors.

In reply, Sobhan said: "My doors are open to you. If someone is giving you trouble, I want to know who he is."

FICCI highlighted that due to existing tariff anomalies, Bangladeshi products, in most

cases, had lost their competitiveness resulting in an 'alarming increase' of informal imports.

It also slated NBR's recently imposed VAT on retail prices of locally-manufactured products instead of that on declared prices.

"This is unjust as the manufacturers are obliged to pay VAT once on declared price. Payment of VAT again on retail price amounts to paying VAT on VAT," said Shamsuddin.

He also said some tax provisions in the current year's budget have been made retroactively effective resulting in huge arrears tax liabilities for manufacturers.

FICCI also said that the existing issuance process of visas and work permits was cumbersome and time-consuming. It also called for allowing unlimited entries to foreign investors instead of the current practice of maximum four entries.

FICCI added that necessary laws should be enacted allowing permanent residency and citizenship to spouses and dependants of eligible foreign in-

vestors.

In reply, BOI chief Sobhan said the government should rationalise work permit system for foreign workers in the country. He also pledged to do his best to remove problems regarding multiple visas for foreigners and added that if needs be he would discuss the issue with the foreign ministry.

But he said although Bangladesh had greatly removed travel barriers, the opposite was happening to Bangladeshi passport holders. He appealed to foreign businessmen present at the function to take this up with their respective governments.

FICCI also said English version of all laws, Acts and SROs should be made available for foreign investors and at the same time, the Bangladesh Bank should introduce a 'continuous serial numbering system' for all circulars issued by it. It also pointed out that high-speed voice and data transmission was necessary for running businesses.

The BOI chief said he would make these available for foreign investors by December 1.

He also promised to make available all circulars of Bangladesh Bank together at the BOI.

Sobhan claimed that Bangladesh fared well regarding foreign investments if compared with other South Asian countries.

He mentioned that in the past two years, 278 projects with a total projected investment of US\$ 4.2 billion had been registered with BOI. Of these, 143 units with investments of over \$2 billion have either gone into production or were in the process of doing so.

Sobhan said it was important that the government takes further actions to improve infrastructure and other facilities for foreign investors.

"We must improve the efficiency of the Chittagong port. The condition of the port can be bettered further by improving the management. Some sort of moratorium on strikes in the port can be put for which the workers should be given enough incentives. I see Chittagong becoming another port like Singapore in ten years," he said.

Tk 932.18cr six ECNEC projects okayed

The ECNEC has approved six projects on water resources, industry, education, power and public works involving an estimated cost of Tk 932.18 crore, including project aid of Tk 368.86 crore, reports UNB.

The approval was given at a meeting of the Executive Committee of National Economic Council at NEC Bhawan in Dhaka yesterday.

Prime Minister Sheikh Hasina, who chaired the meeting, asked the officials to make efforts to generate employment while preparing the project implementation programme.

This, she said, would have a positive impact on government policies and activities, especially on poverty alleviation.

The projects are: Re-excavation of the river Bhulua (Noakhali-Daxmpur, Tk 11.50 crore), BMRE of Khulna Newsprint Paper Mills (Tk 14.68 crore), construction of Independence Tower at Suhrawardy Udyan (Tk 270.27 crore), reconstruction of National Education Management Academy (Tk 12.95 crore), rehabilitation of tubewells and water distribution system in municipal area (Tk 22.35 crore) and establishment of 210-mw 2nd unit of the Chittagong

Power Plant (Tk 600.81 crore). The prime minister also asked the officials concerned to complete the execution of the Independence Tower at Suhrawardy Udyan within a year.

Global aid falls to record low in 40 years

World aid has fallen to a record low in 40 years while over half of the world's population are living on less than two US dollars a day, according to a report on international aid, reports UNB.

The report, titled 'The Reality of Aid 1998-99', was revealed in Dhaka by Action Aid Bangladesh yesterday.

The report said rich governments are often using aid to achieve political objectives rather than helping the world's poorest countries.

It showed that total aid from member states of the Organisation of Economic Cooperation and Development (OECD), fell from 55.4 billion US dollars in 1996 to 47.6 billion in 1997, a decline of 14.2 per cent.

KL forex controls may scare away investors

SINGAPORE, Oct 29: Singapore Prime Minister Goh Chok Tong said Thursday that Malaysia's recently imposed capital controls help the country's economy to grow but scare away foreign investors, says AP.

"Capital controls and an expansionary monetary policy should help Malaysia to grow next year," Goh said in a wide-ranging speech to union leaders in Singapore. "But foreign investors are likely to stay away because of its capital controls and recent political developments."

Malaysia adopted controversial market controls in September that pegged the ringgit to the US dollar, banned overseas trading of its stocks and currency, and effectively closed the country's markets

from foreign portfolio investment.

Prime Minister Mahathir Mohamad also announced last week an expansionary budget for 1999 that includes stimulus measures designed to pull the country out of recession.

Malaysia's economic problems are "aggravated by political problems and increased frictions with its neighbours," Goh said.

The sacking, arrest and detention of former deputy prime minister Anwar Ibrahim has led to increasingly violent street protests.

Malaysia's relations with neighbours Indonesia and the Philippines have been strained recently over Anwar's treatment, while ties with Singapore have soured over a host of issues including border disputes.



Board of Investment Executive Chairman Farooq Sobhan speaks at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce and Industry (FICCI). A K M Shamsuddin, President of the Chamber, Hugh E Tweed, Vice President and Jahangir Bin Alam, Chamber Secretary, are also seen in the picture. —FICCI photo

PAL takes to int'l skies

MANILA, Oct 29: Philippine Airlines resumes international flights after more than a month Thursday with a party for passengers leaving on its first overseas flight, bound for Los Angeles, reports AP.

Colorful bunting, native Philippine cuisine and music in the departure area awaited more than 200 passengers flying on PAL flight PR102, company officials said.

"This feels like a rebirth. We felt so bad before and now we're happy that we're back," said Maria Lourdes Afzelius, PAL manager for special services.

PAL shut down its operations on Sept 23 after a union representing ground personnel turned down a management-proposed recovery plan that included a 10-year suspension of collective bargaining in exchange for 20 per cent ownership of the airline.

Workers agreed to accept the plan nearly two weeks after the shutdown.

The airline resumed domestic flights on Oct 7. On Thursday it began thrice-weekly flights between Manila and Los Angeles, with stopovers in San Francisco. The two US destinations will be served with separate flights from Manila starting Nov 11.

PAL, Asia's oldest airline, said it plans to gradually expand its international operations to cash in on an expected influx of Filipino overseas workers coming home for the Christmas holidays.

It plans to resume flights on Dec 1 to the Saudi Arabian cities of Dhahran and Riyadh, with service three times a week. Both cities have large numbers of Filipino construction workers and housemaids.

Asian flights will resume Nov 11, including daily flights to Tokyo and 14 flights a week to Hong Kong, the airline said. Service to Singapore, Taipei, Fukuoka and Osaka will begin later in November.

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Mobil for Mitsubishi

Pacific recommends
Mobil for Nissan

Meghna recommends
Mobil for Kia

MAM Automobiles
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for Ford

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