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Bangladesh envoy to Japan calls for workers' right protection

Bangladesh Ambassador to Japan Rashed Ahmed called upon Japanese employers to pay full compensation to Bangladeshi workers, who receive serious injuries during accidents at their workplace, in accordance with Japanese Labour Laws.

The ambassador also called for payments in the same amount as is given to Japanese workers, says a press release.

The plea was made during a meeting with the officials of a Japanese NGO, Asian People's Friendship Society (APFS) consisting of Japanese and Bangladeshi lawyers, who are engaged in movement for the protection of foreign workers right in Japan.

The ambassador said that some of the court decisions awarding compensation to Bangladeshi workers at the scale of wage and compensation given in Bangladesh was unfair and discriminatory. "The workers received injuries in Japan and should be compensated according to Japanese compensation law," he said.

The ambassador assured that the Tokyo mission would work actively for this purpose.

The leader of Asian People's Friendship Society Shimizu Koizumi and Md Islam thanked the Bangladesh Ambassador for his strong support and hoped that this would help Bangladeshi workers get fair and equal treatment while working in Japan.

Meanwhile, the Bangladesh ambassador renewed his call on the eve of New Year to grant training visas to Bangladeshi workers in Japan to help legalise their status and the human resource development of Bangladesh.

DPRK envoy says Bangladesh economy stable

The newly-appointed North Korean Ambassador to Bangladesh, Ri Sang Il, yesterday called on Prime Minister Sheikh Hasina at her office and conveyed the greetings of North Korean President, says BSS.

Ri Sang Il praised the role of Prime Minister in tackling the prolonged floods in Bangladesh.

He observed that the economy of Bangladesh was stable although some Asian countries have been facing a tough time.

The envoy said the prestige and image of Bangladesh has improved under the leadership of Sheikh Hasina. Referring to the existing friendly relations between the two countries, the envoy said he would make efforts to further strengthen the ties.

He also praised the role of Sheikh Hasina in signing the water treaty with India and the peace accord in the Chittagong Hill Tracts.

The Prime Minister also conveyed her good wishes and greetings to the North Korean President and thanked the people of North Korea for their support to Bangladesh Liberation War.

Sheikh Hasina expressed the hope that the friendly relations between the two countries would further be cemented in future.

Principal Secretary to the Prime Minister Dr S A Samad and Foreign Secretary M Mustafizur Rahman were present.

Bogus claims take toll on Chinese insurance industry

SHANGHAI, Dec 31: Some 20 per cent of the total payments made by China's insurers on fraudulently claimed insurance were taken as bogus claims were taking a massive toll on the industry and still accounted for as much as one-fifth of benefit payments.

The newspaper said auto-insurance fraud was an "especially common."

It cited the case of two brothers in Guangzhou, who were found to have made 34 separate claims for the same accident from November 1995 to May 1997 and collected 1.4 million yuan (170,000 dollars).

In a disgusting recent case in Shanghai, however, a 21-year-old resident murdered his own mother with classmates' help in a plot to obtain a 420,000 yuan (50,600 dollar) accident-insurance payout.

It was the third such insurance-related matricide in China recent years.

The daily blamed the situation on an incompletely developed insurance system and a lack of regulatory strictness.

Heavy competition among commission-compensated sales agents has promoted excessive emphasis on sales volume with little attention paid to claim assessment and adjusting.

China on November 18 established a national regulatory body dedicated to the insurance industry for the first time previously, the sector was supervised by the central bank.

Economy to face severe strains ahead

CPD dialogue on 1998 deluge

Star Business Report

The increasing inflationary pressure, burgeoning recurrent expenditures, widening budget deficit and fund dearth facing the private sector -- these are some of the macro-economic factors to create severe pressure on the country's economy in the coming months.

"The macro-economic trends suggest that the real economic sectors will be under severe strains in the coming months," said Dr Debapriya Bhattacharya, a senior Research Fellow of BIDS at a discussion organised by the Centre for Policy Dialogue (CPD) on the impact of flood.

"The government, with a view to ease the situation, has come up with a package comprising fiscal measures, exchange rate realignment, tariff adjustments and bank financing support. The package while being geared up to promoting a moderately expansionary approach has to be constantly reviewed for sustainability of the macro-economic fundamentals," said Dr Bhattacharya at the dialogue's inaugural session on "Macro-Economic Impact of the Flood."

The statistics suggest that inflation rate was 7.55 per cent in November, up from 7.27 per cent in August. The budget deficit is expected to cross five per cent of GDP and will as a result increase the government's borrowings.

Later, speaking at the dialogue on "The 1998 deluge: developing coping capacities" held at the CIRDP auditorium yesterday, Finance Minister SAMS Kibria said the fear of high inflation rate will die down in the future with the fall in prices of essentials.

"We have already disbursed Tk 1300 crores as agricultural credit to boost the rural economy," said Kibria. "We have been able to absorb any kind of pressure on the balance of payment as we received timely funds from the IMF and the World Bank."

"Bangladesh's image has brightened as we have been successful in facing it with courage," said Kibria.

Earlier, Dr Debapriya said that the performance of the national economy in the financial year 1998-99 would be greatly influenced by the damage caused by the recent floods.

"The initial government estimate puts the flood loss figure at US \$3.4 billion which amounts to about 10 per cent of the GDP," he said.

The marginal fall and non-food component registering rises in the terminal month.

"The inflationary trend, which surfaced during 1996-97 and steadily crawled upwards throughout 1997-98, may continue to do the same during the current fiscal year," he said. "Given the macro-economic trends, the consumer price index may well reach the eight per cent mark by the end of the year."

Current Expenditures

Regarding current expenditures, Bhattacharya said the recent flood is also expected to have a substantial impact on the government's expenditure portfolio. The most important factor in this regard will be enhanced foreign imports by the government to meet domestic production shortfall.

"Because of the flood-related expenditures, absolute volume of recurrent expenditures is expected to overshoot the initially budgeted amount of Tk 157.5 billion and the expenditure-GDP ratio in FY99 may well witness an unavoidable increase in its FY98 benchmark of 7.4 per cent," said the economist.

Budget Deficit

The budget deficit is also going to increase in FY99 as a result of the flood's budgetary impact, particularly because of revenue shortfall, post-flood relief activities, enhanced food distribution operations and rehabilitation needs, Dr Bhattacharya said.

"The overall budget deficit for FY99 was initially estimated at Tk 93.4 billion or 4.3 per cent of GDP. Current trends suggest that the deficit may very well go beyond 5 per cent of GDP, resulting in an increase in deficit balance to the tune of more than Tk 100 billion," he said.

Despite the government's attempts to tap resources, there will still be a financing gap of Tk eight billion. Part of this gap will be met through a net increase in foreign financing of more than Tk 10 billion on a budget benchmark of Tk 55.2 billion.

Government Borrowings

"There will be a need to find supplementary resources from domestic sources to meet the incremental revenue shortfall. This suggests that government borrowings, either from the banking sector or from non-banking sources, will increase, he pointed out.

The government changed its fiscal stance in 1997-98 as it opted to mop up private savings from the market through issuance of highly-priced saving instruments. Continuation of such practice will dampen private investment prospects.

Reverting back to the banking system for borrowing by the government is also not an easy option because of enhanced net demands on the banks' loanable funds in the post-flood situation, said Dr Bhattacharya.

The borrowing by the government from the Bangladesh Bank (BB) at the end of November '98 amounted to Tk 41.31 billion, which is 9.3 per cent more than the last year's corresponding figure.

However, between the end June '98 and November '98, government borrowing from the BB has shown a hefty decrease of Tk 11.63 billion, a decline of about 22 per cent.

Borrowing by the government from the banking system stood at Tk 96.44 billion as of end November, 1998, indicating an annual increase of about 21 per cent. In contrast to the government's borrowing trend from the Bangladesh Bank, borrowing from the banking system during the past five months of FY99 increased by four per cent.

Credit Expansion

There is an apprehension that the high level of domestic borrowing by the government

in FY99 from the banking system may limit the access of private sector to investible resources, Dr Bhattacharya said.

While, the government remains committed to channeling more than Tk 30 billion as agricultural credit, it is term lending which may have to suffer a cutback.

"The unfortunate inability to discontinue financing of the loss-making SOEs through the nationalised commercial banks is going to heighten this dilemma," he observed.

Domestic credit expansion seems to have slowed down since July, 1998, as the rate of increase has fallen to 2.21 per cent. However, the rate of increase in credit flow to the private sector had been higher (2.44 per cent) in comparison to public sector (1.6 per cent) between July 30 to November 5 this year.

Import and Export

The import level is going to rise due to increased food and rehabilitation related imports. Thus import growth may be in the range of 12 and 13 per cent against the sluggish rate of 5.5 per cent in the preceding year.

The volume of export recorded a shortfall of 14.4 per cent during the July-October period.

Year 1998 started with concerns for further of downward adjustment of taka against US dollar on the aftermath of Asian crisis. Bangladesh Taka was adjusted downward against US dollar by Tk 3.50 (6.71%) in three phases during the year.

Yearly Currency Roundup

1998	1997	1996	1995	1994
48.35/48.65	45.30/45.60	42.35/42.55	40.65/40.85	40.15/40.35

The first downward adjustment of taka took place in February when it was adjusted downward by 85 paisa which was followed by a further depreciation in July by 80 paisa or 1.72 per cent. Within three months, in October Bangladesh Bank for the third time adjusted taka downward by 1.40 or about 3% -- the single largest downward adjustment since 1982. This year, corporate became increasingly aware about addressing their foreign currency risks, and forward cover gained popularity as a measure to hedge the risks.

Demand for dollar was fairly high in 1998 due to import payments and other outward remittances. In September, the worst flood in Bangladesh also took a toll on the foreign exchange market and as a result dollar demand reached its peak. In September, the government decided to import 300,000 metric tons of rice and 100,000 metric tons of wheat in addition to the annual import of foodgrains. In the middle of September, L/Cs worth of BDT 10 billion were said to have been opened. This heavy import by the government and the private sector pushed the demand for dollar high. In the third quarter the government declared floatation of foreign bonds in US dollar and British pound for non-resident Bangladeshis. In the fourth quarter of the year, the high demand for dollar persisted due to import payments and increased interest for hedging currency risk.

The year ended with central bank's USD/BDT rate settling down at 48.35/65 and average interbank rate at 48.65/48.6520. The closing rate for cash US dollar notes in the secondary market ranged between BDT 48.60 to 48.80.

Money Market

Significant developments marked the year for the money market. From the third quarter Bangladesh Bank decided to accept Treasury Bills in tenors of multiple of seven days (7 days, 28 days, 91 days etc). This decision diminished the gap between Treasury bill maturity and payment and as a result the volatility which was caused by this gap between payment and maturity reduced the fluctuation in the call rate. The government also started accepting Treasury Bills of longer term tenors of 2 years and 5 years from this year. As of December 31, 1998, following Treasury bills were outstanding.

Treasury Bills outstanding as of December 31, 1998					
Amount	Billion Taka				
	28 days	91 days	364 days	2 years	Total
19.145	1.3015	22.325	4.945	47.7165	
Yield	8.34%	9.01%	10.29%	11.77%	

Bangladesh Bank has also changed the procedure of calculating Cash Reserve Ratio (CRR) and Statutory Liquidity Requirement (SLR) from weekly basis to monthly basis.

The call money rate soared to 15-20 per cent ahead of the Eid ul Fitr (during the first quarter) due to huge deposit withdrawals by the government bodies and retail clients. Some of the nationalized banks (lenders) refrained from lending despite being surplus in funds also attributed to the rate hike. In the last quarter, the call money market remained in an insipid state. Despite the devastating flood, government borrowing did not increase as was expected by the money market players. The government was successful in matching its post flood rehabilitation expenditure with the inflow of aid -- as a result the money market remained sluggish. In 1998, monthly average of call money rate ranged between 6.5 to 12.20 per cent.

International currency market

Year 1998 started with the perpetuation of South Asia Currency crisis. It affected Japanese economy most due to its dependence on South Asian economies. Japanese economy's dismal situation including its financial sector indiscipline also grabbed yen by swirl of the neck. European currencies suffered by the fear that European interest rates might be kept low to prevent a worldwide recession, too. A political and a debt crisis in Russia heavily affected DEM because of German business involvement in Russia. US dollar was mainly affected by Clinton's impeachment possibilities and expectation of slowing down of US economy later in 1998. A domino effect of Russian debt crisis in Latin America also pulled down US dollar. European Economic and Monetary Union (EMU) did not influence the European Currencies as it was expected.

USD and yen was the most volatile currency pair of the year. During 1998, USD moved by 32.37 per cent against yen with a high of 147.63 and low of 111.53 yen. Up to the 3rd quarter, USD was on a gaining trend against yen. But in the 4th quarter, market experienced a landslide in USD without any comprehensible fundamental reason. In the first week of October, USD was slumped by 22.75 per cent (from 136.90 to 111.53 yen level.) Nonetheless USD ended the year soothing its wounds around 113 yen level.

Against DEM, USD moved by 16.82 per cent with a high of 1.8562 and low of 1.5870. Earlier in the year, DEM was weaker due to strong US economy, uncertainty around ECU and political crisis in Russia. But USD's rise was forestalled by Iraq crisis and Bill Clinton's moral away. As the year progressed and launching of EMU approached, DEM got stronger on back of perception of slowing down of US economy and better prospect of EMU.

During the first half of 1998, GBP was mainly moved by interest rate factor. For the first 2 quarters GBP was more or less stable as there were no significant factors. However, in the 3rd quarter, GBP posted its lowest for the year at 1.6078 on the perception of slowing down of UK economy. GBP posted its year high during the 4th quarter on concern for possibility of impeachment of Clinton. It, however, ended the year around 1.66 level.

PM calls for industrial park in N region

The sixth meeting of the Board of Governors of Private EPZ was held at the Prime Minister's office with Prime Minister Sheikh Hasina in the chair, says BSS.

The meeting was apprised of the progress and situation of the proposed Korean private EPZ in Chittagong.

Sheikh Hasina stressed the need for setting up industrial park in the country particularly in the northern region. She said there is ample opportunity to set up industries in the northern region in the backdrop of the commissioning of the Bangabandhu Bridge.

The Prime Minister opined that the industrial park in the region would not only attract foreign investors, but also local entrepreneurs.

Finance Minister Shah A M S Kibria, Commerce and Industries Minister Tofail Ahmed, Post and Telecommunications Minister Mohammad Nasim, State Minister for Foreign Affairs Abul Hasan Chowdhury, State Minister for Land Affairs Rashed Mosharraf, State Minister for Energy Prof Rafiqul Islam, State Minister for Planning Dr Mohiuddin Khan Alamgir, Principal Secretary to the Prime Minister Dr S A Samad, Foreign Secretary Mustafizur Rahman, Executive Chairman of Board of Incentive Secretary Farooq Sobhan, Finance Secretary Dr Akbar Ali Khan, Commerce Secretary Alamgir Farooq Chowdhury, Energy Secretary Dr Tawfique Elahi Chowdhury, Secretary of Planning Dr Abdul Hamid Chowdhury, NBR Chairman Abdul Mueyed Chowdhury, Industries Secretary Izazul Haque, Environment Secretary Margub Moshed, Shipping Secretary Saiful Islam, Governor of Bangladesh Bank Dr Farashuddin and President of FBCCI Abdul Awal Mintoo attended the meeting.

Matia at CPD dialogue on 1998 flood

Govt won't write off agri loans

Star Business Report

Food and Agriculture Minister Matia Chowdhury yesterday said that the government would not write off agricultural loans and would rather reschedule them.

Criticising previous governments for waiving repayments on agricultural loans, she said:

"Such moves never help anyone. After all, whose money are we writing off?"

"If we write off loans the tax payers would have to bear the burden. We have not been given the right to burden the tax payers in this manner," Matia said at a dialogue on "The 1998 deluge: Developing coping capacities" organised by CPD at the CIRDP auditorium yesterday.

She also criticised those who spread rumours that there would be a severe famine and thousands would die in the aftermath of the floods.

"It was the joint effort of the government and the civil society that helped overcome possible crises," she said.

Earlier, Syed M Hashemi of Nagorik Durjog Mukabala Udyog (NDMU) in his keynote paper at the session on GVF cards and relief operations said that four million GVF cards were distributed nationally in the first phase of the government programme.

He discussed on a study undertaken to determine the effectiveness of GVF cards in the light of targeting the destitute, efficacy of the distribution process, and the importance of VGF foodgrains in meeting consumption needs of the destitute during the post-flood period.

The study was conducted in 14 thanas of Kurigram, Gaibandha and Jamalpur districts.

"The survey on the randomly-selected VGF card recipients indicates that the end-liner destitute received cards and for the most part very little corruption was involved in the distribution process.

According to the findings of the survey, there were two cases where the respondents were non-existent. One person in Kurigram, three in Gaibandha and 24 in Jamalpur had to pay money to receive their respective VGF cards.

"The generalised way of VGF card distribution across the country meant that many places, which were not severely

affected by floods, had received the same number of cards as in the cases of the intensely-hit areas. This means that in some areas people received VGF cards who may not be in dire needs. On the other hand, many desperately-needing people had not received their cards. It is, therefore, important to ensure that the most vulnerable areas are better targeted in the rehabilitation programme.

"The number of VGF cards distributed were not sufficient. In Rourmah thana 18,000 cards were required but only 7,000 had been distributed," the study said.

Micro-Credit and Employment Generation

Salehuddin Ahmed, Managing Director of PKSF, discussed the experiences of 35 officials and five special teams who visited several districts.

He said that the loan repayment instalments, which could not be collected during floods and still remained uncollected, could be deferred for some time and rescheduled. With a view to kick-starting the financial activities, new loans should be given to micro-credit borrowers.

In case of rescheduling overdue loans, short-time moratorium could be allowed. The factors to be considered for rescheduling and giving fresh loans should be the current loan amount of the borrower, extent of damage caused to him/her etc.

He said if a partner organisation fails to repay any instalment to PKSF because of the flood, it should apply to PKSF for rescheduling with detailed explanations. PKSF will consider this on a case by case basis.

He concluded by saying that the recent flood in Bangladesh had proved a both a challenge and an opportunity for micro-credit programmes. The challenge is to recover from the losses due to flood and to bring back the poor people onto the path of sustainable development.

"The opportunity lies in consolidating and improving the micro-credit programmes and to bring the poorest of the poor under its coverage.

Dr Hossain Ahmed Bhuiyan, Associate Professor of the Bangladesh Open University, talked about a survey which revealed that of the four million people who were supposed to have received food, 42 per cent of them never heard of VGF cards.

Data collected from 40 villages indicate that of the total households only 26 per cent received VGF cards.

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Forex reserve stands at \$1.92b

The country's foreign exchange reserve stood at 1.92 billion US dollars yesterday, a Bangladesh Bank press release said here without giving further details.

M H Rahman made new President of DCCI



M H Rahman has been elected President of the Dhaka Chamber of Commerce and Industry (DCCI) for the year 1999.

The election was held at the Annual General Meeting (AGM) of the DCCI yesterday.

M H Rahman, is the Managing Director of Aranco Trade Ltd., Unichem Products (Bangladesh) Ltd., East-West Impex Ltd. and Golden Ventures Ltd. and engaged in multidisciplinary business activities, such as international trading, manufacturing marketing, distribution and projects consultancy.

Rahman obtained his Honours and Masters degrees in Economics from Rajshahi University in 1965 and 1966 respectively. He attended several Management Course, International seminars and conferences. His field of specialisation is marketing.

Rahman has been associated with trade bodies for a long time.

Sajjatz Zamma has been elected Senior Vice President of the DCCI for the year 1999. He was a Senior Vice President of the DCCI in the year 1994.

Jumma is the Managing Director and Chairman of Fesco Flour Industries Ltd., Fresco Steel Mills Ltd., Farina Industries Ltd. and Milling Engineers Ltd and engaged in manufacturing, indenting and Industrial Consulting business.

Nasir Hossain has been elected Vice President of the DCCI. He is the Managing Partner of Cook Brand Mosquito Coils Co. Ltd, Chief Executive, Rina Glass House and Proprietor, Nahrin Corporation and engaged in manufacturing Mosquito Coils, Import and General Trading.

As one third of the members of the Board of Directors retired, election of the vacant seats was held on December 20, 1998 and the following directors were elected for the term 1999-2001. Mohammed Nurul Alam, A Y Md Kamal, Manzur Ahmed, Mamun-ur Rahman, Mohammed Zainul Abedin, Md Mazharul Islam, Nasir Hossain and Giasuddin Ahmed.

After detailed deliberations, the Annual Report 1998 and Audited Cook Brand Mosquito Coils 1997-98 of the DCCI were approved and adopted in the AGM.



The newly-elected committee members of Metropolitan Chamber of Commerce and Industry, Dhaka, led by its President Mahubul Jamil called on Commerce and Industries Minister Tofail Ahmed at his office on Thursday. — MCCI photo

Tofail calls upon business leaders

Expand market through diversifying exports

Commerce and Industries Minister Tofail Ahmed yesterday called upon business leaders to help expand the country's market abroad through diversifying exportables, reports APB.

He said that businessmen should widen their trading networks and establish regular contact with overseas buyers to keep themselves abreast of the products in demand in the world market.

Tofail was talking to the newly-elected executives, including its president Mahubul Jamil, of the Metropolitan Chamber of Commerce and Industry (MCCI) at his office yesterday morning.

He assured the business community that his government would provide all-out support to genuine initiatives in increasing export earnings.

He said that the authorities were providing the entrepreneurs with a wide range of incentives to the tune of Tk 225 crore annually to back up their efforts for boosting exports.

Tofail said the present government interacts regularly with the businessmen and entrepreneurs with a view to expediting the process of industrialisation as well as for increasing exports.

MCCI President Mahubul Jamil, Vice President Asgor Karim, Secretary General C K Haider and other executives extended support to Bangladesh's strategy on issues relating to WTO.

They also expressed their willingness to cooperate with the government in improving the trade ties with India and other SAARC countries.

The leaders raised some issues including formation of Credit Information Bureau (CIB), inclusion of a representative of the users in special tribunals for customs, development of Chittagong port, improvement of power supply and growth in manufacturing sectors.

The MCCI leaders pointed out that Bangladesh had maintained desired industrial growth despite the recent prolonged flooding. They called for increased long-term industrial loan facilities for the genuine entrepreneurs.

They also referred to some tariff anomalies, bank rate and problems relating to informal trading.

The minister said the government was encouraging more value added products. At the same time, local value addition requirement to make preferential export to the SAARC countries has also been reduced.

He said the country could now export a good number of products to India and other SAARC countries as local value addition was fixed at 30 per cent.

Tofail said with the derogation of GSP rules of origin in exporting apparel to EU countries, the volume of exports would now go up. He added that the government was also taking care of the expansion of local backward linkage industries.

Regarding removal of tariff anomalies, the minister said the present government had reformed the tariff structure by bringing down duties on many items.

US population crosses 271m

WASHINGTON, Dec 31: The United States population will surpass 271 million on New Year's Day 1999, up 2.58 million, or one per cent, from January 1, 1998, the US Commerce Department's Census Bureau reports, says AFP.

The country's population is projected to grow less in 1999 -- by some 2.32 million -- than in 1998, primarily because of an expected rise in the number of deaths, the department said last Tuesday.

The New Year's Day 1999 population of 271.645 is a 9.2 per cent increase over the 1990 census total of 248,765, the department said.