

Govt fails to finalise Industrial Policy in six years

Six years have elapsed since the last draft of the industrial policy was prepared. The committee has still far off from finalising the much-cherished Industrial Policy, officials said, reports UNB.

The last draft of the industrial policy was prepared in 1992. Since then, the country's industrial sector has been doing without a policy.

After about one year of the tenure of the amended policy, the then BNP government formed a committee in 1993 to formulate a draft of another amended industrial policy which was decided to be placed before the parliamentary standing committee on industries.

The committee took more than six months to sit only to fix up who are the representative bodies to be asked for suggestions for amendments and what would be the format of the draft.

Over one year, the committee has sat 11 times and finally hammered out a draft amendment of the industrial policy.

Later, in mid-June 1995, a meeting presided over by the then Industries Secretary reviewed the draft. But, at the demand of the Federation of Bangladesh Chambers of Commerce and Industry (FBBCCI), the meeting decided to give some more time to invite some more suggestions or amendments from the business people.

Although, the FBBCCI and

other chamber bodies sent their suggestions to the ministry, because of the political turmoil across the country, finalising the draft of the amended industrial policy was jettisoned.

Later, after more than three months of assuming power, the Industries Minister of Awami League government took the initiative to make the final draft. But, in view of the new government's policy, it was decided to frame a new Industrial Policy rather than amend the amended one of 1991.

Till the end of 1997, the new committee to formulate a draft policy had sat several times but failed to come up with a draft accepted by every section of the stakeholders.

In December 1997, a small

committee headed by the Industries Secretary was entrusted to decide incorporating the suggestions of the businessmen.

The committee took four more months to finalise the draft policy.

However, after two years of journey, the ministry finally finalised the draft and sent it for cabinet approval.

But, official sources said, the cabinet again sent it to another committee headed by the Finance Minister about two months back, and the body is yet to complete the vetting.

Sources in the Industries Ministry told UNB that before the committee meets to finalise the policy, the two line ministers would sit together to iron out their differences.

EU easing demand for labour, environmental norms?

By Ranvir Nayar

BRUSSELS, Jan 5: There seems to be growing convergence in the views of the European Union (EU) and developing nations over the question of uniform global labour standards and environmental norms for companies operating around the world.

This convergence is perhaps almost entirely due to a major shift in the position adopted by the EU on these controversial matters. "We don't believe in imposing work standards under the WTO (World Trade Organisation)."

These are rules that are governed by the International Labour Organisation (ILO). As long as all signatory countries follow these standards, we don't have any need to bring any special labour norms under the WTO," Herve Jouanjan, a top official of the European Commission (EC), told IANS here.

This means that the EC has distinctly moved away from the position taken by the United States, which is keen to bring these issues under the WTO in the next round of multilateral negotiations that are expected to begin in the year 2000.

The developing countries see these norms as non-tariff barriers that are being sought by the developed world to curb exports from them. Even during the discussions on the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), which led to the creation of the WTO, developed countries, especially the US and the EU, had been insisting on adoption of standards on labour and environmental fronts that all countries signatory to the WTO agreement would have to abide by.

This demand would have translated into such things as limited working hours per week for labour — which is currently as low as 35 hours a week in some European countries — uniformity in salaries, more expenses on upgrading the safety and health standards at the Asian shopfloors to those of the developed economies.

This was vehemently opposed by the developing countries which perceived it as a direct and not so veiled attack on the very things that make them cost competitive as compared to the Western economies. The adoption of Western standards would mean that the cost of production in the developing countries increases manifold and hence this would take away their entire competitive edge.

The developing countries also cite the example of sweatshops opened by Western multinational companies like Nike in the Southeast and South Asian region where the standards adopted by these companies are entirely different from those followed by them in the West.

The sweatshop concept is catching on with the explosion of the computer software industry. Most leading software firms like Microsoft have set up such facilities in developing countries only because they pay a fraction of their typical American salary to Asian software developers. "This is a classic example of double speak," points out an Indian bureaucrat involved in negotiations at the WTO.

These leading MNCs have created such cheaper factories where they don't follow even a fraction of the standards that

they have to follow at home. How can then the Western countries demand that the developing countries follow a different standard?

Moreover, the standards set by each country depend on the laws framed by their Parliament and any imposition of standards from outside is not only a challenge to the national legislatures but also an imposition on the sovereignty of each country.

The issue gets even more controversial on the question of imposing uniform environmental standards.

Developing nations also ac-

cuse the West of having first polluted the world and now trying to cleanse it by imposing on developing economies which account for but a fraction of the global pollution problems.

The developing countries also say that the West has to first cut its per capita consumption and then talk of cleansing the world. But the EU relaxing its stand on these issues and no longer making it a central condition in the next round means the developed world will have to rethink its strategy in the new round when it begins in just over a year.

— India Abroad News Service

Pakistan greets euro with caution

KARACHI, Pakistan, Jan 5: Pakistani banks and traders greeted the launch of the euro with caution on Monday, reports Reuters.

But some bankers said the euro could become a potential substitute currency for Pakistan's dollar-dominated trade. "Pakistan's annual trade is 80 per cent denominated in US dollars so there may not be a major initial effect from the euro in the domestic interbank market," said Feroz Ansari, treasurer at Emirates Bank.

But he saw the euro as a potential challenger to the dollar because Europe is Pakistan's largest trading partner.

There will be a significant change in future with seven to eight per cent of the trade

shifting to the euro currency every year," he said.

Around 13 per cent of Pakistan's imports originated from euro zone countries and 21.7 per cent of its exports went to those countries in 1997-98.

Monday was the first day of euro trading in Pakistan with banks cautiously testing the currency in morning trade.

"We are trying to understand the mechanism of the system and are not taking long positions in the currency," a treasury dealer at one state-run bank said.

The rupee was trading at 58.73/59.03 against the euro in the interbank market. The euro was quoted in overseas market at 1.1824/30 against the dollar at 0835 GMT.



An unidentified money dealer talks on two telephones in the London International Financial Futures and Options Exchange (LIFFE) in the city of London, Monday, while trading the new Euro currency. — UNB/AP photo

Miyazawa confident of growth Yellow brick road paved for Japan's recovery

TOKYO, Jan 5: Japan will see the bluebird fly over the rainbow, Finance Minister Kiichi Miyazawa said today in a forecast drawing parallels between the world's second-biggest economy and the Wizard of Oz, reports AFP.

"Although visibility is zero at the moment, it is not that we will be flung through the cold for ever," the 79-year-old minister said in a New Year's speech to Finance Ministry officials. "We will surely see the blue sky with a bluebird flying over the rainbow," Miyazawa said, referring to the classic children's movie Wizard of Oz, which he saw while visiting Hollywood when a student.

But the yellow brick road to recovery in Japan has been paved with huge government spending.

Tokyo has announced plans to issue a record 31.05 trillion yen (267 billion dollars) in bonds in the next fiscal year starting in April to fund its massive economic recovery package.

"Since it is an unprecedented recession, we have no choice but to use an abnormal tool to overcome it," Miyazawa said. "I am grateful that you have been so patient."

In an interview with AFP, Miyazawa said that Japan's fiscal situation was tough but he was confident of delivering economic growth of 0.5 per cent this year.

"The fiscal situation is extremely tough, the prime minister said, nothing that the country's stock of debt amounted to 108.5 per cent of annual gross domestic product.

Nevertheless, Tokyo had implemented the largest tax cuts on record along with huge government spending. "If all these measures are implemented I am convinced that the 0.5 per cent growth target can be achieved," Obuchi said.

Another report says: Sales of

new motor vehicles in Japan in 1998 tumbled 15.2 per cent to 12-year low, an industry group said today.

Only 4,335,318 new motor vehicles were sold in Japan in the year, the Japan Automobile Dealers Association said. In December alone, sales of new motor vehicles dropped 23.5 per cent from a year earlier to 299,846 units.

"Because of the raised consumption tax bad economy and the financial scandals, Japanese consumers have tightened their expenses," a spokesman said.

Consumption tax was raised from three to five per cent in April 1997, a move widely blamed for pushing the world's second largest economy into recession.

Sales of cars in the month declined 22.7 per cent to 226,399 and sales of trucks decreased 26.0 per cent to 72,707 with sales of buses down 9.8 per cent at 740.

"Although the government said we're coming out of the tunnel, we don't see the light," the Association spokesman said. "We're still in the middle of the tunnel."



Maurice Flanagan, Group Managing Director of Emirates, receives the Honorary Fellowship of the Royal Aeronautical Society from its President, Captain Jock Lowe. — Emirates photo

20 Chinese firms get foreign trading licences

BEIJING, Jan 5: China's trade ministry has issued foreign trading licences to 20 private businesses breaking the state monopoly on imports and exports, state radio said yesterday, reports AFP.

"Private firms now have a right to trade directly and on equal terms with state or collectively-owned enterprises," a spokesman for the Foreign Trade and Economic Cooperation Ministry told the radio.

The 20 enterprises, with registered capital of 1.36 billion yuan (164 million dollars) are engaged in such industries as animal feed.

In total, seven Sichuan-based private manufacturers have been granted trading licences while in Shanghai, China's economic centre, five firms were on the approved list.

Four of the other were from Sichuan's Chengdu city two were from Beijing, while southern Guangdong and eastern Jiangxi provinces had one each.

ADB reduces lending rates

MANILA, Jan 5: The Asian Development Bank (ADB) announced here today that it has reduced the lending rates on its US dollar loan facility from 6.76 per cent to 6.38 per cent per annum, reports Xinhua.

The Manila-based bank also said that the rate on multi-currency loans has also been decreased from 6.02 per cent to 5.84 per cent per annum.

The new lending rates apply from January 1 to June 30, 1999, it said.

Interest rates on the ADB's multi-currency and dollar loans are adjusted on January 1 and July 1 each year.

For each facility, the lending rate is determined by adding a spread (currently 0.4 per cent) to the preceding six months' average cost of the respective pool of outstanding bank borrowings established to fund such loans.



The 4th annual general meeting of Miracle Industries Ltd (MIL), a joint venture public limited company with BCIC, was held at its Corporate Office recently. Hasanul Murshed, Chairman of MIL and Director (Commercial) of BCIC, presided over the meeting while Dr K M Quamrul Hasan, Managing Director, and Quazi Anwarul Haque, Executive Director, were also present. The meeting declared 12.50 per cent dividend for 1997-98. — MIL photo

Manila mulls over including euro in its forex reserve

MANILA, Jan 5: The Philippine central bank said Tuesday it is considering using the euro as part of its foreign reserves, most of which are held in US dollars, reports AP.

Central bank Governor Gabriel Singson said the bank is monitoring the progress of the new European currency to decide whether to include it in the foreign-exchange reserves.

The central bank will not disclose how much of its reserves, presently around \$11 billion, are held in dollars. Banking sources, however, believe up to two thirds are held in the US currency, around 20 per cent in Japanese yen and the balance in major European currencies.

Singson said the euro, which made its debut Monday on world currency markets, has so far had no direct impact on the peso-dollar rate. The peso is presently trading at a seven-month high against the dollar, which Singson attributed to the strength of the Japanese yen.

In late morning trading Tuesday, the dollar averaged 38.2812 pesos, down 40.4 centavos from the previous day's average.

Some Philippine banks have already started accepting euro deposits, with demand for euro-denominated accounts initially expected to come from corporate clients with strong trade

ties to the European Union. For the most part, however, demand for euros is likely to be thin for some time.

The euro almost certainly will not surpass the dollar as the Philippines' main reserve currency, but some observers believe the central bank should diversify its currency reserves and trim its dollar holdings.

In an interview with the Philippine Inquirer published Tuesday, former Trade Secretary Cesar Bautista said the country has historically been "overly dependent" on the dollar, which was "way out of proportion to the extent of our trade and investments with that country."

China to hold int'l building tech show in July

BEIJING, Jan 5: China is to hold '99 International Intelligent Building Technology and Equipment Expo in Beijing from July 27 to 30, says Xinhua.

This will be the largest exhibition of its kind that China hosts before the turn of the century.

The expo will be jointly held by China electronics industry science and technology exhibition centre and the Intelligent Building Development and Promotion Centre of the ministry of construction.

China now invests ten billion yuan in construction of intelligent buildings every year, accounting for 15 per cent of the total construction investment, up from five per cent more than a decade ago.

'German economy to hold up well'

BONN, Jan 5: Chancellor Gerhard Schroeder was quoted on Monday saying he expected the German economy to hold up well despite the braking effect of the crises which have swept Asia, Russia and Latin America, reports Reuters.

"There are no grounds to be pessimistic... The foundations of our economy are intact," Schroeder told the Volkswagen auto group's staff magazine Utogramm in an interview.

But it is right that we must ready ourselves for a slower pace of growth in the coming year because the export sector has lost momentum. Schroeder who sat on the VW

supervisory board before winning last year's general election also said his centre-left government's plans to cut taxes for low-income earners were aimed at promoting growth.

"Against this background it is all the more vital that we boost the purchasing power of workers and families through our tax reform and thereby give domestic demand extra impulse," he said.

Schroeder did not give any firm predictions for growth. But his government has forecast economic growth of two per cent this year, down from nearer three per cent last year.

Bismillah Airlines goes into operation Saturday

Bismillah Airlines Ltd, the country's first private international cargo airlines, is expected to start operation from Saturday, says UNB.

In the beginning, the airlines will operate a cargo flight every Saturday on Bangkok-Dhaka-Bangkok route, said an official of the company yesterday.

According to the official Abu Hassan, the company has received necessary permission from the Civil Aviation Authority, Bangladesh to launch the airlines as part of the government's policy to open sky to private operation.

The airlines had procured on wet-lease basis an aircraft from Balk Airline of Russia that has a play-load capacity of 20,000 kg.

After inspection of the aircraft in Bangkok last month a three-member CAAB team found it fit to fly, Hassan said adding that authorities at Zia International Airport and Bangkok airport have agreed to provide ground handling services to it.

The aircraft will carry garments, leather and perishable commodities from Bangladesh while it will fly in fabrics for the country's garment industries.

Dhaka to receive Tk 21.35cr loan from Sweden

Bangladesh is to receive 35 million Swedish kroner equivalent to Tk 21.35 crore as additional loans from Sweden, says UNB.

An agreement to this effect was signed between the two governments in Dhaka yesterday, said an official handout.

ERD Secretary D. Mashiur Rahman and Swedish Ambassador to Bangladesh Anders Johnson signed the agreement on behalf of their respective sides.

This is in addition to Sweden's earlier contribution of 40 million Swedish kroner as loan in financing of infrastructure development within the "Rural Employment Sector Programme-3" under Local Government Division, the handout added.

The main objectives of the project are to improve the road standard of feeder-roads type 'B' and construct and improve bridges in the districts of Gopalganj, Faridpur, Madaripur, Rajbari and Shariatpur.

JS body discusses setting up of pvt container terminals

A meeting of the Parliamentary Standing Committee on Shipping Ministry yesterday held a threadbare discussion on setting up private container terminals at Patenga in Chittagong and Pangaon of the city, says UNB.

The meeting held with its chairman Col (ret) Shawkat Ali in the chair at Sangsad Bhaban, laid emphasis on establishing container terminals in private sector for reducing pressure of container handling at Chittagong port and considering the increasing number of container transportation.

It also discussed shifting of Chatterang section of Bangladesh Shipping Corporation to Dhaka.

Committee members Deputy Minister for Food Dhirendra Debnath Shambhu, ABM Abul Kashem, Mahmuda Sougat, Golum Faruk Ovi, Mohammad Rafiqul Islam Bakul and Zafrul Islam Chowdhury attended the meeting.

State Minister for Shipping Mofazzal Hossain Chowdhury (Maya) was present on special invitation. Shipping Secretary M Saiful Islam and other concerned officials were also present.

Emirates Group MD wins top aviation award

The Royal Aeronautical Society, the aerospace industry's most venerable institution, has awarded an Honorary Fellowship, the industry's ultimate accolade, to Maurice Flanagan, Group Managing Director of Emirates, the international airline of the UAE, says a press release.

The award was presented to Flanagan recently at the Society's London headquarters by its President, Captain Jock Lowe.

Flanagan joins an elite band of just under 50 people worldwide on whom an Honorary Fellowship has been conferred since the 1950s.

After receiving the award, Flanagan paid tribute to HH Gen Sheikh Mohammed bin Rashid Al Maktoum, UAE Minister of Defence and Crown Prince of Dubai. "It was the vision and foresight of Sheikh Mohammed which led to the creation of Emirates just over 13 years ago."

He also paid tribute to the airlines' Chairman, HH Sheikh Ahmed bin Saeed Al Maktoum. "We have been most fortunate in having Sheikh Ahmed as Chairman throughout the life of this airlines."