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# The Daily Star BUSINESS

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## Fish exports fetch Tk 600 cr in 1st six months

Bangladesh earned about Tk 600 crore by exporting some 11,000 tons of fish in the first four months of the current fiscal, reports APB.

The breakup of the earnings include Tk 509 crore from frozen shrimp, Tk 72 from frozen fish, Tk 1 crore dry fish, Tk 11 crore from salted fish and Tk 1.75 crore tortoise and crab. Besides, the country earned some Tk 50 crore by exporting about 7,500 tons of Hilsa to India.

This was disclosed by an 11-member delegation of National Fisher Association when it called on Fisheries and Livestock Minister ASM Abdur Rob at his office today (Thursday).

Association President Islam Ali and General Secretary Rafiqul Islam apprised the Minister of the various problems being faced by the sector. The Minister sought all-out cooperation from the fishermen in developing the sector and said the government will take possible steps to free the sector from fake fishermen.

Director General of the Fisheries Department M A Matin was present in the meeting, said a press release.

## Directive to boost tea production

The parliamentary standing committee on Commerce Ministry has directed the authorities concerned to boost tea production ensuring its quality, reports UNB.

The directive came from a meeting of the committee held with its chairman Raziuddin Ahmed Razu in the chair yesterday.

The meeting also discussed the overall activities of Bangladesh Tea Board.

Various means to strengthen the Tea Board and the issues relating to leasing out of tea gardens and alleged irregularities in the tea industry also came up at the meeting for discussion.

Committee members Meer Sakawat Ali, Muhibur Rahman, Master Majibur Rahman, Sri Biren Sarker, Akhter Hamid Siddiqui, Sarwar Jamal Nizam and Prof Shahidul Islam attended the meeting.

## BIBM workshop on euro ends

A three-day workshop on "Euro: Implications for Bangladesh" concluded at Bangladesh Institute of Bank Management (BIBM) here yesterday, reports APB.

The objective of the workshop was to acquaint the participants with the concept of EMU and Euro, develop their knowledge and skill on Euro transaction and settlement, and assess its impact on the financial system and economy of Bangladesh.

A total of 56 people from different banks and financial institutions took part in the workshop.

The workshop dealt with topics like introduction to EMU and Euro, banking services under Euro, exchange rate mechanism of EMU, probable impact of Euro on Bangladesh financial system and policy.

Director General of BIBM Dr Mainul Islam presided over the workshop and gave away certificates to the participants.

Termining the introduction of Euro a revolution in the world, Dr Mainul, in his speech, said the people of Bangladesh should gain knowledge about the currency, because the country has a significant trade with European Union.

"While the adoption of the single currency offers enormous opportunities and benefits for the EMU countries, the process would not be cost-free," he observed.

## Japan's top mobile phone executive commits suicide?

TOKYO, Jan 14: The executive vice president of Japan's biggest mobile phone company has apparently committed suicide by cutting his throat at his home in Tokyo, police said Thursday, reports AP.

Hitoshi Tajima, 56, senior executive vice president of NTT Mobile Communications Network Inc., was found bleeding profusely from the neck by a family member Wednesday morning, a Tokyo police spokesman said.

Tajima was rushed to a nearby hospital, but died later Wednesday, said the police spokesman, who spoke on condition of anonymity.

There was no suicide note, but police suspect Tajima killed himself after suffering from insomnia over the past several months.

Tajima had been absent from work since Monday for unknown reasons, said Shinichi Ogino, a spokesman for NTT Mobile Communications Network, commonly known as NTT DoCoMo.

Tajima had been in charge of promoting the company's mobile multimedia business operation since last June.

NTT DoCoMo has a commanding lead over two rival companies in Japan's rapidly growing cellular phone market with a 57 per cent share. The firm is a subsidiary of telecommunications giant Nippon Telegraph and Telephone Corp.

## CPD fellow on privatisation policy outcomes

# Proper policy could turn SOEs into gainful units

Star Business Report

With appropriate policy and managements in place, the state-owned enterprises (SOEs) could make profits as they did in some previous years.

"There is nothing inherently wrong with the state-owned enterprises (SOEs) in Bangladesh and that profits made in some years could be extended to other years," said Selim Raihan, a CPD research fellow, at the second session of a dialogue on 'The Outcomes of the Privatisation Policy and the Performance of State-Owned Enterprises in Bangladesh' in the CIR-DAP auditorium in the city yesterday.

Prof Rehman Sobhan, Executive Chairman of Centre for Policy Dialogue (CPD), chaired the session on 'Performance of the Private Sector'.

"There has been a popular saying that we could make another Jamuna Bridge if we could check the losses of the state industrial sector for at least a year. It is well known that the cost of making the Jamuna Bridge was more than Tk 25,000 crores. Whereas, during those 24 years, the maximum average real net loss incurred by the state industrial sector in a year was Tk 12.81 crores," Selim Raihan said.

In a World Bank report it was also stated that the opportunity cost of SOE losses for eighteen months is equivalent to one Jamuna Bridge.

"We cannot ignore the fact

that in many of the industrial corporations, there are some important structural problems, such as high raw materials costs, overstaffing (mainly of the non-workers), high administrative expenses, lack of market, and also the lack of upgraded machineries," he said.

Prof. Rehman Sobhan said the country's SOEs are being privatised over the last 20 years. But yet we don't have any policy for privatisation.

Selim said for over a decade most SOEs have had no resources to modernise their equipment. Furthermore, many government policies, on many occasions, did have a negative impact on the performance of the enterprises, especially the fertilizer, newsprint and sugar industries.

Therefore, to improve their performance these structural problems need to be addressed and more effective government policies should be put in place to facilitate rather than inhibit SOE performance, he observed.

"It has been a part of popular rhetoric that the state industrial sector received high subsidies from the government. But four out of six state industrial corporations received no actual payment of subsidy from the government," he said adding that only Bangladesh Jute Mills Corporation (BJMC) and Bangladesh Textile Mills Corporation (BTMC) have been paid

subsidies.

"We have already observed that the case of BJMC is a special one and an in-depth study on the corporation is required. But the case of Bangladesh Chemical Industries Corporation (BCIC) could be explained by the fact that for most of the years, governments have been giving partial subsidies to the BCIC products, particularly for sale of urea fertilizer, in order to keep prices low for its many consumers, particularly the farmers," Raihan said.

For this purpose, BCIC has been compelled to sell urea fertilizer at prices lower than its production costs on most occasions. According to a BCIC source, the current selling price of urea is Tk 4800 per tone, whereas during July-October 1998, the production cost of per ton urea was Tk 5705.

Raihan said since the mid '70s all the governments of Bangladesh have been taking the privatisation programme primarily on the assumption that industries cannot be profitable if they are run under state ownership. Privatisation programme has been influenced, and to a great extent, guided by mainly the World Bank, through its Structural Adjustment Programmes (SAPs).

Since the beginning of 1980s, many the World Bank, ministers, and many economists have been talking

about the 'inefficiencies' of the SOEs and arguing for their privatisation.

Raihan observed that a few studies have been undertaken to evaluate the actual performance of the SOEs and also to examine the actual outcome of the privatisation programme.

"On the other hand, we do not have any current study about the actual performance of the 'efficient' private industrial sector, where debt-default and tax evasion have been common practices," he said.

Apart from BJMC and BTMC, all the other state industrial corporations were generating positive gross incomes for most of the last 20 years, he said. "But due to the impact of high transfer costs (mainly high interest payment) and high tax payments, the gross income deteriorated into a balance sheet loss," Raihan added.

BJMC and BTMC suffered from serious structural problems, which made them intrinsically non-viable. With the experiences of the privatised jute and textile mills, this issue needs to be more fully studied and discussed.

During 1973-74 to 1982-83, the SOEs performed better than they did in the later periods. Over the time, their real net profit status deteriorated between 1984-85 and 1997-98, but the sharp deterioration appears to have set in during 1990-91 to 1997-98.



Brazilian women shop for clothes at an outdoor market in a downtown Sao Paulo street Wednesday. Brazil's abrupt devaluation of its currency and its change of central bankers shocked financial markets Wednesday, as investors worried that Brazil's economic problems could spread to the rest of Latin American and eventually the United States.

— UNB/AP photo

## Deteriorating situation ahead of polls

# Foreign buyers cut orders for Indonesian products

JAKARTA, Jan 14: Orders have been suspended for Indonesian products by many foreign buyers worried by the deteriorating situation in the country in the run-up to the general election in June.

The secretary general of the Indonesian Textile Association (ATI), Irwandy Muslim, said that foreign buyers normally placed orders for supplies in a year, but that this year they had cut orders until May only.

"This has forced producers to slow down production. We don't know whether they would renew their orders after the general election," Muslim told The Jakarta Post.

Secretary general of the Indonesian Shoe Producers' As-

sociation (Aprisindo), Djimanto said that shoe buyers with the exception of large vendors such as Fila, Reebok, Adidas and Nike had also asked to postpone supplies for their orders.

Chairman of the Indonesian Association of Leather Tanners (APKI), Diyono Heningsamito, said that some buyers of leather products had stopped imports from the country since December. Before the economic crisis hit the country, leather production reached 150 million square feet per year, but last year it dropped to 105 million square feet.

The Ministry of Industry and Trade projected the country's exports of commodities

other than oil and gas at \$US43.415 billion, slightly higher than last year's figure of \$US42.963 billion.

The export target for textiles and garments this year was \$US7.867 billion, wood products \$US4.435 billion, electronics products \$US3.293 billion, leather, leather goods and shoes \$US1.111 billion, steel and automotive products \$US1.824 billion, pulp and paper \$US1.985 billion, food and beverages \$US778 billion and basic chemicals \$US1.007 billion.

Exports of agricultural products in 1999 are projected at \$US3.333 billion, mining products \$US2.694 billion and other commodities \$US15.083 billion. — Asia Pulse Internet

## Ministers gather at ASEM meet today

# Asia getting more focused on single currency

SINGAPORE, Jan 14: Finance ministers from Asia and Europe get together for the second time on Friday, and with the advent of the euro are getting more focused on the idea of a single Asian currency, says Reuters.

The birth of the euro on January 1 has sparked a fresh debate about a single currency unit for the region, although analysts say this germ of an idea will take many years to come to fruition.

But the meeting may be overshadowed by Brazil's devaluation of its real currency, which sent stock market plunging around the world, the country's central bank scrapped a mini-ban in which the currency had traded, allowing it to fall more than eight per cent against the dollar.

Joseph Yam, head of Hong Kong's de facto central bank, said last week that Asian countries may eventually have to

consider creating a common currency to help defend the region from future financial shocks.

The time may come when we might want to consider the possibility of our own Asian currency — perhaps something along the lines of an Asian currency unit — that would form an anchor currency for our region," said Yam, head of the Hong Kong Monetary Authority. Finance ministers from 25 nations in Europe and Asia are due to attend the annual two days Asia-Europe Meeting (ASEM) in Frankfurt as well as European Commissioner Yves-Thibault de Silguy and other representatives from the European Commission.

Analysts said it is not surprising that Asian leaders are looking at the euro as a future model for a common currency in Asia, which could create more stability and help cure some of the region's economic

and social ills. But many analysts say Asian authorities might spend their time better focusing on nearer-term problems, of which there are many.

"It's good to set targets but a common currency for Asia is a long, long way off," said Tomnykoh, Director of the Asia-Europe foundation in Singapore.

Meanwhile, Asia-Pacific central bankers discussed the idea of a single Asian currency in a Hong Kong meeting earlier this week but agreed that it was unlikely to come about any time soon, the Philippines' delegate said today.

"There was some mention of the idea of a single Asian currency although most saw this as largely a philosophical or intellectual discussion under current economic conditions," central bank Governor Gabriel Singson said in a statement.

## Asians were the main victims

# Top US cos sued for worst sweatshop practice

LOS ANGELES: Thousands of Asians have been lured to the U.S. territory of Saipan to make clothing for American companies, only to be beaten, forced into getting abortions and made to live under guard in cramped, rat-infested quarters, according to lawsuits filed Wednesday.

Saipan was described by one lawyer as "America's worst sweatshop" where more than 50,000 Asians have been recruited with promises of good wages to make clothing tagged "Made in the USA."

Three lawsuits seek more than \$1 billion in damages for conditions they claim have persisted for the past decade in the 13-mile-long tropical isle in the Central Pacific.

The lawsuits are the first legal attempt to hold U.S. retailers accountable for alleged mistreatment of workers by subcontractors under the federal Racketeer Influenced and Corrupt Organizations Act, attorneys said at news conferences in New York City and Los Angeles.

In describing the workplaces, plaintiffs' attorney

William Lerach said in Los Angeles that they "would make medieval conditions look good."

Two worker class-action suits were filed in federal courts in Los Angeles and Saipan. A third lawsuit was filed in San Francisco state court by the human rights groups Global Exchange, Sweatshop Watch, Asian Law Caucus and the Union of Needletrades, Industrial and Textile Employees.

Among the 18 companies named in the suits are The Limited, Wal-Mart, Sears, The Gap, Tommy Hilfiger, the May Company, J. Crew, Oshkosh B'Gosh, Associated Merchandising, Cutter & Buck Inc., Gymboree Manufacturing, Lane Bryant Inc., Warnaco and Dayton-Hudson Inc., which owns Marshall Fields.

Tommy Hilfiger, J.C. Penney, Wal-Mart and Dayton-Hudson Corp. insisted Wednesday they hire only subcontractors that strictly follow U.S. labour laws. Calls to other companies were not returned or they had no comment.

According to the lawsuits, 32

Saipan factories force people to work up to 12 hours a day, seven days a week, and threaten them with beatings and verbal abuse if they refuse unpaid overtime to meet quotas set by factory managers.

Workers' passports are confiscated upon arrival, they are not allowed to leave the factory compound, and their social activities are strictly monitored, Lerach said.

The factories—mostly owned by Chinese, Japanese and Korean subcontractors—stamp their clothing with "Made in the USA" and are able to sidestep duties, tariffs and quotas imposed on imported clothing.

In the fiscal year that ended in October, the Saipan factories shipped an estimated \$1 billion in wholesale clothing duty-free to the U.S. mainland, saving more than \$200 million, Lerach said.

Pamela Rucker, spokeswoman for the industry group National Retail Federation, said whether it is misleading to use a "Made in the USA" label is a matter for the Federal Trade Commission and truth-

in-labelling laws to regulate.

"Without seeing the charges, the most that we can say is that retailers are understandably shocked by any such allegations," Rucker said.

Saipan is part of the Northern Mariana, an island chain seized by U.S. troops from Japan in World War II that negotiated a commonwealth relationship with Washington. The deal left control of immigration and minimum wages in local hands, and exempted Saipan's exports from U.S. duties and quotas.

Many workers, most of whom are young women from China, the Philippines, Bangladesh and Thailand, allegedly pay as much as \$7,000 as a "recruitment fee" to go to Saipan, lured by recruiters who say they will be living an hour's train ride from Los Angeles, Lerach said.

"I took the job because, like millions of people, I wanted to come to America," said Carmencia Abad, a Filipino native who spent six years working in Saipan.

— CNN Internet

## Recession can be avoided: BOE Gov

# UK defies sharp economic slowdown forecasts

LONDON, Jan 14: Britain defied widespread predictions of a sharp economic slowdown with strong employment figures yesterday, as Bank of England Governor Eddie George indicated that recession could be avoided, says AFP.

The figures were good news for Prime Minister Tony Blair's Labour government, which has had a difficult political start to the year but is assuring the country recession is not on the cards.

George, speaking late on Tuesday, said the economic picture was unusually muddy at present and marked by imbalances between different sectors.

For months, manufacturing has been a deep slowdown, while services have boomed.

However, "Frankly I'd be surprised if our central projection were to suggest that the economy as a whole was falling into steep or protracted recession, he said.

Figures from the office for national statistics showed the total of unemployed fell in December, bringing the number of jobless to an 18-year low, with the overall rate unchanged at 4.6 per cent.

Analysts had widely predicted a rise of 10,000 people claiming unemployment support, the number had been creeping upwards or two months.

But the number fell by

14,000 to 1.311 million people, the lowest since June 1980.

He also said the job market was robust, with rising employment and vacancies still at historically high levels.

The good news countered to some extent the steady drop of predictions of a sharp slowdown and reduced pressure on the ban of England to cut its base interest rate, now at 6.0 per

cent, in the near future, following January's quarter-point cut.

However, there are still plenty of reasons to expect a slowdown in Britain — and further rate cuts to prevent the economy grinding to trade union congress general secretary John Monks said the Bank of England should not use the jobs figures to "delay the one per cent cut in interest rates."

## Zee Telefilms decides against Star merger

MUMBAI, Jan 14: The board of directors of India's Zee Telefilms Ltd has decided against pursuing discussions on the merger of the Star Network into the Zee group until "a true and fair valuation of the Zee group's business is reflected".

The decision was consistent with Zee chairman Subhash Chandra's commitment at the annual general meeting that the interest of the minority shareholders would not be compromised, a Zee spokesperson said.

The board, which met on Wednesday to take on record financial results for the first nine months of 1998-99, formally approved the launch of eight pay channels, six of them in regional languages.

These pay channels, to be transmitted digitally, would be unlinked from India at an investment of Rs 1.1 billion and were expected to bring in substantial advertising and subscription revenue, the spokesperson said.

The decision to enter the broadcasting business had been taken to expand Zee's viewership base. Zee Telefilms' net profit increased by 33.9 per cent during April-December 1998 to Rs 4.38 million, as against Rs 327 million in the first nine months of last year.

During the third quarter of 1998-99, net profit increased by 40.6 per cent to Rs 14.4 million. — Asia Pulse Internet