

### Speakers at JSBC seminar

# SMEs need Japanese help to develop technical skills

Star Business Report

Speakers at a seminar yesterday underscored the need for formulating a policy for small and medium enterprises (SMEs) in the country and sought Japanese assistance to develop technical and managerial skills for them.

Japan's experience in sustaining small-scale industries was particularly valuable for developing countries like Bangladesh, they said.

The seminar organised by Japan Small Business Corporation (JSBC) for the personnel in charge of policymaking for small and medium enterprises was held at city's Sonargaon Hotel.

Held in cooperation with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the seminar was supported by Japan-Bangladesh Joint Committee for Commercial and Economic Cooperation (JBCECC).

Commerce and Industry and the Ministry of International Trade and Industry of Japan (MITI).

Inaugurating the seminar as chief guest, Commerce and Industries Minister Tofail Ahmed stressed the need for developing SMEs and cottage industries in the light of Japanese poverty alleviation and employment generation experiences.

"Time has come for us to use Japanese experiences in small and cottage industries like Pakistan and India," he said, adding that the government was willing to provide policy support for their development.

The success of Japanese SMEs would be a guideline for Bangladesh entrepreneurs, he

observed. Uzuhiro Uwatoko, leader of the visiting Japanese delegation, said that investment by the Japanese entrepreneurs would increase substantially if SMEs in Bangladesh can develop.

He, however, assured of his cooperation for establishing a training institute for the officials and employees working with SMEs in Bangladesh.

Mentioning the contribution of SMEs to the Japanese economy, Hiroo Kinoshita, President of Japan Small Business Corporation (JSBC), said that without the support of SMEs big companies in Japan would not have grown.

On the other hand, without technical support from the giant companies, Japanese SMEs would not have achieved development, he said, adding that there was a correlation between the SMEs and big industrial units in Japan, which helped its economy to develop.

"Like Bangladesh, Japan too

has many sick industries. But we have to extend assistance to the ailing industries."

Speaking at the seminar, FBCCI president Abdul Awal Mintoo said that SMEs represented a vital segment of the country's economy in terms of their contribution to employment, export-earnings and income generation.

"They can play a catalytic role in achieving the national goal of poverty alleviation and ensuring equitable and broad-based economic growth. SMEs also appear to be relatively efficient in using capital."

Mintoo stressed the need for creating conditions to develop a wealthy and vibrant SME sector by providing required support for infrastructure, manpower and finance. He also called for maintaining a favourable legal framework in this regard.

In the context of trade liberalisation and globalisation, the SMEs need restructuring and must improve their competi-

tiveness, he said, adding that they need to be cost effective, apply new technologies, modernise their plants, improve quality and design of products, increase productivity of labour and management.

Qazi Kholiquzzaman Ahmad, Chairman of Bangladesh Unnayan Parishad, placed a set of recommendations which included effective implementation of right policies, appropriate market exploration, consolidation and sanctioning of term loans to the existing and potential SMEs and development of Bangladesh-Japan SMEs cooperation.

Abdul Haque, Director of FBCCI, said that there was ample scope for developing SMEs in BSCC estates. He suggested for opening up industrial parks to foreign investors.

BSCC industrial estates and other industrial zones should be connected with Dhaka and Chittagong port by domestic air and inland container depots, he added.

### SAPRI study findings

# WB lending in social sector meagre

Star Business Report

The World Bank's lending in Bangladesh's education and social sectors constituted only 9.76 per cent of its total credit disbursed since 1972. Out of a total of \$6.2 billion disbursed till January this year, 15 social sector projects received US \$606.8 million.

This was revealed in a working paper of Structural Adjustment Participatory Review Initiative (SAPRI) titled 'Adjustment and Social Development: Issues and Concerns' prepared by Dr Debapriya Bhattacharya and Rashed A M Tahir.

This was because the Bank-prescribed Structural Adjustment Programme (SAP), introduced in the early 1980s, lacked thrust on the social sector, deficient inter-sectoral linkages and contractionary macroeconomic management policies.

It was later in the 1989-90 that the social angle was inserted into the policy-framework paper of IMF, which resulted in a moderate increase in social sector lending by the

Fund's sister concern, the World Bank -- creditor to the SAP package implementing countries.

Dwelling upon the Bank's future strategic approach to social development, the paper invited the government to reduce its role as a service provider in health and family planning activities and phasing out of retail services in the sector.

The Bank has asked the government to phase out subsidies provided to the universities and increase user charges. It has also called for limiting government role in vocational and technical education.

At the same time, the Bank is shifting from project to programme-based lending. This approach would call for an agreement with the government on a wide range of policies, objectives, strategies and expenditures.

"This would result in imposition of cross-conditionality, and as a result, bad perfor-

mance in one sector may affect loan disbursements in some other vital sectors," said Dr Bhattacharya while presenting the paper yesterday at a SAPRI discussion.

The study also reflected that public expenditures in health and education always lagged behind the target set by different international covenants.

The report also said that rural poverty increased between 1985-86 and 1991 while urban poverty declined from 34 per cent in 1991 to 26 per cent in 1995-96.

At the same time, inequality rose sharply between 1991-92 and 1995. Although the government's allocation for education over the years increased at a rate of 10 per cent, it remained almost stagnant at around two per cent when calculated as percentage of GDP.

This trend goes against the international covenants signed by Bangladesh to increase education sector expenditure to three per cent of GDP.

# Govt exploring all avenues to boost export: Tofail

Commerce and Industries Minister Tofail Ahmed yesterday said that the government has exploring all avenues to expand country's external trade and expedite industrialisation, reports UNB.

He was talking to the newly-elected President and Directors of the Dhaka Chamber of Commerce and Industry (DCCI) when they called on the minister at the commerce ministry.

As the coordinator and spokesman of DCCI in WTO, Bangladesh is trying to protect the interest of 48 LDCs in integrating their economies towards global trade, he said.

"We are also pursuing duty-free access of our products to the markets of developed and relevant developing countries."

Bangladesh is demanding duty-free access in the markets of the regional countries also, he said.

He said that recent reduction of local value addition requirement for preferential

market access under SAPTA would help Bangladesh increase exports to India, Pakistan, Sri Lanka and other SAARC countries.

The government is trying hard to improve infrastructural facilities as it is the precondition to agricultural and industrial development, he said.

He said, "We are taking multi-faceted programmes to diversify the export basket."

The government has been giving incentives to the exporters of the thrust sectors to generate more interest amongst the exporters, he said.

Under the directives of the Prime Minister Sheikh Hasina, we are taking special initiatives for improving agro-processing sector as we have wide scope to flourish this sector."

The government is rationalising the tariff structure so that local entrepreneurs can enjoy competitive advantage, he said. The minister said, "We have finalised the new industrial

policy highlighting private sector initiatives in investing in industrial and manufacturing sectors.

He said that the government was seriously considering steps to revive the listed sick industries.

He said, "Our export earnings had been shaken by the long-lasting flood and from last December, we have been recovering and our export earnings have crossed target of December 98 by 7.66 per cent."

The DCCI President M H Rahman put forward some recommendations to help the country's trade and industrial ventures.

The minister assured the DCCI executives that the government was trying hard to resolve the issues relating to trade and industry.

He requested the business leaders to expedite their initiatives to expand markets of local products in and outside the country.

### Rouble rises 1pc against dollar

MOSCOW, Feb 17: The rouble gained more than one per cent against the dollar today to 22.87 to the greenback, Interfax reported, says AFP.

Volume was heavier than in recent days at 182 million dollars on the Moscow Interbank Currency Exchange as the rouble climbed 24 kopecks from Tuesday's rate of 23.11, the news agency said.

The Russian unit remains well below the 21.5 to the dollar rate on which the government has based its budget calculations for this year.



Minister for Commerce and Industries Tofail Ahmed inaugurates a day-long 'Seminar for Personnel in Charge of Policy Making for Small and Medium Enterprises' at a local hotel yesterday. Among others, Abdul Awal Mintoo, President of FBCCI, Hiroo Kinoshita, President of Japan Small Business Corporation, and U Uwatoko, leader of the Japanese delegation, are also seen. — FBCCI photo

### Clarification

Monno Fabrics Ltd yesterday clarified its position regarding a news report published on the Tuesday's issue of The Daily Star.

"Our attention has been drawn to a report under the caption 'SEC digs out Monno Fabrics share price manipulation'. The report is not based on facts and the source of the information of the report has not been mentioned," the clarification said.

"We, therefore, clarify our position. The actual position is that as per transaction rules of stock exchange in the country, Monno Fabrics Ltd cannot directly buy or sell its own shares. The dealer/stock brokers, namely, Azam Brothers Ltd did not follow the usual formalities of Securities and Exchange Commission in transacting Monno Fabrics' shares. If any irregularities occurred in course of any transaction, Azam Brothers Ltd should be held solely responsible."

"Monno Fabrics Ltd was in no way involved in the type of dealings mentioned in the report since that is not permitted by SEC rules. The report against Monno Fabrics Ltd was based on misinformation."

### ADB plans \$1.52b loans for Indonesia

JAKARTA, Feb 17: Asian Development Bank plans to provide \$1.52 billion in policy-based loans to crisis-ridden Indonesia this year, the bank's president Tadao Chino said, Wednesday, reports AP.

"The ADB has been providing and will continue to provide assistance to Indonesia based on rigorous professional analysis and sound judgment," Chino told reporters after meeting Indonesian President B J Habibie. Indonesia is grappling with its worst economic crisis in 30 years and is bracing itself for renewed political unrest ahead of general elections slated for June 7.

The financial assistance will be split among five areas: \$400 million for power sector restructuring, \$300 million for health and nutrition sector development, \$320 million for community and local government support sector development, \$300 million for industrial and trade deregulation and small-and mid-sized enterprise development, and \$200 million for corporate governance reforms for state-owned enterprises.

# IMF wants Russia to press ahead with reforms

MOSCOW, Feb 17: IMF Managing Director Michel Camdessus called on Russia to press ahead with economic reforms, warning that it would make a huge mistake to halt the reform process half-way, reports AFP.

Camdessus told the Noviy Lzvestia newspaper that Russia should speed up its transition to a market economy and accused some business barons of putting their interests above those of the state.

The International Monetary Fund chief described Prime Minister Yevgeny Primakov and his Communist deputy Yury Maslyukov as pragmatists who were not opposed to reform in principle.

His comments came a week after a senior Maslyukov aide said unnamed Western officials were putting pressure on Moscow to change its foreign policy on Iran and Kosovo in exchange for IMF support.

Camdessus told the newspaper in a long front page interview that Primakov was capable of controlling the situation in Russia, whose economy imploded last August following a simultaneous domestic debt default and rouble devaluation.

The IMF chief urged Russia to adopt market mechanisms as quickly as possible.

Moscow's economic policy blueprint before deciding whether to grant Russia fresh financial assistance or release

loan tranches frozen following the August financial debacle.

Senior Fund officials, who quit Moscow earlier this month after failing to receive the document, have criticised the 1999 budget approved by the lower house of parliament as unrealistic, not notably on revenue estimates, and urged changes.

Government officials said they hoped to resume low-level

talks with a visiting IMF staffer but added that it was too early to say when a full Fund team would return to Moscow.

An IMF agreement is seen as vital if Russia is to secure debt relief on its \$141.1 billion foreign debt. Moscow has already said it can only afford to pay 9.5 billion dollars of the 17.5 billion dollars maturing this year.

# Tea demand rises at Ctg auction

CHITTAGONG, Feb 17: The tea auction held here yesterday witnessed a strong demand from the loose tea section of the market and also improved demand from Pakistani, reports UNB.

As a result, clean fannings and small brokens were a dearer market, according to a market report of National Brokers Ltd.

Buyers for Poland, Russia and CIS operated in lesser strength and absorbed the bulk of the larger brokens at lower levels.

CTC leaf: A total of 12,450 chests, 15,009 gunny sacks, 145 chests, 42 gunny sacks, season 1999, 15 chests and 128 gunny

sacks, old season on offer met with a good demand.

CTC brokens: Large and bold brokens met with much less demand and prices were considerably lower, mostly by Tk 6 to Tk 7.

Clean medium brokens were slightly easier, often by Tk 1 to 2, but cleaner small brokens met with strong demand and were mostly dearer by Tk 1 to Tk 2.

Others were easier by Tk 2 with a fair amount of fibrous types remaining unsold.

CTC fannings: Clean fannings were in strong demand and were mostly dearer by Tk 1 to Tk 3 whilst medium fannings were firm to slightly dearer.

the official of the LDP's diet affairs committee, who declined to be identified.

Once the budget legislation has the approval of the all-important Lower House, it will be automatically enacted even if the Upper House fails to rubber-stamp it within 30 days.

It would be the swiftest parliamentary passage yet for a Japanese budget, officials said. Obuchi's government has proposed a budget worth 81.86 trillion yen (694 billion dollars), partly financed with a record 31.05 trillion yen worth of new bonds.

Tax revenue has dropped to the lowest level in 12 years due to income and corporate tax cuts in the economic stimulus packages.

Budget deliberations were unusually smooth as the opposition focus shifted to other issues and the government agreed to opposition demands for taking testimony from witnesses over the failure of Nippon Credit Bank Ltd.

The LDP official said the two sides agreed to call the witnesses in parliament next week to take testimony about Nippon Credit Bank Ltd, nationalised in December last year.

### DHL packaging shipments from Asia up in '98

DHL's worldwide Express network reported 'significant' increases in packaging shipments from Hong Kong, China and Taiwan in 1998, says a press release issued yesterday.

Recently, DHL said its Hong Kong operations reported improvements in total weight of packages of 22.5 per cent to the US, 14 per cent to Europe and 2.7 per cent to Asia-Pacific.

In China, the company said DHL-Sinotrans, DHL Worldwide Express' joint venture with China Foreign Trade Transportation Group, reported 'double-digit' volume growth for documents and over 30 per cent volume growth for packages.

In Taiwan, the company reported 'single-digit' volume growth for documents and almost 20 per cent volume growth for packages.

### OPEC chief for output cut by 1m barrels a day

PARIS, Feb 17: OPEC members will need to cut output by a million barrels a day to stabilise the price of oil, the current president of OPEC said yesterday, reports AFP.

Algeria's Energy Minister Yousef Yousefi told a special magazine Petrostrategies that the situation is catastrophic for everyone, and it cannot stay like this.

A cut in output by members of the Organisation of Petroleum Exporting Countries (OPEC) of "around a million barrels a day" is necessary to stabilise the market, the OPEC president said.

OPEC oil ministers are to meet in Vienna on March 23 to discuss whether to reduce output further after two rounds of cuts last year failed to stop oil prices dropping to historic low levels.

One problem is that several OPEC members have failed to respect their promise to cut output, and a ministerial meeting in November was unable to agree any further cuts.

Analysts say that with output still outstripping demand, prices are unlikely to rise significantly this year unless supply is reduced further.

# Asian stocks witness quiet trading

HONG KONG, Feb 17: Tokyo share prices fell slightly Wednesday as investors took profits after Tuesday's sharp rise. Many Asian stock markets remained closed for the Chinese New Year, while trading was quiet in those that were open, reports AP.

The benchmark 225-issue Nikkei Stock Average closed at 14,158.67 points, down 73.97 points, or 0.52 per cent. On Wednesday, the average gained 177.92 points, or 1.27 per cent.

Selling by domestic institutional investors and renewed concerns about the health of the Japanese economy drove down share prices, analysts said.

The Nihon Keizai newspaper reported Wednesday that Japan's NEC Corp is likely to post greater losses for the fiscal year ending March 31 than previously forecast, fueling fears that overall corporate earnings would be lower than expected.

"Nothing has changed really. There aren't that many reasons to buy stocks," said Kunihiko Hatae, general manager of the stock division at Tokyo Securities.

"While company earnings may stabilise with the government's efforts, there is still no sign of an economic recovery," he added.

In currency dealings, the US dollar continued a rally against the Japanese yen, which began on Tuesday after the Japanese

Finance Ministry announced it would lower the yields of government bonds.

In late trading, the dollar bought 118.62 yen, up 1.62 yen from Tuesday in Tokyo but below its late New York level of 118.74 yen overnight. The New York rate was the highest level for the greenback since Dec 9, when it hit 118.75 yen.

The Stock Exchange of Thailand index dropped 12.34 points, or 3.5 per cent.

Financial markets in Hong Kong, Singapore, Malaysia, Taiwan and South Korea were closed for Chinese New Year holidays.

Elsewhere: **JAKARTA:** Indonesian shares fell slightly, with the index dragged down by late selling in PT Telekomunikasi Indonesia shares. The JSX Composite Index closed down 0.873 point, or 0.2 per cent, at 397.975 points.

**MANILA:** Philippine shares ended nearly flat in thin trading. The PSE index fell 0.30 point to 1,918.57.

**SYDNEY:** Australian shares closed higher, led by telecommunications stocks and other blue chips such as the banks and News Corp. The All Ordinaries index closed at 2,882.2, up 0.8 per cent, or 22.8 points.

**WELLINGTON:** New Zealand shares closed up, led by bank bellwether Telecom Corp. of New Zealand Ltd.

### Tk 850.6 cr IDA loan for urban transport project

Bangladesh is to receive \$177 million (about Tk 850.6 crore) for implementation of Dhaka Urban Transport Project from the International Development Association (IDA), reports UNB.

An agreement to this effect was signed here yesterday between Bangladesh government and the IDA.

Dr Moshir Rahman, Secretary, Economic Relations Division and World Bank's Country Director Frederick T Temple signed the Development Credit Agreement (DCA) on behalf of the government and the IDA respectively.

Mohammad Rashidul Alam, Chief Executive Officer of Dhaka City Corporation signed the Project Agreement (PA) with the IDA on behalf of the corporation, the major beneficiary of the credit.

The project components include infrastructure investments (road and intersection improvement, flyovers and rickshaw lanes and network, bus routes, underpass, foot-bridge construction and new road links), equipment for improving traffic management or maintenance, institutional strengthening/capacity building (in DCC, RAJUK, RHD, DMP and DOF) and planning and policy studies (short, medium and long-term planning, including ring road concept).

The loan at a concessionary interest rate of 0.75 per cent is repayable in 40 years with 10 years moratorium.

BRTA, DCC, RAJUK, RHD, DOE and DMP, Ministry of Communications and Local Government Division, LGRD and Cooperatives Ministry and Ministries of Works, Home and Environment will implement the scheme during 1998-2004 period.



### SCB GM visits Dhaka office

John Filmeridis, General Manager of Middle East and South Asia region of Standard Chartered Bank, arrived in Dhaka last Tuesday on a two-day visit. During his stay, he met with the senior officials of the bank and visited its branches in the city, says a press release.

John also called on senior government officials to discuss issues regarding the banking sector.

### HSBC branch opens at Agrabad

Hongkong and Shanghai Banking Corporation Ltd (HSBC) Bangladesh has opened a new branch at Agrabad, in Chittagong, says a press release issued yesterday.

David G Elton, chairman of HSBC, officially inaugurated the office. David T Humphreys, chief executive officer, Bangladesh was also present at the opening ceremony.

The main Dhaka office of the bank is located at Anchor Tower on Sonargaon Road.

On Tuesday, HSBC opened its second booth at Gulshan. HSBC Mujib Road is also to be officially inaugurated today.

### India, Lanka plan joint venture to expand cashew exports

COLOMBO, Feb 17: India and Sri Lanka will soon set up a joint venture to expand cashew exports of both countries, the official Daily News reported yesterday, says Xinhua.

Managing Director of the Indian Cashew Manufacturers' Association T Pillai who was in Sri Lanka recently, agreed to collaborate in this venture when he met Internal and International Commerce Minister Kingsley Wickramaratne, the report said.

"There is a great demand for cashew in the world. But both India and Sri Lanka have failed to meet the demand," Wickramaratne was quoted as saying.

Although Sri Lanka's cashew trees grow luxuriously, their yield is not very satisfactory. When India harvests four tons of cashew from an acre, Sri Lanka harvests only half a ton.

Sri Lanka hopes to benefit from India's technological expertise to increase production, Wickramaratne said.

The joint venture will help us develop our cashew industry to generate employment to about 500 people," he added.

India hopes the proposed joint venture will help develop the cashew industry in both countries to earn foreign exchange, according to Pillai.



The first conference of regional managers and corporate and model branch managers of Pubali Bank Ltd was held at its Head Office board room yesterday. E A Chaudhury, Chairman, Board of Directors, was present in the conference as the chief guest, while Md Qamrul Huda, Managing Director, presided over the meeting. The conference was informed that the bank earned a profit of Tk 50.25 crore in 1998. — Pubali Bank photo