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DHAKA, FRIDAY, FEBRUARY 19, 1999

Speakers at The Daily Star roundtable say

SMEs need proper infrastructural facilities, technological back-up

Star Business Report

Speakers at the roundtable on Small and Medium Enterprises (SMEs) yesterday strongly felt that adequate steps should be taken to develop and provide infrastructure facilities to the country's existing and budding enterprises.

"Problems will not go if we just enact some laws and formulate a few policies. These policies have to be properly implemented," said Qazi Kholiquzzaman Ahmad, Chairman of Bangladesh Unnayan Parishad.

He said: "We won't be able to get rid of the problems only by extending credit to the SMEs, unless and until we address all other issues simultaneously."

Without technological back-up one cannot compete with

others, he said, highlighting efficiencies in the management and production areas.

Default cases must not be generalised and should be addressed case by case, Ahmad said.

The roundtable conference on "Obstacles to SME Development in Bangladesh" was jointly organised by The Daily Star and JOBS/IRIS Programme, USAID, at a city hotel.

Zaid Bakht, Research Director of BIDS, gave the background presentation on policies relating to tariff, VAT and utility rate. He said that in the past decades substantial reforms had been carried out in the country's trade regime.

The import procedure has been greatly eased and deregulated, import tariffs have been lowered and quantitative restrictions virtually eliminated. These factors, he said, have facilitated availability of imported inputs for the domestic producers. It benefited the SMEs a lot as they were affected more adversely by the restrictive trade regime.

He said that import liberalisation had also exposed the country's producers to competition from foreign goods. As a result, the relevance of a level-playing field, particularly with regard to pertinent policy measures such as tariff structure, indirect taxes, and utility pricing etc, have now become much relevant than before.

Zaid Bakht also said that like the garments sector, SMEs

should be given cash incentives. Deputy Governor of Bangladesh Bank Khondokar Ibrahim Khaled dubbed entrepreneurship and technology death in the country as the number one problem for SMEs.

"Most of the entrepreneurs are new and they thus face management problems due to lack of managerial skills," he said.

Adding that infrastructure is an important factor for SMEs, Khaled said: "Small entrepreneurs will come forward only when power, gas, telephone, and water facilities are made available to them."

Debaripriya Bhattacharya, senior research fellow of BIDS, underscored the need for agencies capable of doing credit rat-

ings of enterprises, so that they get easy financing.

About securing financing, he said security is an added assurance for loan recovery, but if an enterprise's credit worthiness is properly rated, security requirement then becomes a secondary consideration.

Debaripriya, however, emphasised innovation of new investment alternatives like capital investment companies, venture capital funds and non-listed stock market.

AKM Shamsuddoha, President of National Association of Small and Cottage Industries in Bangladesh (NASCI), said both credit and market information are equally important for SMEs which should be addressed properly.

A high profile meeting on International Jute Organisation (IJO) yesterday stressed the need for devising a strategy to woo back the IJO member countries who have recently withdrawn their membership, reports UNB.

Participants at the meeting also vowed afresh to strengthen the organisation to face the challenges of new millennium and thus ensure the welfare of millions of people dependent on jute.

State Minister for Jute A K Faezul Haq attended the meeting as chief guest.

The meeting was organised to discuss the current crisis of IJO created over the withdrawal of membership by India on January 7, 1999 and the notification of withdrawal by Thailand with effect from March 22, 1999.

Membership withdrawal by India, Thailand

IJO holds meeting to woo back partners

Heads of missions and the representatives of member countries, including Denmark, Egypt, European Commission, France, Italy, Indonesia, Germany, Japan, Nepal, Netherlands, Norway, Switzerland and United Kingdom, and the Jute Ministry and IJO attended the meeting.

Addressing the meeting, the state minister reaffirmed the government's commitment to revamp the IJO and assured of all possible cooperation to overcome the existing problems of the organisation.

Reiterating the importance of jute to the Bangladesh economy, he said over three million farmers were engaged in jute farming while two lakh workers in jute processing industry and another one lakh in jute-related business.

The meeting was informed

that the operational capability of IJO has not been impaired with the departure of India and Thailand.

Jute Secretary Mahfuzul Islam briefed the diplomats on the initiatives taken by the government to deal with the present crisis.

Henri L Jasion, Director and Officer-in-Charge of IJO, described the practical and legal implications of the failure to conclude a successor agreement upon the expiry of the current pact in April 2000.

Speakers from European Commission pointed out that the position of the European Union, which represents the single largest importing group of jute on the future of IJO, has not yet been finalised.

The participants will also hold a series of meetings in April this year.

Dhaka-EC coop talks end in Brussels

The second round of negotiations for a new cooperation agreement between Bangladesh and European Community concluded in Brussels on Wednesday, reports UNB.

The negotiation on the new agreement, aiming to develop various aspects of cooperation between Bangladesh and the EC, was held in a positive atmosphere leading to the initialing of the agreement, according to a message received here.

A wide-range of areas have been covered by the agreement including development and economic cooperation, promotion of trade and investment, support to sustainable economic growth, aid to social development and protection of natural environment.

BGMEA demands one-day weekly holiday

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) urged the government to fix a one-day weekly holiday in lieu of two days in line with international business communication and transaction, reports APB.

In a statement yesterday, BGMEA president Mostafa Gislam Qudus appealed to the Prime Minister for fixation of weekly holiday, saying a two-day holiday leaves Bangladesh four days behind the outside world.

Explaining the inconvenience to the business community he said on Fridays banks remain closed in Bangladesh while open in other countries. On Saturday transactions remain closed across the world including Bangladesh.

Again on Sunday banks remain open in Bangladesh while closed elsewhere. Although banks here do transactions on Monday, no payment comes from abroad, Qudus noted.

Against this backdrop, he explained, exporters were being compelled to pay additional interests of crores of taka to local and foreign banks owing to delay in transmitting international LC and foreign currencies.

The BGMEA leader also expressed grave concern at the increasing political unrest manifested by frequent shutdowns and disruption in operation of the seaport and power failure that severely affect country's foreign trade.



David Eldon, Chairman of Hongkong and Shanghai Banking Corporation Limited, opens the bank's new office at city's Motijheel yesterday. — HSBC photo

HSBC office opens at Motijheel

HSBC Bangladesh opened a new office at city's Motijheel area yesterday, says a press release.

The HSBC Office in Motijheel was inaugurated yesterday, by David Eldon, Chairman of the Hongkong and Shanghai Banking Corporation Limited.

The Chief Executive Officer, Bangladesh, David T Humphreys was also present at the opening ceremony.

The main Dhaka Office of HSBC is located at the Anchor Tower at Sonargaon Road.

HSBC Gulshan and HSBC Chittagong were officially inaugurated on February 16 and 17, respectively.

Tk 475 cr earned from leather exports in 6 months

Bangladesh earned Tk 474.97 crore from the export of leather and leather goods in the first six months of the current fiscal year, Commerce and Industries Minister Tofail Ahmed informed the Jatiya Sangsad Wednesday, reports BSS.

Replying to a question from Shamshir Rahman Sharif (ALPabna), Tofail furnished a 12-point programme for further promotion and development of the export of leather and leather goods.

These included modernisation of leather processing factories for manufacturing finished leather, provision of credit facilities and strengthening of the marketing system, setting up of a water treatment plant at Hazaribagh and a leather fashion institution with the financial assistance of Italy.

Dutch-Bangla training centre inaugurated

Dutch-Bangla Bank Limited recently opened its training centre at city's Dilkusha Commercial Area, says a press release.

Mohammed Sahabuddin Ahmed, Chairman of the Bank inaugurated the centre and the orientation course for the officers.

The inaugural ceremony was also attended by Abedur Rashid Khan, Director, Nurul Azim Chowdhury, Managing Director, senior executives and the branch managers of the bank.

In his inaugural speech, the chairman stressed the need for training and said that the participants are expected to having their knowledge and skills through such courses. He also pointed out the possibilities of sending bank officers for training abroad for helping them catch up with global trends and practices in banking.

Earlier, the managing director also underscored the need of training and thanked the Board of Directors for its unrestrained support in building up the training facilities.

Stars in Third World debt cancellation drive

LONDON, Feb 18: Stars from the worlds of pop and sport, including former world heavyweight champion Muhammad Ali, united in London this week to begin a campaign to cancel third world debt, reports AFP.

Led by Bono, singer of Irish rockers U2, and Ali, Jubilee 2000 aims to cancel the estimated 371 billion-dollar debt of the world's 52 poorest countries by the millennium.

It is one of the few concerted expressions of celebrity conscience since live aid in 1985. Then a donations campaign led by Irish singer Bob Geldof raised 200 million dollars to fund famine relief in Africa.

On Wednesday, 57-year-old Ali was visiting Brixton in south London, home to a large section of the capital's black population, to promote Jubilee 2000.

He spoke with refugees from Africa, Asia and Latin America, opened a campaign office and toured the area in a motorcade.

Kofi Mawuli Klu, co-ordinator of Jubilee 2000, said: "Muhammad Ali shook off the chains of racism and slavery.

He is coming to Brixton to help the black people of the world shake off the chains of debt bondage."

On Tuesday night, the annual Brits Rock and Pop Awards ceremony was interrupted so Bono and Ali could launch a campaign to "drop the debt."

Participants in the campaign include Lauryn Hill, Smashing Pumpkins, REM and Michael Jackson, Britons David Bowie, Oasis, the Prodigy, as well as Geldof and Italian opera singer Luciano Pavarotti.

Outside rock and pop, supporters range from South African President Nelson Mandela and Archbishop Desmond Tutu to the Dalai Lama, Pope John Paul II and the Anglican church.

Bono told BBC radio on Wednesday: "There is this huge desire in the world to have a reason to celebrate on New Year's eve 1999."

"This sort of naive idea that we could possibly make the world better in the next century shouldn't be laughable. We are

here to take advantage of the new millennium."

He said on average Africa owed 379 dollars per head of population to the West. "For every one dollar the west gives in aid to developing countries, nine dollars comes back in debt service."

"These days we don't have debtor prisons for people. We have them for countries instead."

He believed leaders such as US President Bill Clinton, British Premier Tony Blair and German counterpart Gerhard Schroeder would support the campaign if there was an "extraordinarily public outcry."

Jubilee 2000 plans a series of events leading up to the G7 meeting of world leaders in Cologne in June. Bonn has indicated it will present an initiative to speed debt relief at the conference.

On Wednesday, the financial times said creditor's "should take notice" of the new campaign, adding "the case for appropriate and radical action is compelling."

Aussie economy performing better than expected

SYDNEY, Feb 18: The Australian economy is continuing to perform better than expected and has entered 1999 with considerable momentum, the Reserve Bank of Australia said yesterday in its quarterly outlook report, says AFP.

The central bank said in November that it expected signs of a decline in Australia's growth of almost five per cent to emerge before long.

But the RBA said Tuesday: "Such signs are still relatively few, if anything, the bulk of recent information suggests a continuation of quite robust growth and a resurgence in business and household confidence."

"Overall, the economy has been stronger than expected in the recent period and appears to have entered 1999 with considerable momentum."

The bank said concerns over a credit squeeze and a subsequent economic downturn in the United States had receded

since late last year.

Economists across the world had predicted a slowdown in the US but instead it was the "exceptional strength of the US economy" that proved the main feature internationally in recent months.

The RBA noted that since October last year world share markets had rallied, currency and bond markets had become less volatile liquidity in developed countries financial markets had improved.

"Deflation is a genuine problem for Japan, however, and for that reason alone, is of some concern for the global economy," it said.

The central bank said that while the year-ended outcome for inflation in the G7 countries was low, at roughly 1.0 per cent as a whole, it did not imply global deflation.

Nevertheless, recession in east Asia and Japan had reduced world output growth in 1998 to an estimated 2.25 per cent from 4.0 per cent in 1997.

The central bank said Australia's growth had been supported by a number of factors in recent months, including low interest rates and readily available credit, as well as the help provided by a low exchange rate.

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New BJS office bearers

Ahmed Hossain, Deputy Managing Director of Nawab Abdul Malek Jute Mills Ltd and M A Hai, Director, Alhaj Aminuddin Jute Mills Ltd, have been elected Chairman and Vice-Chairman of Bangladesh Jute Spinners Association (BJS) respectively, reports BSS.

They were elected for a two-year term at the 20th annual general meeting of the association held at its Purana Palton office here, said a press release Wednesday.



Mohammed Sahabuddin Ahmed, Chairman of Dutch-Bangla Bank Limited, speaks at the inaugural ceremony of DBBL training centre recently. Also sitting (from left) are Nurul Azim Chowdhury, Managing Director, Abedur Rashid Khan, Director, and Md Omar Choudhury, Advisor. — DBBL photo

Enough oil poured, yet Nepal's wheel of fortune doesn't turn

KATHMANDU, Feb 18: The wheels of Nepal's foreign trade have been oiled by liberal policies, low taxes and duty-free access to markets in India, but still they barely turn, reports Reuters.

The landlocked Himalayan kingdom is woefully short of manufactured goods, and imports of raw materials for its two key export items, garments and carpets, are costly.

Investors steer clear of the impoverished country, deterred by a lack of market information and political instability.

Sandwiched between economic giants India and China, Nepal liberalised its trade regime in 1992, a year after India had embarked on economic reform.

Licensing was abolished except for a few products, and average tariffs cut to among the lowest for developing countries.

The top import duty rate is 40 per cent while exports, except for vegetable oil sold to India, are subject to only a 0.5 per cent

service charge and no duty.

"Liberalisation has helped export growth," says Mohan Dev Pant, the most senior bureaucrat at the commerce ministry.

True. But the reforms are yet to put the brakes on an ever-widening trade gap.

Central bank figures show exports were 27.4 billion rupees (406.83 million dollars) in fiscal 1997-98.

(Mid-July to mid-July), up 59 per cent from 17.2 billion rupees in 1992-93 when liberalisation was in full swing. But imports have grown by 126 per cent to 88.7 billion rupees over the same period.

That left the trade deficit at 61.3 billion rupees, which represented a massive 176 per cent increase over six years.

Pradeep Kumar Shreshtha, Vice-President of the Federation of the Nepalese Chambers of Commerce and Industry, says export growth was even worse than it looked because the Nepali rupee has fallen by more

than 18 per cent against the dollar since August 1997.

"The increase in exports in rupee terms is not significant," he says.

Hand-knotted woolen carpets and readymade garments, which represent about 85 per cent of Nepal's exports, depend largely on single markets and so are vulnerable to sudden market changes.

Germany buys more than 80 per cent of Nepal's rugs while the United States is the largest buyer of its clothes.

German buyers rejected Nepali rugs that were made by children and coloured by use of hazardous chemicals five years ago, forcing exports of carpets down from 9.5 billion rupees in 1993-94 to 7.7 billion rupees the following year.

Experts say Nepal must boost and diversify its exports and manage the flow of imports to generate desperately needed foreign exchange savings and minimise macroeconomic risk.

"Lack of market or product

diversification is a major problem," says Deependra Bahadur Kshetry, an economic adviser at the central Nepal Rastra Bank.

He said heavy reliance on single market and products is risky — Nepal should develop indigenous products that are less likely to be hit by sensitive markets.

Carpet weaving was brought to Nepal by Tibetans who fled their homeland in 1959 after China annexed the region, the garment industry depends on skilled Indian workers and textiles imported from India and China.

Agriculture, tourism and water resources offer Nepal relative advantages over other regional competitors, but these have not been developed for want of technical know-how, skills and funds.

Nepal's manufacturing base is weak due to costly raw material imports, and infrastructure across its rugged terrain is poor.

Dubai Shopping Festival trips awarded

Two passengers from Nairobi and Kuwait, who flew with Emirates this month, have won the airline's first inflight competition on the Dubai Shopping Festival, says a press release.

Pravinlal Shah of Nairobi and Faris Aoon of Kuwait have each won the top prize of a week's holiday for four in Dubai, with return tickets on Emirates, hotel accommodation at the Le Meridien Jumeira Beach Hotel and an Arabian Adventures desert safari and dune dinner.

The prize also includes all entry visas to Dubai, transfers and airport meet-and-assist services.

Toyota, Nissan face production slump

TOKYO, Feb 18: Japan's biggest car maker Toyota Motor Corp. and runner-up Nissan Motor Co Ltd today announced steep falls in production in January as they struggled with weak demand at home, reports AFP.

Toyota's global output fell 8.5 per cent year-on-year to 343,768 vehicles in the month while Nissan's slumped 14 per cent to 184,969, the two manufacturers said in separate statements.

Toyota said output in Japan alone fell 14 per cent to 229,119 vehicles, including 196,289 cars, down 12.4 per cent, and 32,380 trucks and buses, down 22.1 per cent.

But overseas production climbed 4.9 per cent to 114,649 vehicles because of expanding output at plants in Britain and Canada, it said.

Toyota's exports surged 6.9 per cent to 138,607 vehicles on the back of bigger shipments to the Middle East, North America and Europe. The total included

120,353 cars, up 10 per cent and 18,254 trucks and buses, down 9.9 per cent.

Nissan, meanwhile, said output in Japan dropped 5.6 per cent to 118,407 vehicles — comprising 103,166 cars, down six per cent and 15,241 trucks and buses, down three per cent.

At its overseas plants, production plummeted 25.6 per cent to 66,562 vehicles, "due to inventory adjustments in Mexico, weak sales in North America and Asia and a worse-than-expected fall in the UK sales."

Nissan said exports dropped 2.4 per cent to 57,292 vehicles, with car exports down 3.4 per cent to 49,201 and truck and bus exports up 3.6 per cent to 8,091. It was the first export fall in three months.

Nissan said sales in Japan fell 7.1 per cent to 52,815 in the month, 10.3 at the centre of merger rumours, which it has denied while admitting it will seriously consider any offers from foreign car makers.

8 SEA airlines to offer big fare discounts

MANILA, Feb 18: Eight Southeast Asian airlines are teaming up to offer heavily discounted fares to at least three destinations in the region Philippine Airlines (PAL) said today, reports AFP.

The Association in Southeast Asian Nations (ASEAN) "air pass" system is intended to boost travel and tourism within the region, the flag-carrier said in a statement.

PAL said it was joining Royal Brunei Airlines, Malaysia Airlines, Singapore Airlines, Thai Airways International, Vietnam Airlines, Garuda of Indonesia and Silk Air of Singapore in the scheme.

The pass will allow travelers from outside ASEAN to purchase flights from three to six ASEAN destinations at heavily discounted rates, provided that these routes are serviced by the airlines.

Surface travel between destinations is allowed at the passenger's expense but a passenger must begin his travel outside of ASEAN and must fly into the region on one of the participating airlines, PAL said in a statement.