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Flood takes toll on exports

Task force meets today to hammer out strategies

By Rafiq Hasan

Ministers, high government officials, leading chamber and association leaders and top exporters will sit together at a meeting today (Wednesday) to discuss possible strategies for facing the negative impact of last year's prolonged flood on various export sectors of the country.

According to sources, the government-formed task force meeting will discuss the declining trend in ten major export sectors and possible steps for overcoming the situation.

The meeting will be held at the Commerce Ministry's conference room in the morning. Headed by Commerce and Industries Minister Tofail Ahmed, the task force includes State Minister for Foreign Af-

fairs Abul Hasan Chowdhury, secretaries of the Ministry of Finance, Foreign Affairs, Commerce, Home Affairs, Governor of Bangladesh Bank, chairman of the National Board of Revenue (NBR), Vice-Chairman of the Export Promotion Bureau (EPB), FBCCI President and heads of all export-related trade associations as its members.

The members of the task force sit together whenever some emergency needs arise regarding export-related issues though the committee is supposed to hold a meeting every month, said sources.

This will be the 25th meeting of the body. The last meeting was held in November, 1998. Export earnings from ten

major sectors declined during the first half of the current fiscal compared to the corresponding period of the previous year due mainly to two-month bashing of the devastating flood.

According to statistics, export earnings from frozen food declined by 15.59 per cent, agricultural products by 40.19 per cent, raw jute 52 per cent, petroleum by-products 58.61 per cent, leather 15 per cent, engineering products 26.27 per cent, electronic goods 8.86 per cent, jute goods 4.14 per cent and handicraft sector by 2.12 per cent.

Earnings from only five sectors increased during the period. These are knitwear by 9.17 per cent, woven garments by 1.8

per cent and manufacturing goods by 6.10 per cent.

Total export earnings, however, declined by 1.85 per cent during July-December '98 over the same period of the previous year.

The meeting will also review a number of FBCCI recommendations for adopting long and short-term strategies to face the crushing impact of the flood.

The previous meeting assigned the FBCCI and EPB to survey and make recommendations on the flood-related losses faced by various export sectors.

The task force will also review the progress on various decisions taken in previous meetings.



TOKYO: Unemployed young people check job offers on a computer terminal at a newly-opened job placement office in Tokyo yesterday which has some 150 job-search terminals. The Japanese government announced Tuesday that the number of unemployed in Japan hit a record 2.98 million people in January, representing a jobless rate of 4.4 per cent.

— AFP Photo

BSB adopts SME financing policies

Bangladesh Shilpa Bank adopted policies to find and finance potential small and medium enterprises (SMEs) to cope with the demands of market economy, says UNB.

The policy was approved yesterday by the Board of Directors of the Bank, chaired by its chairman Prof M Shamsul Haque.

The Board meeting took specific decisions regarding debt-equity ratio, fixation of maximum loan ceiling for a project assessing the individual entrepreneur's aptness, experience and track record.

Under the new policies, the loan sanctioning and disbursement procedures will be simplified. Decision of sanctioning loan against any application will be taken within the shortest possible time.

The Board reaffirmed the Bank's commitment to assisting the potential entrepreneurs to come up with their industrial ventures.

France keen to boost trade with Bangladesh

Star Business Report

France is eager to boost trade ties with Bangladesh.

This was stated by the French Trade Commissioner Pierre Boedz, during a meeting between the President of Dhaka Chamber of Commerce and Industry (DCCI) M H Rahman, and the French Ambassador in Bangladesh, Renee Veyret in the city yesterday. The French Trade Commissioner accompanied the envoy at the meeting.

Boedz said France would organize two trade exhibitions one in New Delhi and the other in Paris.

He invited the Bangladeshi entrepreneurs to participate in these exhibitions which would give them opportunities to attract foreign direct investment (FDI) and technology.

He pointed out that during last six years French exports to Bangladesh was 5b francs as against French import from Bangladesh worth 10b francs.

Boedz said that to export more of Bangladesh, they need to appoint representatives of French companies in Bangladesh.

Earlier DCCI President gave a brief resume of the chamber activities and services to its members for promoting trade and industry of the country.

Ambassador Veyret said that France was a good buyer of Bangladeshi exports.

India's trade deficit widens

NEW DELHI, Mar 2: India's trade deficit widened to 7.79 billion dollars year-on-year for the 10-month period to January as export growth fell, the government said yesterday, reports AFP.

Exports slid by two per cent to 27.16 billion dollars, while imports shot up five per cent to 34.95 billion dollars for the April-January period, the Commerce Ministry said in a statement.

Nevertheless, export growth has shown clear signs of improvement, registering 3.35 per cent year-on-year in November and 6.73 per cent in December. In January, the "revival" continued, with exports growing 8.5 per cent.

But exporters were upset at the lack of attention given to their sector in the national budget unveiled at the weekend for fiscal 1999-2000.

"The budget does not have any measure to revive or stimulate exports in the short-run," said Bibek Debroy, economist at the Independent Rajiv Gandhi Foundation.

Indian Commerce Minister Ramakrishnan Hedge also voiced "disappointment" at the lack of external trade incentives.

Tofail tells seminar on industrialisation Govt trying to reinvigorate BSCIC for 21st century

Commerce and Industries Minister Tofail Ahmed yesterday said the government is trying to reinvigorate the Small and Cottage Industries Corporation (BSCIC) to convert the challenges of the next millennium into opportunities through implementing its strategies, reports UNB.

He was inaugurating a two-day seminar on "the role of BSCIC in the industrialisation of Bangladesh in the 21st century" here.

The minister said the government wants to raise the contribution of industrial sector to the GDP at 25 per cent at the terminal year of the current five-year plan period (1997-2001).

He requested the experts, economists and BSCIC officials to recommend programmes to be implemented by BSCIC to achieve the goal.

The minister said, out of 57 completed BSCIC estates, 26 estates have been completed in the last year. He said, repayment of loan taken by the BSCIC entrepreneurs is highly satisfactory.

He said, sufficient bank loan and budgetary provision should be provided to the entrepreneurs

at the BSCIC estates to generate interest among the small entrepreneurs.

The Industries Minister said, the new millennium is coming towards us as a great challenge in all spheres of life especially in the trade and industrial development.

He said, our strategy is to expand small and cottage industries throughout the country for poverty alleviation, local employment generation and export diversification.

Tofail said, the government is formulating policies to face the challenges emerged out from the process of globalisation and liberalisation of trade.

Referring to the regional and global trade scenario, the minister said, Bangladesh in the early nineties drastically reduced the import tariff regime, which created floodgates for the foreign goods especially from neighbouring countries.

He said, these steps have seriously affected our medium, small and cottage industries. He said, SAPTA agreement was signed in 1993 where the local value addition for enjoying preferential market access in the SAARC countries has been fixed at 40 per cent.

But it was not possible at that time, nor even at present, to add 40 per cent domestic contents for Bangladesh in its major exportables, the commerce minister said.

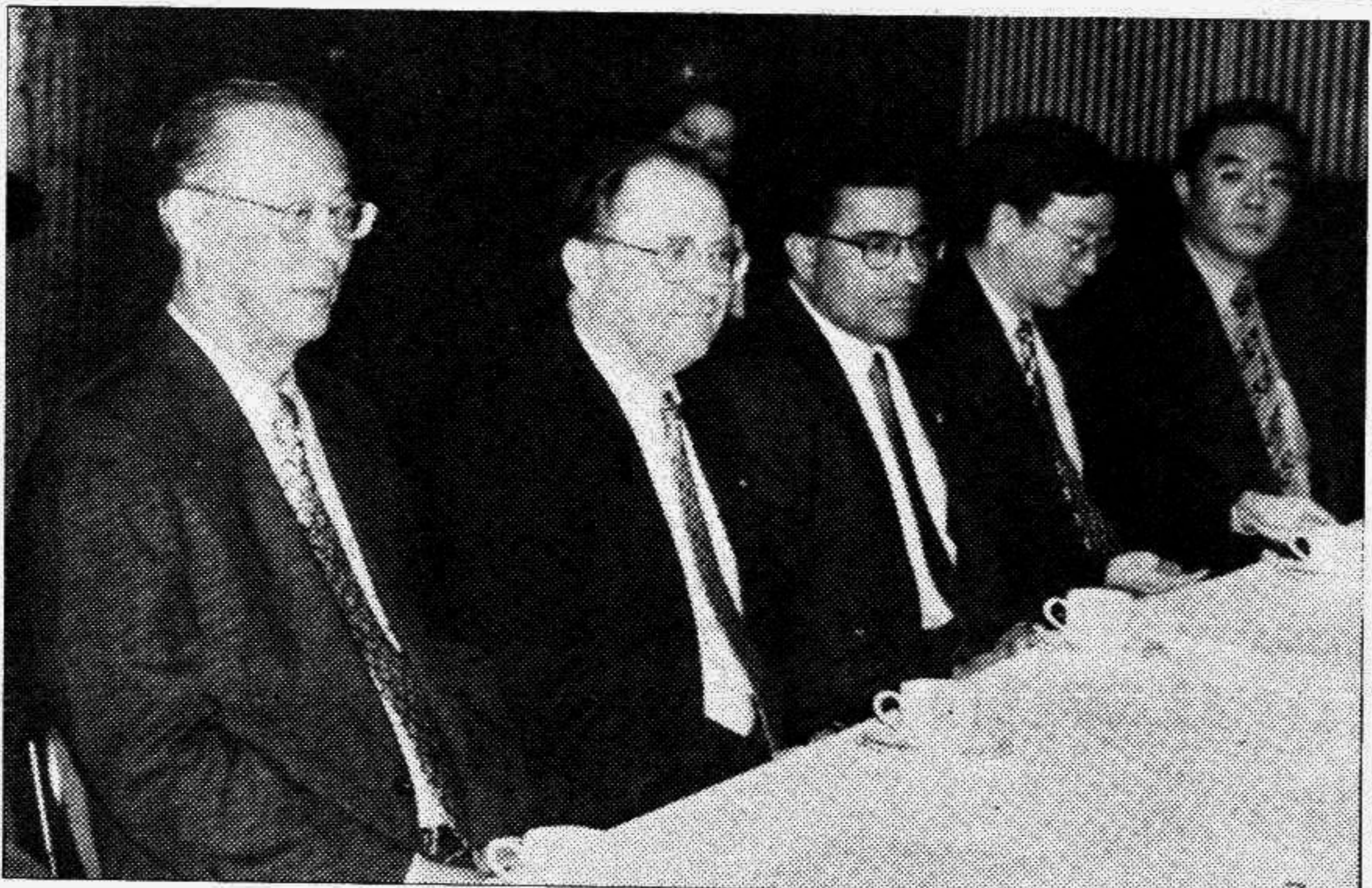
He said the present government made several negotiations with the SAARC partners and it was decided in the third meeting of SAARC commerce ministers held recently in Dhaka that local value addition requirements would be 30 per cent for getting preferential access.

He said, at the same time, India and other SAARC countries reduced their import tariff on many items. He said, Bangladesh is now able to export substantially to the SAARC countries.

The inaugural session was presided over by the BSCIC chairman Md Khورشed Ansar Khan.

Chairman of Bangladesh Unnayan Parishad Dr Kazi Kholiqzaman Ahmad presented a paper entitled "Bangladesh: Economic Liberalisation, Micro and Small Enterprise Development and BSCIC" in the seminar.

Eminent professor, economists and scholars are participating in the discussion.



SYDNEY: The Prime Minister of Singapore, Goh Chok Tong (L), chairs the Singapore Australia Business Alliance Forum in Sydney yesterday. Goh is in Australia for a four-day working visit to strengthen bilateral trade and economic ties. Others in the photo are unidentified business leaders.

— AFP Photo

Iftikar Rahman new MD of Dhaka Bank



A I M Iftikar Rahman has recently joined Dhaka Bank Limited as its Managing Director, says a press release.

Prior to his present assignment, he was the Deputy Managing Director of Uttara Bank Limited.

A career banker, Rahman joined the United Bank Limited in the United Kingdom in 1963 and served Janata Bank in Belgium, UAE and Bangladesh in various executive positions.

He also served Bank of Credit and Commerce International (Overseas) Ltd and subsequently Eastern Bank Limited in various important capacities including the position of Managing Director.

Rahman did his Bachelor degree with Honours and Masters in Economics from the University of Dhaka. He is also an Associate of the Institute of Bankers, London.

Filipino exports up 22pc in Jan

MANILA, Mar 2: Philippine exports rose a healthy 22 per cent in January from a year earlier to \$2.581 billion, the government said Tuesday, reports AP.

January's export growth was markedly higher than the 13.1 per cent registered in December and was close to pre-Asian crisis levels. For all of 1998, export growth was 16.9 per cent.

Exports of electronics and components, which accounted for 57.4 per cent of total shipments, rose 38.2 per cent in January to \$1.481 billion, the National Statistics Office said.

Computer peripherals, the next biggest export item, rose 19.6 per cent to \$188.05 million in the period. Clothing exports rose 9 per cent to \$160.13 million.

Overall, manufactured products accounted for 90.8 per cent of total exports.

Exports to the United States rose 5 per cent in January to \$757.84 million, and comprised 29.4 per cent of total Philippine shipments.

Japan's unemployment rate hits all-time high

TOKYO, Mar 2: Japan's unemployment rate stood at an all-time high of 4.4 per cent in January for the third straight month, as a record number of people lost jobs due to corporate restructuring and bankruptcies, the government announced Tuesday, says AP.

The number of people seeking work after being forced out of their jobs rose by 340,000 in January from a year earlier to 1 million.

The figure of 1 million was the highest since the government began compiling the data in its current form in 1984, the statistics bureau of the Management and Coordination Agency said.

The total number of unemployed climbed to a record 2.98 million people in January, up by 600,000 from the year-earlier month, the agency said. It was the highest total number of jobless in Japan since the government began taking statistics in 1953.

The previous record high was 2.97 million in August, 1998. Also, the number of people out of work after voluntarily departing from their previous jobs rose by 180,000 to 1.07 million.

The number of jobholders also fell for the 12th consec-

utive month to 63.80 million, down 750,000 — the highest number since the 870,000 recorded in August 1975.

The agency had originally reported December's jobless rate at 4.3 per cent but revised it upward to 4.4 per cent — the same as November.

January also marked the second month in a row that Japan's jobless rate surpassed that of the United States, where the unemployment rate stood at 4.3 per cent in both December and January, an agency official said.

The official, speaking on

Euro hits new low against dollar

LONDON, Mar 2: The euro dropped to another record low against the dollar yesterday on expectations that the European Central Bank will maintain its interest rates unchanged on Thursday, says AFP.

In mid-afternoon trading, the euro fell to 1.0934 dollars, down from 1.0992 dollars late Friday in London — the lowest level here since the single currency's launch at the start of January.

Industrialisation in N region hinges on power dearth

NATORE, Mar 2: Acute shortage of power is the main obstacle to industrialisation in the country's industrially-backward northern region, reports UNB.

The Power Development Board supplies only less than one third of the 360 MW power required daily during the peak hours in the 16 northern districts.

The prospective entrepreneurs are reportedly not interested to proceed much in their mission after assessing the present power supply situation in the region.

The power requirement will be doubled or tripled with the industrialisation of the region, supply of which will not be possible by the existing power supply network, said a PDB official.

The official on condition of anonymity said the setback of power department would seriously hinder the overall industrialisation process in the re-

gion.

PDB sources said electricity is now being supplied to the 16 northern districts from the National Grid line through Swardi Station where a 232-kv power transmission line is connected with the National Grid line.

From here, power reaches 17 grid stations through 132 kv lines under the three circles in the region. Power is supplied from these grid stations to the sub-stations and feeders by using 33-kv transmission lines.

From these sub-stations and feeders, electricity reaches the general consumers and industries through 11 kv supply lines. Most of these transformers go out of order frequently due to deplorable condition and increasing load.

No steps have been taken to replace these faulty transformers, it is reported. Obviously, the existing supply network will not stand to bear any more load when industrialisation

starts in full swing in the region, the officials said.

On the other hand, the present power generation in the region is only 121 MW of which 70 MW at Baghabari, 22 MW at Saidpur, 20 MW at Rangpur, four MW at Thakurgaon and five MW at Bogra are being generated daily. The total generation is being supplied to the National Grid.

But, the National Grid is supplying only 80 to 120 MW of electricity daily during the peak hours against the demand of 360 to 400 MW.

Production in the existing industrial units of the region is being hampered seriously in the recent years disappointing the entrepreneurs.

Experts in the field opined that government should take urgent measures for implementation of 300 MW Baropukuria Steam Turbine Power Plant Project, 600 MW Rooppur Nuclear Power Plant at Iswardi and 100-MW Gas Turbine Power Plant Project at Baghabari.

Controversy whirls round Russian Central Bank

MOSCOW, Mar 2: In a murky saga, Russia's Central Bank secretly routed billions of dollars through a British offshore account for several years and never bothered to tell anyone, reports AP.

The mystery surrounding the Central Bank's handling of Russia's scarce currency reserves is still unfolding, and no wrongdoing has been proven since the country's top prosecutor made the bombshell revelation a month ago, then vanished from public life.

At a minimum, the episode is a major embarrassment for a government that has been accused of widespread corruption for years and is desperately seeking billions of dollars in foreign loans to pull the economy out of recession.

The Central Bank has insisted there was no wrongdoing and all the money was returned — with interest, and to the last

kopeck," the Central Bank's Deputy Chairman Oleg Mozhaishkov said recently, without providing figures.

However, one parliament member, Nikolai Gonchar, has gone as far as to accuse top Central Bank officials of siphoning off investment profits from the offshore account.

Russia created a system under which the high-ranking financial elite of the country received personal income by making the country indebted," Gonchar told a news conference last week.

According to the Central Bank, it shipped money from 1993-97 to the small, obscure Financial Management Co., or FIMACO, based in Britain's Channel Islands but effectively under Central Bank control.

It says it channeled the money through FIMACO — and kept it secret — because it feared Russia could default on debts and international creditors would be looking to seize the country's assets.

Central Bank officials insist there was never more than \$1.4 billion in the account at any one time, and that FIMACO received just \$1.7 million for managing the money for several years, a sum well below usual market rates.

Russia's foreign reserves currently stand at \$11.5 billion, a small sum of for a country of Russia's size, and not enough to handle large foreign

debts that are falling due this year.

Central Bank Chairman Viktor Geraschenko has not spoken out on the controversy and the statements by his deputies strike many as incomplete at best.

The Central Bank's secret account was so well hidden that even the most senior Russian government officials were not told about it.

"I had heard about irregularities in the Central Bank, but no information was given to the government," said Yegor Gaidar, who briefly served as prime minister in 1992, when the FIMACO account was open, though not yet in active use.

Gaidar, a free-market liberal who is now a harsh government critic, said the Central Bank operation may have been perfectly legal. But, he added, "it was strange. A serious investigation is needed."

Prosecutor General Yuri Skuratov made the FIMACO operation public a month ago in a letter to parliament, alleging that a total of \$50 billion passed through the account before it was closed two years ago.

Skuratov resigned, citing heart problems, and has vanished from public view.

Details have been trickling out slowly, and the Russian media and public, perhaps inured after years of scandals and corruption allegations, seems little moved.

Still, Gonchar, the parliament member, has pressed ahead and claimed Friday he had evidence of wrongdoing.

He said FIMACO invested \$143 million in Russian government treasury bills in 1996 when interest rates were sky-high. The investment earned a return of \$38.9 million. But

Gonchar said he can find no information showing the profit was returned to government coffers, and believes it was stolen.

The Central Bank issued a special regulation that allowed it not to show these amounts on balance sheets. They were recorded on special accounts that have not been made public, he said.

Prime Minister Yevgeny Primakov has vowed to crack down on endemic corruption that has bedeviled Russia's attempts to develop a working market economy. Yet he has not signaled any plans to investigate the Central Bank.

"If the government has really started a war on corruption, it should have looked first of all at itself," said Grigory Yavlinsky, a leading liberal member of parliament. "It always looks somewhere on the periphery, far from itself."

Asian crisis 500 travel agents close down

SINGAPORE, Mar 2: The Asian economic crisis knocked 500 travel agencies out of business in Southeast Asia last year, a news report said Tuesday, reports AP.

"Tourism travel was more badly hit than business travel," William Liu, president of Singapore's Abacus International travel reservation firm, told the Business Times newspaper.

About 2 million tourism jobs were lost in Southeast Asia last year and revenue was 11 per cent lower than expected, regional tourism officials said earlier this year.

Devaluation of currencies in East Asian nations and haze from massive forest fires in Indonesia contributed to gutting the region's tourism industry over the past two years.

The growth rate in the region was higher than the global rate of 4.6 per cent.