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WB report for Bangladesh Development Forum meet in Paris

Bold political will for streamlining police, customs admns suggested

By Inam Ahmed

Criticising the slow progress in improving governance and developing strong institutional capacity, the World Bank has called for bold political decisions targeting discrete tasks in areas such as the judiciary, the police, the financial sector, tax and customs administration and the planning and budgeting system.

"Outdated commercial and financial regulations and discretionary authority, together with weak accountability and poor working conditions, have resulted in a system that is corrupt and contemptuous of its citizens," it said. "The problems created by weak institutions are being compounded by a political environment that is increasingly confrontational."

The observations came in the World Bank report "Bangladesh: Key Challenges for the Next Millennium" to be placed at the meeting of the Bangladesh Development Forum to be held in Paris on April 19-20. Representatives from 35 donor countries and international organisations have confirmed their participation in the meet.

"The complexity associated

with the task of reforming the government and building strong institutions, an unbundling of the administrative reform agenda is called for," the WB report said. "Experience from other countries demonstrate that there is broad public support for actions that reduce or eliminate public officials' discretionary authority and lack of accountability, plug tax leakage and improve the effectiveness of government expenditures, and address endemic corruption among the police and judiciary."

It said while there could be costs associated with taking action against a privileged minority, this should yield long-term political and economic benefits by improving the well-being of the poor.

The Bank also cautioned that the recent slowdown in reform works could adversely affect economic and social outcomes in the future.

It also said the "unfinished policy agenda remains large" and while there has been a general improvement in Bangladesh's overall policy environment since the mid-

1980s, the pace of policy reforms has not been maintained in recent years.

Much of the blame was shifted to the 'resurgence in political demonstrations', including strikes, which made it difficult for the government to take politically-sensitive policy decisions, according to the Bank.

A three per cent average per capita GDP growth rate is not sufficient for a country where 60 million people still live below the poverty line.

"In order to realise its vision of attaining a per capita income of \$650 by the year 2010 and between \$1200 and 1300 by the year 2020, which will also mean reducing poverty to about 11 per cent, the economy will have to grow at an annual average rate in excess of 7.5 per cent."

The report said that inflation had accelerated to 12.6 per cent by December, 1998, and the balance of payment's current account deficit would be larger as a result of lower export growth and food-related imports.

The report identified six areas to be focused at the Development Forum meeting, which

deserve decisive policy actions to speed up the pace of growth.

The areas are: Placing the highest emphasis on human development, improving governance and building strong institutions, enhancing the competitiveness of the private sector, managing foreign direct investment, establishing soundness of the financial system and maintaining a stable macroeconomic environment.

About the social sector performance, the report said while it had been impressive in some areas, serious weaknesses remain and require urgent attention if Bangladesh is to be successful in tackling poverty.

The Bank suggested increasing per capita health spending and improving service delivery, bettering the relevance and quality of education, improving management capacity for efficient use of resources, further developing partnerships so that the private sector and NGOs are increasingly contracted by the government to deliver essential services, decentralising authority and increasing resource mobilisation by linking budgetary support for private institutions

to their performance.

About boosting private investment, the report said infrastructural bottlenecks remain a serious constraint and are aggravated by an inefficient financial system coupled with an institutional environment that is both bureaucratic and corrupt.

"Addressing these constraints should enable the private sector to diversify into higher value added products and decrease the economy's dependence on the garments industry."

Dwelling upon the malaise of the financial system, the WB said poor financial intermediation presents a significant disincentive to faster economic growth.

The Bank suggested overhauling of the financial legal framework to ensure soundness and efficient operations of the financial system, strengthening Bangladesh Bank's authority and autonomy, improving governance by ensuring that the board of directors and management of banks conform to high standards of professionalism and integrity.

Pakistan gets \$300m ADB loans

MANILA, Mar 31: The Asian Development Bank (ADB) today said it had approved loans to Pakistan totalling 300 million dollars to reduce trade distortions, modernise export policies and decrease its dependence on import substitution, reports AFP.

The loans will help make domestic industries competitive with foreign firms while supporting the implementation of a new investment policy.

Prime Bank holds workshop on insurance risk

As part of its executive development programme, Prime Bank Ltd organised a day-long workshop on 'Insurance Risks and its Relevance to Banking Business' at its Training Institute in the city recently, says a press release.

Managing Director of the bank Kazi Abdul Mazid inaugurated the workshop.

In his inaugural speech, the managing director stressed the need for insurance knowledge for the bankers in carrying out their day to day operation. M Azizul Haque Chowdhury, former Additional Managing Director of Sadharan Bima Corporation, AR Bhuiyan, Additional Managing Director of Green Delta Insurance Company Ltd, KM Mortuza Ali, Director of Bangladesh Insurance Academy, and Shamsuddin Ahmed, Controller of Insurance, Bima Adhidaptar, were the resource persons.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against Taka to clients					
Currency	Selling TT & OD	Selling EC	Buying T.T Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	48.7300	48.7700	48.3100	48.1570	48.0850
Pound Stg	78.7818	78.8465	77.5955	77.3498	77.2341
Deutsche Mark	27.0629	27.0852	26.0640	25.9814	25.9426
Swiss Franc	32.8060	32.8329	32.2906	32.1884	32.1402
Japanese Yen	0.4057	0.4061	0.3986	0.3973	0.3967
Dutch Guilder	24.0188	24.0385	23.1322	23.0500	23.0245
Danish Krona	7.0765	7.0823	6.9064	6.8845	6.8742
Australian \$	31.1628	31.1884	29.9039	29.8092	29.7646
Belgian Franc	1.4055	1.4054	1.3536	1.3494	1.3461
Canadian \$	32.5953	32.6221	31.6579	31.5577	31.5105
French Franc	8.0692	8.0758	7.7713	7.7467	7.7352
Hong Kong \$	6.3003	6.3055	6.2215	6.2018	6.1925
Italian Lira	0.0273	0.0274	0.0263	0.0262	0.0262
Norway Kroner	6.2740	6.2791	6.1643	6.1448	6.1356
Singapore \$	28.4638	28.4871	27.5585	27.4712	27.4301
Saudi Rial	13.0416	13.0523	12.8433	12.8026	12.7835
UAE Dirham	13.3044	13.3153	13.1167	13.0751	13.0556
Swedish Krona	5.8506	5.8554	5.7724	5.7541	5.7455
Qatari Riyal	13.4298	13.4408	13.2338	13.1919	13.1722
Kuwaiti Dinar	166.2573	166.397	152.3494	151.8669	151.6399
Thai Baht	1.2948	1.2959	1.2809	1.2769	1.2750

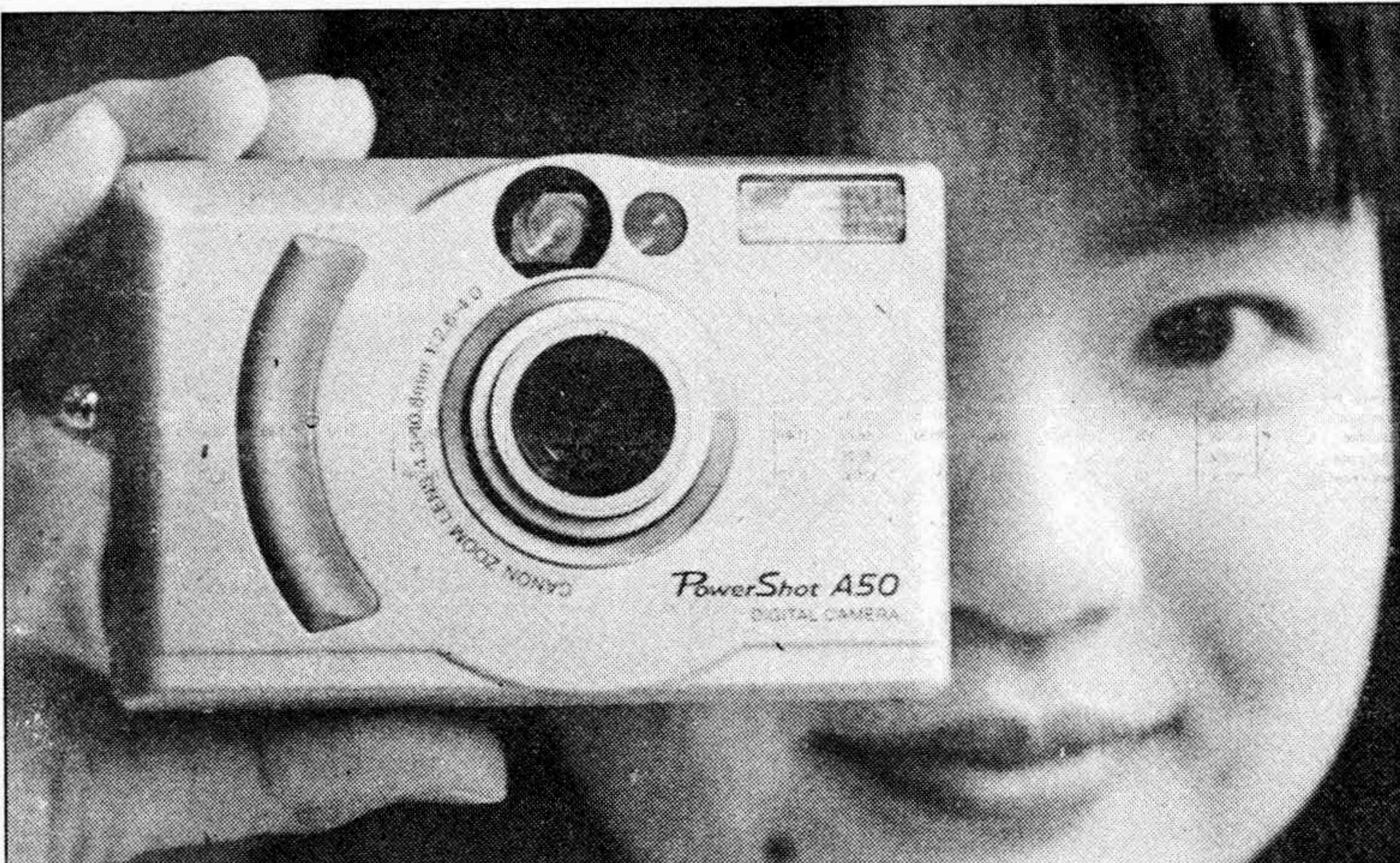
Exchange rates of some Asian currencies against US dollars				
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah
42.430/42.432	49.9850/08	37.6007/00	3.7988/8.802	8650/8750
				1229/1229

Amex notes on Wednesday's market
The liquidity of the USD/BDT market has dragged the rate toward 48.65 level and is being well supported by the market-makers. The USD/BDT rate ranged between 48.64 and 48.66. The call market still remains liquid with call rates ranging between 7 and 8 per cent.

The dollar fell against the yen in late Tokyo trade on Wednesday on profit-taking by foreign operators said to be building long positions on expectations of strong dollar demand at the fiscal year-end. The dollar was dragged down to as low as 120 yen by 0600 GMT, cranking early gains on demand related to what was the final day of Japan's fiscal year.

Senior Finance Ministry official Eisuke Sakakibara said that ensuring the stability of foreign exchange rates is the biggest challenge for Japanese monetary authorities at present. He also said that there is no need for countries in the euro zone to be concerned about the level of the euro at the moment.

At 08:20 GMT, the majors were traded against US dollar at 119.74/84 JPY, 1.8217/26 DEM, 1.4880/90 CHF, euro at \$ 1.0731/36 and GBP at \$ 1.6078/88.



TOKYO: Japan's Canon unveils the world's smallest and lightest megapixel-class digital camera with zoom lens PowerShot A50 which features a 2.5X zoom lens and 1.31 million-pixel CCD on its compact body, at Canon headquarters in Tokyo Tuesday. Canon will put it on the domestic market next month with a price of 79,800 yen (665 USD). — AFP photo

New office-bearers of Shippers' Council

Hasan Maniruzzaman has been elected chairman of Shippers' Council of Bangladesh for the next two-year term, says a press release.

Syed Md Anisuzzaman and Arzu Rahman have been elected Senior Vice-Chairman and Vice-Chairman of the organisation respectively. The other executive committee members elected on March 18 are: Iqbal Ahmed, Abdul Matin, Benajir Ahmed, Rafi Omar, SM Musa, Mahabub Ali, Shamsuddin Ahmad, and Lutfur Rahman.

At the end of the AGM held yesterday at Dhaka Club, the newly elected executive committee members and the chairman, senior vice-chairman and vice-chairman were inducted into the office.

The meeting reviewed country's transportation system, foreign trade trend and shipping related problems in the world foreign trade situation.

It discussed the role Shippers' Council played in protecting the interest of the Shippers during 1997-98.

The meeting confirmed the minutes of the last annual general meeting, passed the audited balance sheet and statement of accounts for the year 1996-97 and discussed the annual report for the year 1997-98.

US report on 16 countries says Govts getting more concerned about abusive child labour

US Labour Secretary Alexis Herman and Senator Tom Harkin of Iowa have issued a report on abusive child labour practices around the world, says a USIS press statement issued in the city yesterday.

The report, entitled "By the Sweat and Toil of Children (Volume VI): Efforts to Eliminate Child Labour," was released at a news conference in Washington March 25.

The report reviews child labour abuses in 16 countries and recommends steps to reduce the exploitation of minors.

Governments are becoming more aware and are taking steps to combat exploitative child labour, according to a report the US Department of Labour issued yesterday. The study indicates child labour has received unprecedented attention in recent years and also looks at programmes initiated in 16 countries aimed at its elimination.

Labour Secretary Alexis M Herman said, "Our report shows that there finally is a global realisation that abusive child labour exists. It also shows that this is a complex problem that will require comprehensive solutions, creative

strategies and strong partnerships to affect real and lasting change."

The report, released at a Capitol Hill news conference, analyses what steps can be taken and the successes some countries are achieving in their efforts to counter exploitative child labour. Herman added that "increased international interest and debate must translate into action by governments and other organisations around the world. This is not just a matter of enacting laws, but enforcing them."

The report describes the types of action being undertaken by governments in these 16 countries to reduce child exploitation. The study focuses on three main areas where governments can reduce child labour: passing laws and enforcing them; providing universal, affordable primary education; and using targeted initiatives to eliminate child labour. The report provides comprehensive quantitative data on the extent of child labour in the countries studied, as well as their child labour and education laws.

"Many international organisations, world leaders, non-governmental organisations, governments, and labour and business organisations have recognised the problem, and are actively engaged in efforts to eliminate it. This report illustrates many of the types of action that governments can and are taking," said Herman. "But it also shows much remains to be done."

The report shows despite the fact that all the countries studied have child labour laws, large numbers of children continue to work, often under hazardous conditions, in agriculture, fishing and seafood processing, manufacturing, mining, and quarrying, and services industries such as the commercial sex industry and domestic services. The solution in any country starts with identifying and understanding the extent of the problem.

The 16 countries covered in the report are: Bangladesh, Brazil, Egypt, Guatemala, India, Kenya, Mexico, Nepal, Nicaragua, Pakistan, Peru, the Philippines, South Africa, Tanzania, Thailand and Turkey. Information about each country includes the extent of child labour and the types of work children commonly perform.

Environmental decay hits inland fisheries

Freshwater fish, a major source of food and protein, is increasingly threatened worldwide by environmental degradation, the UN Food and Agriculture Organisation (FAO) said in a statement released recently.

More than 7.7 million tonnes of fish were caught in lakes, rivers, swamps, marshes, water reservoirs and ponds in 1997, according to preliminary FAO estimates. That is around 6 per cent of the total global fish production of 122 million tonnes. Yields may be much higher since data from subsistence fisheries are greatly under-reported. Catches are highest in China, with a production of nearly 1.8 million tonnes. Recreational fisheries are economically important in European and North America.

Most inland fish is consumed locally, marketed domestically, and often contributes to the subsistence and livelihood of poor people.

"Industrialisation, urbanisation, deforestation, mining, and agricultural land and water use often cause degradation of aquatic environments, which is the greatest threat to inland fish production," according to FAO. "Fishery resources are being affected by destruction and fragmentation of aquatic habitats, aquatic pollution, due to the release of industrial and urban effluents and run-off of agro-chemicals impoundment and channelisation of water bodies, excessive water abstraction or diversion, soil erosion and manipulation of hydrological characteristics of rivers, lakes and flood plains."

Land and forest degradation, loss of biodiversity, scarcity and pollution of freshwater are all increasing in Africa, Asia-Pacific, Latin America and the Caribbean. Europe, the CIS and the Baltic states are also experiencing increasing biodiversity losses and habitat degradations. Pressures on Asian watersheds are intensifying, causing concern because they correspond to the most important areas of inland fish production globally.

Many policy-makers in other sectors are not aware of the importance of inland fish production for food supplies and income generation. FAO said. Most inland fish producers suffer from the absence or inadequacy of rights and institutional support. It is difficult for them to obtain credit, in-

formation, training and extension, according to FAO.

FAO recommended that inland fisheries should be better integrated into water and land management.

At community level fish production could be enhanced, for example, through periodic stocking of natural and artificial water reservoirs.

A farm level, there are many opportunities to combine different types of fish farming and livestock production. Using wastewater, fish production in small-scale irrigation schemes and fish farming in rice fields, could also enhance production.

At state and national level, environmental and fishery agencies should work together to prevent and reverse environmental degradation and to rehabilitate aquatic habitats.

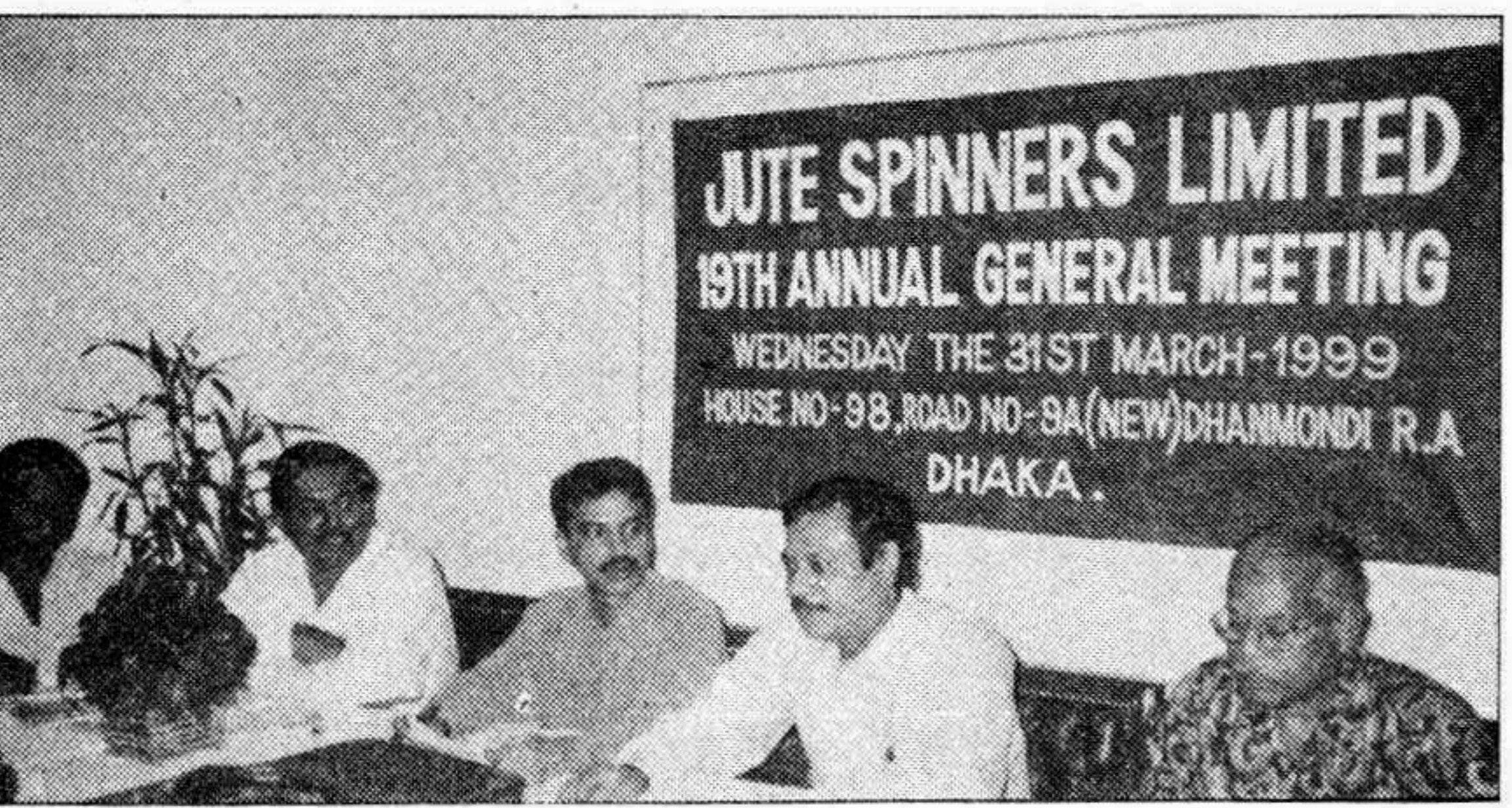
Jute Spinners declares 15pc dividend

Jute Spinners Limited has declared a dividend of 15 per cent for the year ended on June 30, 1998, says a press release.

The declaration was made at the company's 19th annual general meeting held in the city yesterday with Muhammad Shams-ul-Huda in the chair.

Director Muhammad Samul-Zoha and Auditor Qamrul Abedin and Company Secretary Bijoy Krishna Shaha were also present at the AGM.

The chairperson thanked the shareholders for attending the meeting and sought their continued support and active cooperation.



Acting Chairman of Jute Spinners Ltd Muhammad Shams-ul-Huda speaks at the company's 19th annual general meeting in the city yesterday. — Jute Spinners photo

Japan fiscal yr ends with economy in tatters

TOKYO, Mar 31: Expanding growth. Rising corporate confidence. More jobs. Japan a year ago was forecasting 12 months of resurgence and a welcome end to a long, painful stretch of economic malaise, reports AP.

Instead, it experienced its worst year sheet soaked with red ink, soaring unemployment and the coming year doesn't look much better.

"The year was so bad and the trends in much of the economy are so weak that very few people believe that the economy is ready for a sustainable recovery," said economist Ron Bevacqua of Merrill Lynch.

The fiscal year began with a major miscalculation of Japan's economic problems. The Economic Planning Agency predicted decent, if not robust, growth of 1.9 per cent — and clung to the estimate even after the announcement in June that the country was officially in recession.

The year is ending with a more anemic perfor-

mance. The economy shrank for the fifth quarter in a row in the final three months of 1998, and analysts expect the fiscal year to finish with a contraction of around 2.5 per cent.

The malaise has meant one thing for Japanese companies: declining profits. The electronics industry has been hit especially hard. Mitsubishi Electric forecasts a consolidated net loss of US \$330 million; Hitachi faces an even heavier consolidated net loss of \$ 3.13 billion.

The pain doesn't stop with electronics. Nissan, Japan's No. 2 automaker, is hurting so bad it has hooked up with Renault SA of France for an infusion of \$ 5.4 billion.

The disappearing profits have made restructuring a byword in the halls of some of the country's largest corporations. Electronics giant NEC Corp. is cutting 15,000 jobs over the next three years of deal with a record net loss of \$ 1.25 billion. Sony Corp. is slashing 17,000

from its work force and closing factories as profits plummet.

The action in the boardrooms has been matched by the government, which has pulled out all the stops in a campaign to spend the country's way out of recession.

A mammoth \$ 682.5 billion has been earmarked in the budget for the next fiscal year to pay for a record amount of public works spending and the country's biggest tax cut ever. The money starts flowing April 1.

Officials are also conducting a \$ 62.5 billion bailout of the country's troubled banks, which are saddled with loads of bad debt from the collapse of the speculative bubble in the early 1990s.

The tidal wave of money — and scattered signs of life in the economy — have prompted some in the government to announce that Japan has bottomed out and is close to a recovery. The O.P.A is predicting growth of 0.5 per cent in the

coming fiscal year.

"I think we'll be able to come through," said EPA chief Taiichi Sakaiya over the weekend.

The stock market has also been responding; the benchmark 225-issue Nikkei Stock Average has gained more than 18 per cent so far in 1999.

The predictions of recovery, however, were dealt with a painful blow on Tuesday, when the government announced that unemployment in February had spiked up to a record high of 4.6 per cent.

Cameron Umetsu, senior strategist with Warburg Dillon Read Japan Ltd., said the government has avoided painful deregulation and deeper structural changes in the economy and gone for politically expedient public works spending.

"The problem in Japan is they've opted for the short-term boost," said Umetsu, who is forecasting the economy will shrink 1.4 per cent in the coming fiscal year. Even the limited restructur-

ing at companies has come under fire for trimming jobs — and thereby keeping consumption low — while not going far enough to cut excess capacity.

That means Japanese companies are churning out large numbers of goods for a population less eager to buy them, setting up a dangerous deflationary spiral.

"Excess capacity is one of the major causes of the deflationary gap in the Japanese economy," Finance Minister Kiichi Miyazawa said Tuesday. "The government is ready to help companies get rid of excess capacity."

But with the quick fixes not working as well as hoped and deep structural changes a solution only for the long-term, Japan looks ready to head into another year of economic malaise — though not as bad as the past year.

"Ninety-nine may be better than '98," said Bevacqua, "simply because '98 was so lousy."

DHL enhances 24-hr Customer Service Hotline

DHL Worldwide Express recently announced enhancements to its 24-hour Customer Service Hotline, says a press release.

"DHL's 24-hour Customer Hotline Number — 1-300-88-1188 — is now the only number the customers need to remember to contact DHL at anytime and from anywhere in Malaysia for the cost of a local call," said Alan Cassels, General Manager of DHL Malaysia.

DHL customers are now able to receive advice on minute-to-minute information about the status of their shipments, request shipment collection at their convenience, obtain free packaging materials and replenish supplies of airway bills.

DHL Worldwide Express is touted as the world's leading air express service, linking more than 85,000 destinations in 227 countries and territories. DHL has a fleet of more than 200 aircraft worldwide.

Mitsubishi, Hino plan massive job cuts

TOKYO, Mar 31: Japan's Mitsubishi Electric Corp. announced Wednesday that it plans to reduce its workforce by 14,500, or about 10 per cent, over the next three years to improve its group profitability, reports AP.

Mitsubishi had already planned to decrease its workforce by 2,600 people this year. It will slash 8,400 jobs in Japan by the end of March 2002 and cut 6,100 jobs overseas.

The company, one of Japan's largest consolidated electronics manufacturers, makes everything from semiconductors to nuclear power plants. Mitsubishi currently employs 146,000 people worldwide.

The announcement is the latest in a series of similar reductions and cost-cutting measures that are part of corporate Japan's efforts to ride out the worst economic slump since World War II.

Electronics giants NEC Corp. and Sony Corp. recently announced job cuts on a similar scale.

Mitsubishi Electric has been struggling with huge losses due to falling semiconductor prices and weak demand for consumer products like refrigerators in Japan.

The company reported a group net loss of 105.92 billion yen (\$883 million) last year, compared to a net profit of 8.52 billion (\$71 million) in 1996.

Meanwhile, hurt by slumping sales at home and in Asia, major Japanese truck-maker Hino Motors Ltd will slash about 1,000 workers, or 20 per cent of its workforce, a company spokesman said Wednesday.

The job reductions, targeted at workers in clerical and development sectors of the company, will be implemented by March 2000, said spokesman Akihiro Takada.