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# The Daily Star BUSINESS

DHAKA, TUESDAY, JUNE 8, 1999

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## More export sectors to come under incentive package: Tofail

Commerce and Industries Minister Tofail Ahmed has said the government will bring more export sectors under an encouraging incentive package to expand the country's export base, says UNB.

"Despite the age of liberalisation, the government is providing sufficient incentives to flourish local industries," he told a meeting of the advisory council on trade and industry at the conference room of Commerce Ministry.

Tofail said the government considers the suggestions of the private sector on trade and investment with due importance as they are the driven force of the country's socio-economic development.

"The government is very sincere to remove the barriers and problems of trade and investment," he said.

The Minister said they would request India to provide one-sided tariff concession to 25 Bangladeshi products and a committee, headed by FBCCI president, was formed to prepare the product list, said an official handout.

Privatisation Board Chairman Kazi Zafar Ullah, BCI president Khandkar Mosharruf Hossain, BTMA president Salman F Rahman and officials concerned were present.

## JETRO functions soon to promote FDI in Bangladesh

JETRO Overseas Investment Cooperation Scheme (JOIN Scheme) starts functioning soon in Bangladesh for promoting direct investment and technology transfer from Japan, says UNB.

JOIN Scheme is part of the technical cooperation efforts made under the Official Development Assistance (ODA) of the Japanese government.

JETRO representative in Dhaka Daisuke Arai disclosed the plans in a meeting with the Executive Member of the Board of Investment (BOI) Zahid Hossain here yesterday.

"The scheme is aimed at accelerating industrialisation process in developing countries by assisting direct investment or technical collaboration efforts made by the Japanese companies," Arai said explaining the purpose of the scheme.

He said the scheme was successfully working in Thailand, Malaysia, the Philippines, Indonesia, Singapore and China.

Welcoming Arai, the BOI Executive Member assured him all possible cooperation for successful operation of the scheme to attract direct investment and technology transfer to Bangladesh.

Zahid Hossain requested Arai to encourage the Japanese companies under the scheme to invest in Bangladesh in the potential sectors, including composite textile.

He also expected Join Scheme to consider organising investment seminars in the strategically important cities of Japan to promote Bangladesh more closely for increasing the inflow of Japanese investments to Bangladesh.

JICA Investment Adviser to BOI Mitsuo Otsuki and other officials of the BOI were present in the meeting.

## Khagrachhari unveils budget for '99-2000

KHAGRACHHARI, June 7: The Khagrachhari Hill District Council has announced a 7.8 crore budget for 1999-2000 fiscal year allocating highest amount in agriculture and communication sectors.

The budget was announced on Sunday at a meeting held at the conference room of the council with the Chairman of Khagrachhari Hill District Council, Jatindra Lal Tripura, presiding.

The meeting was attended, among others, by Chief Executive Officer of the council, Tazul Islam, Executive Engineer, Anwar Hussain Khan, Councillors, Jahidul Alam, Binod Bihari Chakma, Rano Bikram Tripura and Hla Prue Chowdhury.

## BIBM introduces computer diploma

Bangladesh Institute of Bank Management (BIBM) will start a one-year Diploma Programme in Computer Applications from July 10, 1999, says a press release.

The immediate objective of this programme is to produce well-trained and well educated computer personnel to prove their efficiencies to meet the challenges of the modern computer-based world.

The programme is designed for persons having at least graduation or equivalent and no third division in their academic career.

Facilities of the Programme include modern computer laboratory with LAN system and internet, rich library with up-to-date books and magazines, air-conditioned computer lab, library and class-rooms, lush-green campus with congenial atmosphere.

# Speakers at roundtable titled "The Budget We Really Want" Decentralise nat'l budget preparation process

Star Business Report

Speakers at a roundtable conference yesterday said that the budget preparation process should be decentralised and its structure should be made public much earlier so that the majority people can participate in the process.

They underscored the need for ensuring more transparency and accountability in the national budget formulation to address the real problems of the majority people.

Stressing the need for improving the quality of governance, they said the issue of good governance should be focussed in the whole budgetary process.

The roundtable titled "The Budget We Really Want (Keman Budget Chal)" was organised jointly by the Institute for Development Policy Analysis and Advocacy (IDPAA) of Proshika, The Daily Sangbad and the Shamunnay.

Held at the city's CIRDP auditorium, the inaugural session of the conference was chaired by President of Proshika Dr Quazi Faruque Ahmed. It was addressed, among others, by State Minister for Planning Dr Mohiuddin Khan Alamgir, Executive Chairman of the Centre for Pol-

icy Dialogue Prof. Rehman Sobhan, Executive Chairman of Shamunnay and Senior BIDS researcher Dr. Atur Rahman, Deputy Governor of Bangladesh Bank Khondokar Ibrahim Khaled, Editor of The Daily Sangbad Ahmedul Kabir.

Dr Mohiuddin Khan Alamgir agreed that the transparency of the budget should be ensured.

He, however, said: "It is beyond any form of doubt that the government is pursuing policies and programmes to eradicate poverty and running special programmes in this field (poverty alleviation) to ensure social justice."

If the ruling party is people-friendly and believes in democratic governance there is little room for them to place autocratic budget in the parliament, Alamgir said.

Prof. Rehman Sobhan, referring to the Prime Minister's commitment after 1996 election, said she committed that the budget should be decentralised and "she tried but when the issue of implementation came forward it was not successful."

He mentioned that the contribution of agriculture sector to the GDP is 30 per cent. "The

farmers are sustaining the economy. So, their problems should be addressed in the budget."

"The society has been split into two parts. The children of one part go abroad for education and that of the other part go to the schools at home where teachers, books are not available."

Khondokar Ibrahim Khaled said that though the bureaucracy in Bangladesh has merit, it is not as efficient as it should be.

Referring to bad borrowing practices, he said before accepting any capital or fund from any source we should take prudent decisions and consider the basis whether it would create more funds or would be spent for luxury which would invite social miseries.

Presenting previous annual budget reviews, Dr Atur Rahman said that the current process of budget preparation and its presentation was non-transparent and it was difficult for most of the people to understand.

"The majority of the people, particularly the poor, are not consulted and their needs and aspirations are not reflected in the current system," he added.

He pointed out a number of drawbacks of the present budget preparation system including inconsistencies in the expenditure classification system, centralised top-down decision making process, limitations of the macro-economic models used in the five-year plans for medium and long-term planning.

Sangbad Editor Ahmedul Kabir said that there were 1,600 projects in the country, of which only 200 were run properly.

"Despite the government's good intention, the bureaucracy becomes a bar to moving forward in all cases."

Anwara Begum of Trinamul Janasangathan said: "We need greater access to education, medicine and other amenities along with a true pro-poor budget."

It is a social reality that the poor are the most disadvantaged part of the society and they enjoy limited access to different social amenities, she said.

"The budgetary allocation should be made to build more day-care centres for the poor working women," she demanded.

## Pakistan may raise taxes in budget

KARACHI, June 7: Pakistan is expected to raise taxes in a "bitter pill" budget this month in an attempt to bridge a wide gap between revenue and spending, economists and analysts say, reports AFP.

Pakistan hopes to end the current fiscal year to July with gross domestic product (GDP) growth of 3.1 per cent. It has been asked by the International Monetary Fund to maintain a deficit at 4.3 per cent of GDP.

Economist Iqbal Haider told AFP that harsh taxation measures looked unavoidable.

In the past 11 months of the current fiscal year the Central Board of Revenue has collected 5.18 billion dollars, well short of the targeted 6.2 billion dollars, he said.

Pakistan has revised its annual revenue collection target downward from times from an initial 7.695 billion dollars.

A senior revenue board official last month cautioned Pakistanis to brace for "bitter pills" in the forthcoming budget.

Pakistan's ratio of tax collection to GDP has declined from 11 per cent to nine per cent and this figure needs to be boosted into double digit figures again, Haider said.

The economist said that in view of "severe" resistance from traders to a general sales tax scheme, the only option for the government was to impose a surcharge on petroleum products.

He also predicted a possible defence surcharge because of the

current border tensions with rival India in the disputed Kashmir region.

Analyst Arif Habib said he expected a sales tax to be introduced for the services sector. "I think a sales tax will be imposed on doctors, lawyers, consultants and accountants in the budget," he said.

He pointed out that the government had raised prices on petroleum products by more than 10 per cent last month after slashing custom duties by 10 per cent to 35 per cent in March.

Habib said a general sales tax on consumer items must be pursued and farm incomes brought into the tax net in the largely agriculture-based economy.

The trading community has opposed suggestions of a 15 per cent general sales tax (GST) on the grounds that they cannot keep sales records.

Mansoor Ali, head of research at a leading brokerage, said: "In my opinion tough action is needed on the part of government to introduce GST and agriculture tax to bridge the gap between revenue and expenditure."

He also called for speeding up privatisation and setting a prolonged dispute between independent power producers and the government over electricity tariffs.

A settlement of the row with the power producers would give a boost to the stock market and improve the investment climate.

## Ivory Coast to join IJO

West African country the Ivory Coast has decided to join the International Jute Organisation (IJO), sources at the IJO headquarters here said Sunday.

The sources told BSS that Minister for Promotion of Foreign Trade of the Ivory Coast Guy-Alain Gauze communicated this decision to Executive Director of IJO Henri L Jason in London last week.

Both Gauze and Jason are in London now for separate discussions on other commodity topics.

Jason expressed the hope that the move of the Ivory Coast would open the way to membership of other West African countries to the IJO, the sources said.

The Ivory Coast uses huge quantity of jute for making sacks to pack its substantial cocoa and coffee for exports.

IJO, the only UN affiliate based in Bangladesh, was established in 1984 to promote the interest of both the jute producing and consuming countries.

The organisation currently has 23 members and intensifies diplomatic manoeuvring are now on to bring back India and Thailand who recently withdrawn from it.

## Chile keen to set up joint ventures in Bangladesh

Chile, a "capital exporting" country, is interested to set up joint ventures by establishing trade link with Bangladesh, says UNB.

"Chile has become a capital exporting country and we could reduce the physical distance between the two member countries of WTO, G-77 and NAM by increasing trade and investment," said the New Delhi-based Chilean Ambassador to Bangladesh, Benjamin Concha.

The envoy showed the interest when he called on Commerce and Industries Minister Tofail Ahmed at his office here yesterday.

Appreciating the eagerness of Chile in strengthening bilateral trade and investment relations with Bangladesh, the Commerce Minister also said: "We wanted to extend our trade with Latin American countries, including Chile."

Tofail proposed exchange of business delegations between the two countries to explore the areas of mutual cooperation.

## JS told Govt keen to encourage tourism in pvt sector

Civil Aviation and Tourism Minister Engineer Mosharruf Hossain has yesterday told the Jatiya Sangsad that the government was keen to encourage private sector for the development of tourism in the country, reports BSS.

Replying to a question from treasury bench lawmaker Begum Shahin Monowara Huq (Nogon-Natore), the minister said the government has already taken initiative to attract foreign investors for the development of sea resort of Cox's Bazar.

He said the government has taken programmes for the development of the places of tourist attraction like the Sundarbans, Kuakata, Rangamati, Khagrachari and other areas.

## BARC workshop on sugar industry begins today

A two-day consultative workshop on Recommendations by different committees for improvement of sugar and gur industries of Bangladesh begins here today, reports UNB.

Organised by Bangladesh Agricultural Research Council (BARC), the workshop will be inaugurated at 10 am, said a press release.

Parliament Members, representatives from different ministries, departments, Bangladesh Sugarcane Research Institute, Bangladesh Sugar and Food Industries Corporation, farmer representatives, senior scientists and policy planners will attend the workshop.

## SIBL makes Tk 4 cr pre-tax profit in '98

Star Business Report Social Investment Bank Limited has made a pre-tax profit of Tk 3.92 crore in the year 1998.

This was stated at the 18th meeting of the Board of Directors of the bank held in the city recently, says a press release.

The meeting was presided over by Prof Dr MA Mannan, the Founder Chairman of the Bank.

In the Board meeting the bank's final account for the year 1998 was approved.

According to accounts, the bank has made substantial progress in all its activities. The deposit growth rate in 1989 was approximately 208 per cent while the investment growth rate was 218 per cent.



The British Steel's Redcar plant in Cleveland on Monday after it was announced it had reached a merger agreement with Dutch Steel group Hoogovens. The deal will create a new international metals group to be called BSKH, 62 per cent owned by British Steel shareholders and 38 per cent by Hoogovens investors. —AFP photo

## British-Dutch steel merger announced

LONDON, June 7: British Steel PLC and Dutch metals producer Koninklijke Hoogovens NV announced Monday that they plan to merge in a 4 billion pound (\$6.4 billion) deal that will create the world's third largest steel maker and Europe's biggest, says AP.

The British company, which has sales nearly double those of Hoogovens, is to take a 62 per cent share in the new group, which would have sales worth 14.5 billion euros (\$14.9 billion) a year and a market capitalisation of 4.624 million euros (\$4,762.72).

British Steel shareholders will also get a cash payment of 35 pence (\$0.56) per existing share from the new company upon completion of the deal.

The deal must be approved by regulators and by the companies' shareholders. If approved, shareholders of both companies will receive stock in the new company, initially to be called BSKH.

Analysts say British Steel's move has been prompted by the effect of the British pound's strength against the beleaguered euro. The deal will allow the company to shift some of its cost base to Europe.

"It does mean that we have a manufacturing platform in Europe and for our customers point of view, who increasingly look to be served on an international basis, that we've got that platform to provide them with it, British steel Chief Executive Officer John Bryant told the British Broadcasting Corp in a radio interview.

The merger comes amid tough times for Western steel producers with relatively high fixed costs.

Koninklijke Hoogovens' net profit fell 17 per cent in 1998 to \$196.7 million, due largely to lower steel prices and increased competition from companies in Asia and Eastern Europe.

British Steel posted a net profit of \$364.5 million for the year ending March 28, 1998, down 27 per cent from the previous year.

Falling prices, cheap imports and over-capacity have prompted Europe's steel makers to embark on a spate of mergers in recent years.

British Steel and Hoogovens said they expect cost savings in central overheads, purchasing and logistics and that they predict savings of 300 million euros (\$300 million) a year by the third year.

## BFFEA demands deeper devaluation of taka

Bangladesh Frozen Foods Exporters Association has raised a three-point demand, including a deeper devaluation of the taka, for survival of the second-largest foreign-exchange earners, reports UNB.

"All the frozen fish-exporting countries have gone for massive currency depreciation. It's a must for our existence on the international market," BFFEA President Kazi Shahnewaz told a press conference at its office here yesterday.

The frozen fish exporters will not survive if the taka is not devalued. Devaluation is badly needed to balance it with international currencies for competing in the sector with other countries," he said citing some countries opting for massive devaluation.

Two other demands of the association are providing alternative cash incentives worth 15 per cent of exports from July 1997 to December '98 and as per recommendation of the task-force waiving the interest and penal interest amounting to Tk 300 crore.

The BFFEA President opined that the cash assistance was needed for the exporters to obviate a slump in price of frozen fish on international market. He urged the government to provide the assistance as cash subsidy.

"The interests and penal interests are breaking our spine. It's an uphill problem for the exporters," he said informing that the taskforce of the Commerce Ministry has recommended the interest waiver, which is now under consideration of the Finance Ministry.

"Our exports in this sector will mark 40 to 50 per cent rise and stand at Tk 2,000 crore in next three years if the government and concerned sides come forward," he hoped mentioning the exports last fiscal fetched Tk 1,350 crore despite many hurdles.

Export of frozen fishes till April amounted to Tk 1,100 crore while the total target in the current fiscal is Tk 1,500 crore. "We are optimistic about fulfilling the target," said the leader of the exporters flanked

by his colleagues.

"Another Tk 500 crore will come if the entire shrimp production of 28,000 tons is made value-added products," he said.

But, Kazi Shahnewaz told the newsmen, the frozen foods sector incurred huge losses following cyclone in 1991, terrible tidal surge that washed out shrimps worth Tk 400 crore and political instability as well as disruption in port in 1995 and the worst floods in 1998.

"Besides, export faced serious setbacks as European Union imposed a ban in 1997 and shrimp prices on the international markets marked plummeted 40 per cent in the peak season in 1998."

He said the frozen food exporters continued discussions with the government on the problems. "But no decisions taken by the government to cooperate with us were implemented due to negligence on the part of commercial banks and insurance companies," he lamented.

# NAFTA architects bemoan unfinished business

MONTREAL, June 7: Once pitted in tough negotiations, the architects of North American free trade gathered to celebrate, and perhaps congratulate themselves, on the launch 10 years ago of a programme to sweep away regional barriers and fuel a boom in continental commerce, says Reuters.

But many delegates — including a former Canadian prime minister and a former US president — expressed concern over the fading of a larger dream to expand free trade throughout the hemisphere, ranging from Alaska to Tierra del Fuego at the tip of south America.

Amid tight security, the weekend conference Free Trade at 10 years, brought together many of the negotiators, officials and leaders who first negotiated the Canada-US free trade agreement in 1988, which

went into effect a year later, and the subsequent 1994 deal bringing in Mexico.

Former Canadian Prime Minister Brian Mulroney — who has taken both the heat and the praise for pushing the original free trade agreement — noted the explosion in trade for all three countries created millions of jobs and even insulated North American economies from the recent Asian economic crisis.

"The free trade agreement has seen the greatest explosion of exports in our history," Mulroney said at the McGill University-organised conference.

US-Canadian trade with the United States has soared more than 80 per cent in 10 years, with the two countries exchanging more than \$1 billion in goods and services each day. Meanwhile, statistics show,

three-way trade between Canada, United States and Mexico has also exploded, to more than half a trillion dollars a year under the North American Free Trade Agreement (NAFTA).

But there is a very, very heavy cloud on the horizon, Mulroney told the delegates closing address on Saturday evening to the two-day conference.

Mulroney and former US President George Bush bemoaned the growing trend of trade protectionism in the United States, which has been responsible for delaying so-called fast track approval in Congress to widen NAFTA to include South American and other countries.

Mulroney said countries such as Chile and Argentina have been spurned by the United States on joining the

free trade zone and are instead negotiating bilateral agreements without the involvement of the Americans. "This trend away from American leadership is ominous and must be stopped," Mulroney said.

Bush told delegates in a luncheon address on Saturday he was worried how his country was turning "selfishly inward" with such "American First" campaigns to keep out foreign goods.

"Even though they deny it, they advocate policies that amount to protectionism and isolationism," Bush said.

Carla Hills, the US Trade Representative from 1989-1993, said free trade has helped all the countries, boosting Mexico, which has now replaced Japan as America's largest second trading partner after Canada. "It was not a good deal for all

three countries, it was a great deal for all three countries," Hills said during a panel discussion.

She said despite the success, the NAFTA deal is being used like a club by protectionists, with opponents "chanting 'no more NAFTAs'."

Hills said leaders across the continents need to galvanise opinion back towards free trade which she says has boosted jobs and growth rather than threatened it.

Canada was bitterly divided over whether to enter a free trade agreement with its much larger southern neighbour in the 1980s. Some still oppose the deal on the grounds the country is losing manufacturing capacity and on concerns the nation is losing its autonomy as governments move to harmonise in a number of different areas

like environmental and labour policies.

While the US-Canada free trade pact was not a big headline maker in the United States, the inclusion of Mexico in the later deal sparked much more concern among some in the US Congress and among labour groups.

US presidential hopeful Ross Perot once predicted there would be a "giant sucking sound" of jobs and plants going south should the United States open its borders to relatively low-wage Mexico.

Former Mexican trade officials who negotiated the NAFTA deal noted that the widening of US and Canadian markets helped cushion their country's economy from the impact of the nearly two-year-old Asian financial crisis.



Kartik Padmanabhan (L), product manager, and Sanjay Mirchandani, managing director of Microsoft Corporation India, at the launching of the company's Microsoft Office 2000 in India on Monday. —AFP photo