

Sonali Trade and Finance starts its operation in UK today

The Sonali Trade and Finance (UK) limited starts functioning in London from today following reconstitution of Sonali Bank branches in the United Kingdom, official sources told BSS in city yesterday.

The financial institution with sole ownership of Sonali Bank will begin its journey with a capital of 85,000 pound sterling at the head office of the Sonali Bank at Osborn Street in London. Four booths will also function under the institution in Luton, Birmingham, Bradford and Manchester, sources said.

A three-member Board of Directors has already been formed with Chairman of Sonali Bank Board of Directors Dr Al Aminul Islam as its head. Dr Siddiqueur Rahman Osmani, professor of Ulster University and the chief executive of Sonali Bank, UK Operations, have been nominated as the director and member secretary.

Chairman of Sonali Bank Dr Aminul Islam will reach London this morning to attend the inaugural function. Bangladesh Ambassador to UK Mahmud Ali and concerned officials will also attend the function.

The business jurisdiction of the institution will be limited within international trade, sending remittances of Bangladeshis nationals to the country and transaction of different Bangladesh Treasury bonds with the approval of legal authorities.

Sonali Bank sources said that efforts were under way to open a new bank in London side by side the new financial institution.

The Sonali Bank had started its function in London in 1973. The Bank of England advised reorganisation of the activities of Sonali Bank in London due to heavy losses and lack of administrative efficiency in 1995.

Myanmar oil output drops

YANGON, June 30: Myanmar produced 547,000 barrels of crude oil in the first two months of this year, down 34,000 barrels from the same period of last year, according to the latest Economic Indicators published by the country's Central Statistical Organisation, reports Xinhua.

The indicators also show that the output of natural gas was 274 million cubic metres during the two-month period, a drop of 20 million cubic metres as compared with the corresponding period of last year.

In 1998, Myanmar produced 3,423 million barrels of crude oil, a reduction of 239,500 barrels from 1997, while the output of natural gas was 1.749 billion cubic metres, a drop of 35 million cubic metres compared with 1997.

To develop the crude oil and natural gas industry, Myanmar has since late 1988 been absorbing foreign investments for undertaking both offshore and onshore oil and gas exploration and production projects.

By the end of 1998, foreign investment in the oil and gas sector from Australia, Britain, France, Indonesia, Japan, Thailand and the United States reached 2.3 billion US dollars in 46 projects. The total foreign investment stood at 7.1 billion dollars.

Of the oil and gas fields being developed, Yadana in Myanmar's gulf of Mottama and the Yetagun field off the Tanintharyi coast are the two outstanding ones.

Small producers lead Cyprus wine revolution

AYIOS AMVROSIOS (Cyprus), June 30: George and Ioanna Yiallouras took up wine making to escape city life. Ioanna and Ioannis Ioannides are in it because they love making wine, reports AP.

Both couples are part of an explosion of small wineries in Cyprus' grape-growing region on the southern and southwestern slopes of the Troodos mountain chain.

Most of the small wineries, nearly 40 in all, have sprung up in the past 10 years on this sunny island at the eastern end of the Mediterranean.

The newcomers have given depth to the industry by introducing new labels and making high-quality wines and are becoming a source of worry to larger, older wineries as well as wine importers.

"Making wine was the only way to earn a living in this part of Cyprus," said Ioanna Yiallouras, who together with her husband, George, left the capital, Nicosia, in 1989 for the tiny village of Ayios Amvrosios in the heart of the grape-growing region of Cyprus. They now own a winery that produces 120,000 bottles a year.

A short drive across the hills is the village of Kilani, where Ioanna and Ioannis Ioannides produces 50,000 to 60,000 bottles a year.

"We certainly don't need more money," said Ioanna, 60, whose physician husband has a practice in the coastal city of Limassol.

PARC study on BOI, BEPZA says

Need for many a permission makes investment difficult

By Monjur Mahmud

The requirement of too many permissions and licences to set up industrial ventures have stood in the way of expediting private investment even after the introduction of the Board of Investment's (BOI) one-stop service.

The 'one-stop service' was established in 1997 with a view to strengthening BOI and to assist investors in obtaining different services under an umbrella within a prescribed time limit.

On the other hand, Bangladesh Export Processing Zone Authority (BEPZA), like BOI is also dependent on other government agencies, which often create pre-investment delays.

"Different Acts and documents of the BOI and BEPZA validate the view that the bureaucrats in Bangladesh appear to be accountable to none," said a study carried out by Public Administration Reforms Commission (PARC).

In fact, no specific mechanism is in force to hold the BOI

and BEPZA administrations and other facilitating organisation authorities accountable for what they do for attracting private entrepreneurs, it said.

"Coordination of activities and support services rendered by BOI and BEPZA and correlation between these two organisations and other supplementary bodies such as the Ministry of Industries, financial institutions, banks, National Board of Revenue (NBR), and BSCIC is considered unsatisfactory."

"There is also an absence of interface between the government's policy pledge (reflected in the industrial policy) and the actual level of support and facilitation provided."

A major problem with BOI is that it is dependent on various government agencies, which often results in pre-investment delays, the study said, stating that the first problem encountered by entrepreneurs was acquisition clearance from the Department of Environment, a precondition for new investment registration. The registration of projects with the BOI

means very little because realisation of the projects is a major hurdle, it said.

BOI is dependent on the co-operation and assistance of nine agencies, which again create many operating problems. Citing examples, the study said it is easier for BOI to arrange electricity for a private investor only if the demand is very little (less than 50 KW). In case of gas, the BOI is no position to assist the new investor if there is no gas lines within two kilometers of the project site.

However, the study recommended that the present provision of one-stop service facility may perhaps be better handled provided the BOI and BEPZA are given increased authority to ensure access of potential investors to utility services through direct negotiations with other concerned agencies.

The BOI and BEPZA should have trained, skilled and motivated staff who will be able to execute the new policies and manage new programmes, the

study suggested.

Institutional autonomy has to be given to these two agencies for enabling them to make quick decisions to facilitate investments, the study said, adding that BEPZA has to be given specific budget and the mandate to work flexibly and cases like the Chittagong EPZ has to be taken care of in future.

Coordination between BOI and BEPZA and other supplementary organisations including the Ministry of Industries has to be strengthened. In the name of coordination, ministerial control on agencies has sometimes proved excessive. The merger of BOI and BEPZA can also be considered as a strategic option in future."

The monitoring system of BOI and BEPZA needs improvement. New monitoring techniques, data-bank, software and information technology require to be used. On the other hand, periodic evaluation of the impact of institutional interventions has to be made, the PARC study recommended.



Japan's electronics giant Matsushita unveils the prototype of a bear shaped robotic pet to aid elderly people with communication, at the company's headquarters in Tokyo on Wednesday. The robotic pet, which reacts to speech or when being touched, can contribute to relieving stress in the lives of senior citizens who live alone. Matsushita is expected to put it on the market in the year 2001.

— AFP photo

State minister for energy tells JS

Countrywide demand for gas 311 bcf, fuel 2.6 m tonnes

State Minister for Energy Prof Rafiqul Islam told the Jatiya Sangsad yesterday that the demand for gas in the country has been estimated at 311 billion cubic feet in the current fiscal (1998-99), while the demand for petrol, diesel and kerosene is about 26,37,000 tonnes, reports BSS.

Replying to a question from M Fazlul Azim (BNP-Noakhali), he said that the demand for petrol was about 2,35,000 tonnes, for diesel 18,00,000 tonnes and for kerosene 6,02,000 tonnes.

He also said production cost of gas up to consumer level is Tk 58.21 while the selling price is Tk 62.10.

The price of oil in the international market is constantly changing, he said, adding that the import price (C and F) of crude oil (Marban crude oil) is Tk 5.23 per litre, according to the latest price of May 1999. Besides, after taking into account the duty at the rate of Tk 3.84

per litre and, import, refining, other costs, the price of oil comes to Tk 11.00 per litre, he said.

Prof Rafiq said the selling price of refined per litre petrol, diesel and kerosene is Tk 21, Tk 12.95 and Tk 12.95 respectively. Replying to Haji M Selim (AL-Dhaka), the minister admitted that there was system loss in the gas sector. The quantum of daily system loss in this sector, on an average, is about four million cubic feet (5.9 per cent), he added.

He said both technical and non-technical measures are being taken under the revised time-bound action programme (RTAP) to reduce the system loss.

The measures for reducing technical losses include regular joint calibration every month of the metres at the gas purchasing points; investigation of RMS metering system including calibration of power plants, fertiliser factories, big industries and commercial customers;

immediate leakage repair of network and service lines; maintenance of accounts used in purging and testing of new lines, he said.

The steps for reducing non-technical losses, he said, include metre sealing to check illegal tampering of metres, change of metres and realisation of fines by visiting the premises of the customers to check the use of gas illegally, installation of additional metres on an experimental basis at the premises of the customers to determine the actual use of gas for reducing tariff-related losses, measure to conduct survey on the number of gas customers in Dhaka metropolitan city area to determine the actual use of gas, formation of task force for disconnecting illegal gas lines with the help of police, filing of cases for realisation of fine and quick disposal of cases on which injunction have been imposed by courts.

Bangladeshi women entrepreneurs participate in Chicago confce

Women entrepreneurs from the developed world at a recent conference in Chicago, USA, pledged to work for the empowerment of their counterparts in the developing countries by offering training and other assistance.

The pledge was made at a conference on "Women Mean Business: A Global Lessons without Borders," says a press release.

In her message, US First Lady Hillary Rodham Clinton said, "What works in Bangladesh or Brazil can be used in places like Chicago and California. Americans have a lot to teach the world, but we have much to learn as well."

Queen Rania Al-Abdullah of Jordan, founder-president of the Jordan River Foundation (JRF) promised to extend help to business people.

Other noted speakers were Senator Richard Durbin, Deputy Administrator of US-AID Ambassador Harriet C. Babbitt, Director of Public Liaison of USAID Karen Anderson.

Aida Perez of Artesianas Unidas of Guatemala, Pilar Ramirez co-founder of FIE FFP, a pioneering micro-credit programme in Bolivia, and others shared their success stories and experiences with over 350 participants.

The business persons, including Bangladeshi entrepreneurs, also displayed their products and services at a Global Showcase arranged on the occasion.

Maleka Khan, owner of Joya, Gazi Shamima Hussain of Shamima's Boutique, Hafiza Momtaz Hashi of Expressions Boutique, Syeda Sharifa Akber of Dahlia's Tuku Talukder of Green Hill, Rangamati, and Kamrun Nahar of Pali Mangal Karmasuchi, a non-government organization, participated in the conference and showcase from Bangladesh.

JOBS, a programme funded by USAID-Bangladesh, organised the Bangladeshi participants to attend the conference and showcase.

The programme is being implemented by the IRIS centre of the University of Maryland, USA, in partnership with the government of Bangladesh Proshika and Development Alternatives Inc.

\$46m export diversification project soon: Tofail

Minister for Commerce and Industries Tofail Ahmed yesterday said an Export Diversification Project (EDP) at a cost of 46 million US dollars will begin soon for giving technical and financial support to the private entrepreneurs, reports BSS.

He said that the present government had liberalised its industrial policy to accelerate economic growth through large-scale industrialisation to integrate the national economy into the world economic order to face the challenges of the next millennium.

The minister said that the government has liberalised its policy in the light of the market economy to flourish and encourage investments, both domestic and foreign Director Investment (FDI), mainly in the energy and power sectors.

He was speaking at a monthly luncheon meeting of the Foreign Investors' Chamber of Commerce and Industry (FICCI) at a city hotel.

Tofail said the present 10 per cent contribution of the industries sector to the gross domestic product (GDP) of the national economy should be extended to at least 25 per cent within a decade.

Besides, he said the manpower involvement in the sector would also have to be raised to 20 per cent against the current 10 per cent.

Members of the chamber, representative of different foreign and multinational organisations expressed satisfaction over the government's initiative to reduce taxes on various importable raw materials and custom-duty, provide cash incentives on different exportable items and introduce zero level tariff to set up export oriented joint venture industries in the country.

President of the FICCI Shamsuddin raised various problems including lack of adequate infrastructure facilities like electricity, telecommunication and high speed data

transmission, high rate of corporate income tax and disturbing law and order situation which continue to be disincentives for FDI.

The minister gave patient hearing to their problems and assured that he would talk to his cabinet colleagues on those issues.

President of FICCI AKM Shamsuddin presided over the function while a number of entrepreneurs, industrialist and representative of foreign and local business organisation participated.

UNB adds: Non-availability of proper investment-related data and the practice of policy changes through issuance of Statutory Regulatory Orders (SROs) also discourage FDI, Shamsuddin noted.

Representatives of the FICCI member-organisations also took up with the minister various problems they are facing doing business in Bangladesh.

Tofail assured all possible help from his part to solve the problems within his jurisdiction and to move for those beyond.

"Anything you can bring to my notice," he told the foreign traders and investors and requested them to bring any problem relating to trade, business and investment personally or through the FICCI so that he can at least give a try.

About the problems relating to information technology business, the minister said the government had already taken some steps to give a nudge to the budding sector.

The FICCI chief appreciated the incentive package offered for investment as, by far, the best available in the region.

But the policy seeks to impose restrictions on RMG, Bank, Insurance and other financial sectors, he said, "we feel it's a deviation from the avowed government policy of pursuing a free market economy."

The FICCI president also felt that the Board of Investment should have an Executive Committee headed by the Minister of Industries to closely monitor its activities.

Weekly Tea Sale

Market witnesses lower prices, selective demand

CHITTAGONG, June 30: The weekly tea sale held here yesterday was marked by selective demand for almost all categories of teas, heavy withdrawals and lower prices, market sources said, reports BSS.

Pakistani buyers were absent again, while Russia, the CIS countries and Poland bought less quantities.

Blenders lent fairly good support to few liquoring types and loose tea traders were more selective.

Bold brokers were neglected and sold at rates up to Tk 45 per kg. Large brokers met with a fair demand and were generally absorbed at lower rates ranging between Tk 55 and Tk 58,

medium and smaller brokers were a much lower market declining quality. There was fairly heavy withdrawals in this category.

Fannings were also a much lower market falling by Tk 5 to Tk 7. There were also withdrawals in this category.

896 chests, 1,848 gunny sacks (40 gunny sacks of old season) of dust category on offer once again met much less demand at lower rates. Better liquoring types eased by Tk 5 to Tk 7 while others eased by up to Tk 10. Quality internal buyers and blenders were selective.

There were 9,504 chests and 9,123 gunny sacks of teas on offer.

'Steep yen slide sowed the seeds'

Japan admits some responsibility for Asian financial crisis

TOKYO, June 30: Two years after a currency storm plunged Asia into crisis, Japan has admitted it bears some responsibility and is now trying to internationalise the yen to avoid a return to turmoil, reports AP.

Eisuke Sakakibara, the vice finance minister who will shortly retire, has just publicly admitted what many analysts have long said: the yen's steep slide against the dollar, orchestrated with Washington in spring 1995, sowed the seeds of crisis for Asian economies whose currencies were attached to the greenback.

"That's true," Sakakibara, known as "Mr Yen" for his influence on markets, told the Australian Financial Review in an interview.

"We should have coordinated with the other Asian countries. But that didn't occur to me at the time," he said.

The yen's about-face, which saw it fall from 80 to the dollar to 130 in less than two years,

was "the Plaza accord in reverse," says Kenneth Courtis, chief economist at Deutsche Bank Asia-Pacific.

In September 1985 the world's five leading industrialised nations signed the Plaza accord, opening up a period of yen strength or "endaka" in Japanese.

This gave a huge push to growth in Asia, propped up by the influx of liquidity and direct investment from Japan.

CH Kwan, senior economist at Nomura Research Institute, noted: "When the yen appreciated, economic growth in Asia accelerated but this had to do with the bubble economy in Japan in the late 1980s."

"When the yen depreciated, the Asian bubbles burst."

For Kwan the lesson to be learnt is that Asian nations must find monetary arrangements beyond the current floating currencies, which will protect them better from erratic movements in the dollar-yen market.

One solution is for them to take as an anchor a basket of currencies which reflects the importance and nature of their trade with Japan.

"If the country is in a competitive position with Japan (like South Korea or Taiwan) the yen weight should be higher than for countries in a complementary position (like China)," Kwan said.

And this is South Korea linked the won to a basket made up 70 per cent of yen, its own currency would have a more stable relationship with the Japanese yen but would pay the price of instability against the dollar.

"A reduction in exchange rate risk promotes wider use of the yen in trade, capital flows and foreign exchange reserves," Kwan said.

This is exactly what Japan is trying to promote now through the internationalisation of the yen, a scheme that has become a national priority.

The Asian crisis, which repudiated the model of Japanese

style growth, together with the birth of the euro have made Tokyo take note of the growing risk that the yen will be marginalised on the regional and international stage.

Takatoshi Ito, professor at Hitotsubashi University who leads the finance ministry's yen internationalisation committee, noted that Japan's most recent "Miyazawa initiatives" — Asian aid packages named after Japan's finance minister — were denominated in yen and not dollars.

"The change of mentality indicated by this is very significant," Ito said.

Kiichi Miyazawa, in his latest aid proposal made at the Asia-Pacific Economic Cooperation forum finance ministers' meeting in Langkawi in May, said Japan would guarantee 2,000 billion yen (17 billion dollars) in bonds issued by Asian governments.

The Japanese side insisted this guarantee would be made in yen only.

Mold-contaminated mineral water withdrawn

China declares Coca-Cola safe for consumption

BEIJING, June 30: China's health ministry has declared canned Coca-Cola sold in the country safe for public consumption, state media reported today, reports AP.

Chinese consumers need not worry about the quality of Coca-Cola manufactured in China as the soft drinks are free from carcinogens, said foreign ministry spokesman Huang Jiansheng quoted by the Xinhua news agency.

A sampling conducted in five major Chinese cities, following reports of contaminated soft drinks in Belgium and France, found cans of Coca-Cola in China met state public health standards, the report said.

Investigators examined five production centres in Beijing, Shanghai, Tianjin, Guangzhou and Zhuhai and found production procedures were to be in line with the government's health requirements, Huang said.

Earlier this month, France banned production at the Coca-Cola's largest plant in Europe

for 10 days, following reports of a fungicide chemical on wooden pallets used to transport the cans to Belgium and the Netherlands.

Belgium also banned the sale of all soft drinks produced by the Coca-Cola giant for about a week after 100 people were hospitalised after consuming the beverage.

The company later said that defective carbon dioxide and wood preservatives used by Belgian bottlers had caused the problem.

Coca-Cola China has said its soft drinks in China did not have the "quality problems" of its European counterparts. "No elements of dioxin were found in Chinese-made products, which confirmed that the problem was merely Belgium-based," Zhai Mei, assistant external affairs manager for Coca-Cola China, said.

Meanwhile, an AP report from Warsaw says: Coca-Cola announced Tuesday it was recalling hundreds of thousands of small glass bottles of car-

bonated mineral water because of mold found inside some of them.

It was the second major recall of Coca-Cola products in Europe in recent weeks, after some of the US company's soft drinks were ordered off shelves in Belgium this month when consumers became sick due to substandard carbon dioxide.

Marcin Barcz, Coca-Cola's deputy director for Poland, said health inspectors detected the mold in 1,500 glass bottles of Bonagua brand carbonated water. He said tests showed the glass bottles were the source of the mold, which was first detected by a consumer in the Baltic port city of Gdansk.

All of the 0.3 liter (about five ounce) glass bottles of Bonagua carbonated mineral water distributed in Poland would be replaced by plastic containers, Barcz said. Polish state television reported that another 246,000 bottles awaiting distribution at a bottling plant in southwest Poland would be held back.