The Daily Star
BUSINESS
DHAKA, SATURDAY, NOVEMBER 13, 1999

C'wealth Business Forum calls for promoting transparency

JOHANNESBURG, Nov 12: Commonwealth countries should promote transparency, work against corruption and involve the private sector in development, the body's business forum said here yesterday, reports AFP.

The Commonwealth Business Forum wrapped up a three-day meeting of 500 business and government delegates here by compiling recommendations to be handed to the Commonwealth Heads of Government Meeting which starts in the east coast city of Durban on Friday.

The delegates, from 21 of the Commonwealth's 54 member countries, also urged the heads of government to achieve a consensus on the agenda for negotiations at the World Trade Organisation (WTO) conference starting in Seattle, Washington, this month. Forty-six of the Commonwealth countries belong to the WTO.

Delegates said Commonwealth governments — which represent 1.8 billion people — should improve their economic and legal conditions, including being tougher on corruption, to encourage foreign investment.

Business transactions in Commonwealth countries must become more transparent, the forum recommended, and government and private sector dialogue should be encouraged.

Countries from the 14-nation Southern African Development Community (SADC) agreed at the meeting to set up a business forum to strengthen business links between member states.

CDF workshop on software for NGOs, FMOs held

Credit and Development Forum (CDF) organised a workshop on computer software for NGOs and MFOs (Micro-Finance Organisation) at IDB Bhaban recently.

Professor Wahiduddin Mohmud, Chairman of PKSF and Professor of Economics of the University of Dhaka, was the chief guest while Gias Uddin Pathan, Director General of NGO Affairs Bureau, was the special guest on the occasion, says a press release.

The workshop was chaired by Khondker Zakir Hossain, Executive Director of CDF.

A total of 65 participants from different NGOs, govt agencies, banks, donors and research institutions attended the workshop.

In the working session, SM Rahman, the Director of CDF, presented the demo of computer software which was followed by an open discussion.

CDF has developed a software package viz Management Information System, Financial Information System and Micro Banking System for Microfinance NGOs. The main features of this software are: customised product services, quality product for the MFOs. Developed after studying more than 50-mid-level national and local MFOs with provision of customisation.

The software will enable the NGO Microfinance programmes in the following areas: Quick and prudent decision-making, efficient supervision, effective operation, transparency and accountability.

In view of the international IT trend, CDF has developed the system by using the following well-proven structure platforms: Database: Oracle, Front end tools: Developer 2000 (Run time version) and Operating system: Windows 95/windows NT.

Till October '99, this software package has been used in 20 mid-level MFOs all over the country.

WFP may maintain its volume of food assistance

World Food Programme (WFP) is likely to maintain volume of food assistance to give a better life to 30 million ultra-poor whose food intake is 1800 Kcal, says UNB.

WFP deputy executive director Namanga Ngongi hinted this in a statement Thursday ending his visit to Bangladesh that started on October 31.

The results of WFP-assisted Rural Development and Vulnerable Groups Development programmes are "quite impressive," he said, stating the experience of his four-day visit to Tangail, Bogra, Rangpur and Kurigram and his talks with beneficiaries.

His experience and the pervasiveness of the large-scale poverty in the country "confirmed the justification of Bangladesh's being the largest recipient of WFP" development resources, he said.

The WFP executive felt that food assistance programmes by the government of Bangladesh and the international community should be maintained.

The results of ongoing WFP programmes are quite impressive in terms of human development, creation of infrastructures and disaster mitigation, he said.

"I believe that we have a good basis for the next Country Programme that we are currently preparing.

Four NCBs burdened with TK 882.64 crore

Garments owners' reluctance to repay creates forced loans

By Monjur Mahmud

The reluctance of a section of unscrupulous readymade garment (RMG) factory owners to repay loans rather than the much-hyped hartals, port congestion or floods led to forced loans in the banks, a task force report said quoting bankers.

Instead of exporting finished products, these garment manufacturers sold their raw materials, which were imported through back-to-back L/Cs, in the local market subjecting banks to forced loans.

Five per cent of the total forced loans were created due to strikes and hartals, three per cent because of floods and one per cent for port congestion, while the reasons for 91 per cent of such loans were divers, the task force report said after scrutinising the data and records of different banks and garment industries.

As part of the move to identify the reasons behind huge stocklots of the RMG factories with forced loans, a task force visited about 200 garment factories till September 15 this year and estimated the quantity and value of stocks.

The task force found a wide gap between the amount of forced loans and the actual value of current stocks in the bonded warehouses. The selling of the present stocks would only lead to an adjustment of only 18 per cent of the total forced loans.

It said that the value of stocks including imported fabrics, accessories and finished or semi-finished goods should not differ much with the forced loan amount. "The management of the RMG units could not show reasonable grounds for

Reasons of Forced Loans

Banks	Strikes/ hartals	Floods	Port problems	Others	Total
Sonali	1%	4%	1%	94%	100%
Agrani	20%	Nil	Nil	80%	100%
Janata	7%	1%	2%	90%	100%
Rupali	5%	2%	Nil	93%	100%
Total	5%	3%	1%	91%	100%

shortage of either raw materials or finished products as per the bank records," said the report.

Forced loan worth Tk 882.64 crore, which is 30 per cent of the total loan amount provided by the nationalised commercial banks (NCBs) to 1,109 RMG units, has become a big problem for the NCBs as this huge amount of money has mostly remained unpaid for a long time, the task force report said.

Forced loan was created after the NCBs were compelled to shoulder import liabilities of back-to-back L/Cs as per the banking system and paid this money from their own funds, as garments owners did not export their products in time.

Out of Sonali Bank's 462 RMG projects, the task force visited 53 units. The actual price of stocks of these units was Tk 16.82 crore, which is 76 per cent less than their book value of Tk 70.68 crore.

Of the 527 projects of Agrani Bank, 39 were visited. The actual price of their stocklots was only Tk 2.69, which is 90 per cent less than the book value of Tk 27.88 crore.

The task force visitation of 86 Janata Bank projects found the actual value of stocks at only Tk 50.40 crore against the book value of Tk 79.25 crore, which is 36 per cent less than the actual book value.

Rupali Bank's 22 projects were also visited. According to the task force, the price of their stocklots was only Tk 6.88 crore, which is 56 per cent less than the book value of Tk 15.50 crore.

The report reveals that the value of stocks is much less than the amount of forced loans. The shortage is around 60 per cent.

Of the total Tk 2,940.54 crore sanctioned loans of four NCBs to 1,325 RMG units, 26 per cent or Tk 764.50 crore has been classified as on June 30, 1999.

Sonali Bank tops the list with a default loan amount of Tk 351.54 crore, which is 33 per cent of the bank's total disbursed figure of Tk 1,067.94 crore among 462 RMG units.

Agrani Bank disbursed Tk 1221.28 crore loans to 527 RMG units. Of this, 27 per cent or Tk 325.69 crore is classified.

Janata Bank extended Tk 523 crore loans to 254 RMG units, of which 11 per cent or Tk 59.09 crore is default.

Rupali Bank disbursed a total loan amount of Tk 128.32 crore to 82 RMG units. Of this, 22 per cent or Tk 28.18 crore is classified.

ASM Quasem, President of Bangladesh Employers' Federation (BEF), inaugurates two training courses for women — "Production Planning and Quality Control" and "Export of Small Scale Industrial Products: Access to Market" — organised by Bangladesh Employers' Federation under the BEF-ILO Project at the BEF Conference Hall Wednesday. Annemarie C Reerink, Associate Expert of ILO Area Office, Dhaka, Shahidul Alam Chowdhury, Joint Secretary of BEF, and Dr Abdur Rab, Resource Person, are also seen in the picture. — BEF photo

Working Group meet concluding session told

EC to focus more on co-op than aid to Bangladesh

The European Community (EC) indicated greater focus on economic cooperation with Bangladesh than on development assistance as per their refixed priorities, reports UNB.

Sources said the hint came from the sixth EC-Bangladesh Working Group meeting that concluded in Dhaka Thursday.

This is one of the major conclusions of the two-day meeting between senior officials the European Commission and the Economic Relations Division of the Ministry of Finance, said an EC release.

ERD Joint Secretary Abdur Razzaque and Erich W Muller of EC External Relations Directorate in Brussels led their respective sides at the meeting.

ERD Secretary Dr Masihur Rahman, and Head of Delegation of the European Commission in Bangladesh Ambassador Antonio de Souza Menezes also addressed the meeting.

Officials said during the meeting, the EC called for good governance in creating a congenial environment for continuing the development efforts, while the Bangladesh side highlighted the government's ongoing reform programmes and the general macroeconomic achievements.

Addressing the meeting, Erich W Muller said that the European Community was set to rebalance emphasis in its cooperation activities with Bangladesh.

"In view of the pending budgetary alignments and a review of cooperation concepts, the European Community in future will focus more on economic cooperation while maintaining development cooperation," he told the meeting.

Muller said the objective is to support the country more in achieving the appropriate economic capacity to fully participate in the world trading system and develop its own human resources and socioeconomic conditions.

The EC mentioned that the development cooperation with Bangladesh presently amounted 420 million euro (Tk 2,000 crore) and another grant of 167 million euro (Tk 850 crore) in project assistance was being prepared for commitment. Of the assistance, about 70 per cent are channelled through the government.

Referring to the new EC-Bangladesh Cooperation Agreement, Dr Masihur Rahman said the strategic sectors now identified such as education, health, food security and environment need careful interpretation and elaboration.

Unocal sees big gas reserves at Moulavibazar 2&3 wells

American gas exploration company, Unocal, said it expects to discover a large reserve of gas at its Moulavibazar-2 and 3 wells, and Ratna field in Habiganj, reports UNB.

It said the Moulavibazar-2 well has already been drilled and drilling of Moulavibazar-3 well will be completed in a week. The company also expects a "big discovery" at Ratna field in Baniachang thana of Habiganj district.

"We are expecting a multi-TCF (trillion cubic feet) discovery at the two wells in Moulavibazar," Terry Burdden, President of Unocal Bangladesh Ltd, told the news agency Wednesday.

He said the real reserve could be assessed only after the analysis of the drilling data. The analysis would be finalised 30 days after completion of the tests that would start soon.

On the prospect of the Ratna site in Habiganj, the Unocal chief said: "We expect a significant and large reserve at Ratna. It could be larger than that Bibiana."

The Bibiana discovery is branded as one of the world-class discoveries and is estimated to have a reserve of 3-5 TCF, of which 80 per cent is recoverable.

Ratna will be drilled next month or in January 2000. Testing of the Kafna field will also restart next month.

The Unocal President said the company never abandoned the site. Among the two zonal tests, the first one found water well and the second was an unsuccessful mechanical test. "We still hope to get something in the second zonal test," said Terry.

After the Moulavibazar-1 blowout, the Occidental, which is now a subsidiary of the Unocal, drilled a relief well to seal the blowout point.

Later, as a follow-up the Moulavibazar-2 well was drilled to identify and recover from the original reservoir. The drilling work of the Moulavibazar-3 well is on to get access further to the reservoir.

Terry said that they had plans to drill more wells along the Moulavibazar gas reservoir as they believe 'it is an immense reserve of natural gas.'

The company drilled about 3500 meters at the Moulavibazar-2 well at a cost of about 6.5 million US dollars. The Moulavibazar-3 well will be drilled at a depth of 2500 meters and would cost only 2.5 million US dollars. It will take only 8 days to drill the well.

"The Moulavibazar-3 well is the cheapest and fastest well being drilled in Bangladesh," said the Unocal president.

About the type of drilling at the Ratna site, he said they have planned a stratigraphic trap test defined by the seismic technology.

"This will be a new and unique concept ever used in Bangladesh. If it is successful, we will establish much high potential for Bangladesh that has been previously anticipated," he said.

The drilling at Ratna would cost about 10.5 million US dollars at a depth of over 4,500 meters.

Assoc of computer end-users formed

A Computer End-users (CEU) Association has been formed to protect the interest of the common users who have limited or minimum computing knowhow, says a press release.

The association will share information and gain knowledge to enhance the scope of better job and career.

It will arrange seminars, workshops, various awareness programmes and competitions. The members will get scopes for participating in associated TV programme. The association will arrange various training for adults and children at rates and will have its own journal.

It will inspire its members to write articles on IT and will take initiatives to publish these in the newspapers and magazines.

Child labour widespread in LatAm

SAN JOSE (Costa Rica), Nov 12: Some 20 million children younger than 15 work in Latin America, many of them in dangerous jobs making firecrackers, scavenging in garbage dumps or working with pesticides in fields, a Spanish labour expert said yesterday, reports Reuter.

"In Central America alone the figure is higher than three million children," Maria Dolores Cospedal, general technical secretary of Spain's labour ministry, said at a meeting of labour ministers from Central America, Belize and the Dominican Republic to address children's working conditions and labour laws.

The figures did not include underage sex workers in Latin America, which Cospedal said is an unknown. The population of Latin America is some 470 million people.

Among the Central American nations, Guatemala had the most critical child labour problem, Cospedal said. Child workers were much less common in Costa Rica and Panama, "where many years of investment in education has shown positive results," she said.

Most Central American nations, with the exception of Panama, have ratified an International Labour Organisation treaty banning child labour abuses, Cospedal said.

Muhammed Farid Khan, Managing Director of Summit United Petroleum Company Ltd, signs an agreement with Eric Batise, Export Manager of Siraga SA, France, for setting up a LPG Plant at Mongla. — Summit United photo

Deal signed for LPG bottling at Mongla

Star Business Report

Summit United Petroleum Co Ltd (SUPCL) has signed an agreement with Siraga S.A France for setting up a LPG bottling plant at Mongla Port industrial area, says a press release.

Muhammed Farid Khan, Managing Director of SUPCL, and Erid Batise, Export Manager of Siraga S.A France, signed the agreement on behalf of their respective companies at Summit Centre conference room recently.

Hasan Mahmood Raja, Chairman SUPCL, Hafizur Rahman, Project Director, SUPCL, Renaud Antoine, Project Department Manager, Siraga SA France, Khursed Ali, Local Representative of Siraga SA France, were present.

Siraga SA France, one of the oldest and leading LPG Plant equipment manufacturing companies of EEC countries will supply, install and commission the plant, it said.

SUPCL has engaged Dalal consultants And Engineering Ltd, New Delhi, for the designing and engineering of the project. A.I & -Associates Ltd renowned engineering consulting firm has designed the LPG Jetty of this project.

SUPCL has already appointed a team of professionals with petroleum background for execution and business operation of the project.

The plant is expected to go on trial production in June 2000. Project civil works have already been started. prefabricated storage tanks are expected to arrive from Thailand by the end of this month.

SUPCL will play a major role in solving the huge crisis of domestic fuel in the western and northern region of the country. It will nominate Distributors and Dealers very soon for Marketing of LPG, SUPCL said.

Hanoi seeks more talks on trade pact with US

HANOI, Nov 12: Vietnam broke its near silence on a stalled trade pact with the United States yesterday, saying certain provisions in the deal needed further negotiation, reports Reuters.

Dao Duy Quat, deputy director of the ruling Communist Party's Ideological and Cultural Commission, said Vietnam hoped full agreement could be reached and the pact singed soon, but he gave no timeframe.

Quat's comments indicate that the much anticipated agreement — which investors have said would help prise open Vietnam's protected economy — could be some way off.

The former enemies in the Vietnam War reached agreement in principle on the pact last July following three years of negotiations, but then Hanoi hesitated in formally signing, and has barely commented on the delay since.

"There are a number of provisions with which we need further negotiations to be undertaken with the US side," Quat said at a briefing on a party central committee plenum that was scheduled to conclude on Thursday.

MA Samad, Chairman of Bangladesh Insurance Association, K Atique-E-Rabbani, an expert on computer, and Mike Cairns, Representative, Tyser & Co, London, are seen with the chairmen, managing directors and senior executives of the insurance organisations on the occasion of a seminar on Millennium (Y2K) Bug at a city hotel Wednesday. — BIA photo

LatAm en route to be next e-commerce frontier

MEXICO CITY, Nov 12: Latin America, until now mostly a backwater in the new technology of cyberspace, is witnessing the birth of an Internet revolution that is setting it on the path to be the next electronic-commerce frontier, says IPS.

The region's potential market of 475 million people in Latin America and the Caribbean has caught the eye of such telecommunications giants as Microsoft, Compaq and American Telephone and Telegraph Co (ATT).

Microsoft Corporation recently announced a 100 million dollars joint venture with Telefonos De Mexico (Telmex) to establish the hemisphere's largest Spanish language gateway to the Internet, providing electronic mail, voice services and commercial facilities.

"But the problem for most developing countries is, who has access?" notes Jorge Alsina head of communication at the autonomous University of Mexico. "Access for the elite is expanding day by day and the major problem is that provision of access is at the mercy of market forces."

The skewed development of the Internet generally has brought fears of marginalisation' to developing countries and the poorer sections of their communities, due to lack of education, financial resources and socio-cultural barriers.

And critics warn that the influx of private sector investment into the region is driven mainly by the profit motive rather than the development needs of Latin America.

This week ATT unveiled a new strategy for Latin America which will give it majority control of a separately listed company operating in four countries.

It follows the lead set by MCI World COM and Bell South who have so far been paving the way of US telecommunications corporations into the region — lured by developments such as the privatisation of Brazilian telecommunications.

ATT-Latin America says it will invest more than 500 million dollars in the region during the next five years, it is specifically targeting Brazil, Chile, Colombia and Peru, where amongst others it plans to construct and operate high-speed, fibre-optic networks and expand further into the rest of the sub-continent.

ATT says it has set its eyes on a 16 billion dollars market that is growing at a rate of 20 per cent annually. The multinational first moved into Brazil in August announcing its interests in Netstream, a Brazilian local exchange carrier.

Latin America and the Caribbean today are poorly served by information and communications technologies with very limited access even for basic telephony.

On average there are nine telephone lines for 100 people compared to the 60 lines per 100 population in industrialised countries. In this region only 3 per cent of the population have access to a computer.

As at the beginning of June this year, 102 million of the 179 million user of the Internet were in the United States and Canada. Latin America, Africa and the Middle East had the least number of users. Africa with just over one million, the Middle East 800,000 and Latin America 5.3 million.

"Latin America and the Caribbean cannot afford to miss the opportunities information communication technologies (ICTs) afford to increase its economic growth potential, and in turn the quality of life for all our people," notes the Inter-American Development Bank (IDB).

The bank says Latin America and the Caribbean are peaking through a unique window of opportunity in their demographic transition. Since fertility is falling, the proportion of people of working age is rising faster than the number of children. The decline in fertility also means that more adult women will seize the opportunity to work the bank says in a statement.

"While there is a rapid increase in Internet connectivity throughout the region, we still have a long way to go to realise the full potential of ICTs," the IDB says.

Development planners generally agree that communication policies in developing countries should encourage low pricing on basic telephony and Internet access with a heavy emphasis on education and health-related issues.

"At the moment in Mexico, costs are prohibitive for the majority of the people," Alsina says.

Networks linking local, provincial, national, regional and international centers are of prime importance and centres should be set up at schools, healthy clinics, libraries, universities, lead hospitals, documentation centers and global databases.

Human resources development is also of primary importance in developing regions such as Latin America.

Compaq computers, which says it produces one in four personal computers sold in Latin America has only recently established online shops for its products in Argentina, Brazil, Chile, Colombia, Mexico and Venezuela.

The company says it plans to conquer the rest of the region by early next year.

Its expansion programme in the region includes negotiations for joint online projects with a number of Latin American internet companies such as the recently sealed deal with Argentina's online financial services firm," Pantagon.com.'

The corporation also is assisting in Internet start-ups in the region to capture an e-commerce market that it believes will grow from 170 million dollars to about 8 billion dollars during the next four years reaching 19 million users.

Nasdaq breaks record again

NEW YORK, Nov 12: The Nasdaq composite index scored its ninth record closing high in 10 days yesterday, but blue-chip stocks ended weaker amid concerns that the Federal Reserve may raise interest rates next week, reports Reuters.

The dollar rose in thin trading, and gold prices retreated as investors cashed out a day after a rally to 11-day highs.

The US bond market was closed for the Veterans Day holiday.

The Dow Jones industrial average .DJI slipped 2.44 points, or 0.02 per cent, to 10,595.30.

The Nasdaq composite index .IXIC, meanwhile, closed up 41.33 points, or 1.31 per cent, to 3,197.29.

The Standard and Poor's 500 index .SPX gained 8.00 points, or 0.58 per cent, to 1,381.46.