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PSI starts today

Star Business Report

The long awaited preshipment inspection system (PSI) will start from today.

The National Board of Revenue (NBR) has already issued a notification in this regard and the Bangladesh Bank has informed all the commercial banks about the introduction of mandatory PSI from today.

The system will operate without the planned appointment of an auditor. However, the auditor will be appointed at a later stage, sources said.

The NBR hopes that with the mandatory PSI in place, the government's revenue will increase while corruption in fixing tariffs will decrease. "There will be transparency in duty fixation and as a result, harassment of businessmen will stop," said a high NBR official.

The date for introducing the system was shifted several times since October last year due to lack of preparation and legal procedures. Finance Minister SAMS Kibria had declared in his budget speech in June last year that the government would introduce compulsory PSI on imports.

DCCI course on marketing ends

A 5-day training course on 'Marketing is Everything' organised by the Business Advisory Service (BAS) Project of the Dhaka Chamber of Commerce and Industry (DCCI) with the technical and financial support of German Technical Cooperation (GTZ) ended in the city recently, says a press release.

The training course incorporated topics like: Caring for customers; Strategic Marketing Research and Market Forecasting; The Marketing Plan; Competitive Advantage; Consumer Behaviour; Market Segmentation; Product Planning and Development; Product Pricing Strategy; Distribution Management and Marketing Communication and Promotion.

At total of 37 participants from private enterprises attended the training course.

Vice-President Muhammad Golam Mustafa distributed certificates amongst the participants.

Addressing the participants, the vice president underscored the need for learning techniques of marketing for the survival of the business enterprises under the present free market economy.

The certificate-awarding ceremony was attended by Director of DCCI Syed Moazzam Hossain, DCCI Secretary Mirza A Matin, Course Coordinator Md Emdadul Haque and concerned officials of the chamber.

JB Dhaka Zone managers' confce held

The annual conference of the Dhaka zone of Janata Bank was held in the city on Sunday with M Farid Uddin, General Manager of Dhaka Division of the bank, in the chair, says a press release.

SA Chowdhury, Managing Director of Janata Bank, was the chief guest while Younus Ali Howlader, Deputy Managing Director, and Nurul Islam Molah, General Manager of the bank were special guest in the conference.

In his speech, SA Chowdhury urged all concerned to collect low-cost deposit, gear up the recovery of classified advances and attain 2000 profit target.

Cold storage problem

Shariatpur poultry farming in bad shape

SHARIATPUR, Feb 14: Poultry farms in six thanas of Shariatpur have been incurring heavy losses for lack of cold storage, marketing and treatment facilities, says BSS.

There are at least 3,000 poultry farms in the district but there is no sufficient facilities to preserve the huge number of eggs.

Besides eggs produced in the poultry farms face serious problems with broilers.

It is alleged that poultry die of various disease like gamboro, bowl pox, cholera, ranikhet and thread worms. Proper treatment facilities in order to protect the poultry are totally absent in the district.

The local health officers are not capable of providing treatment to the affected poultry for lack of necessary medicines in the local market.

Some poultry farm owners urged the concern authorities to provide them with some facilities for poultry farming, they also added that they are to sell their poultry and eggs at a throw away price simply for want of cold storage and treatment facilities.

More vertifish meal is essential for proper rearing of the poultry. But there is acute shortage of the locally produced fish meals in the area. The available fish meals in the local hats and bazars are highly adulterated. The poultry often die from eating these adulterated local fish meals and the quantity available in the market cannot meet the requirement of the poultry farmers.

BB plans asset management firm for classified loans

Star Business Report

Bangladesh Bank Governor Dr M Farashuddin yesterday said the central bank is planning an asset management company which will look after the classified loans of the commercial banks.

"This will separate the bad debt burden from the banks. This type of initiative has so far been taken in Indonesia, Malaysia, Thailand and Philippines. Before we finalise the company we will collect information from those countries and analyse the data," the governor said.

The governor was speaking as the chief guest at a national seminar on 'The Role of Commercial Banks in Development Financing in Bangladesh' organised by Bangladesh Institute of Bank Management (BIBM) at its auditorium in the city yesterday.

Referring to the high amount of classified loans in the commercial banks, Dr Farashuddin

said banking laws were not being applied to restrict insider lending.

Talking about the current trend of project financing, the governor said: "We basically had equity-based development financing system and did not have bond market or debt market. It may be one of the reasons for higher classified loan."

AKN Ahmed, former Bangladesh Bank Governor, Shah M Farid, Member of the Planning Commission, Dr Abu Abdullah, DG of Bangladesh Institute of Development Studies (BIDS) and SA Chowdhury, MD of Janata Bank were also among the discussants at the seminar.

AKN Ahmed said defaulters are rewarded with fresh loans and banks loans were forgiven by the government for political purposes disregarding the financial viability of banks.

Even in monetary control,

the central bank's attempt to check credit expansion was thwarted by the government due to misdirected credit that led to non-performing loans, he added.

Ahmed observed that the commercial banks have burnt their fingers in providing the so called development finance mostly in the form of term loans.

He said such unsound loans have been provided without much consideration for debt-equity ratio, debt servicing capacity of the project and without supervision over the fund use after the loans were disbursed.

There is now lack of will both at political and technical level to change the course, the former governor said.

He noted that neither the central bank nor the government is giving any thought to defining more clearly the role

of foreign banks in the development process.

Member of the Planning Commission Shah M Farid said the present economic situation of the country is approaching a serious crisis because of poor industrial and export growth.

He mentioned that the Fifth Five Year Plan (FFYP) targeted a 12 per cent export growth in dollar terms and 14 per cent industrial growth.

But the annual export growth target has now been cut to eight per cent and the achievement was even worse — only three per cent. He added that industrial growth rate is also insignificant against the target.

"In both cases, we are far behind from the actual targets, which may pose a serious crisis for the economy."

"According to FFYP, we have to achieve a seven per cent GDP growth rate to reduce poverty."

Airlines assoc demands cut in fuel prices

Star Business Report

Bangladesh can increase its export of non-traditional items by at least threefold if the government reduces jet fuel prices along with ground handling and other charges for the airlines, the President of the newly formed Airlines Association of Bangladesh (AAB) MA Mannan said yesterday.

He said fuel prices in New Delhi and Bangkok are around US\$ 220 and US\$ 200 per tonne respectively. But it is US\$ 610 in Bangladesh.

The charge for ground handling in Bangladesh is US\$ 2600 while the same is US\$ 900 in New Delhi and US\$ 800 in Bangkok," the president said while speaking at a press conference yesterday.

"Land, navigation and parking charges for aircraft are also high here. New Delhi charges US\$ 580 and Bangkok US\$ 200 while the Dhaka airport charges the airlines US\$ 835," MA Mannan, who is also the

managing director of Bismillah Airlines, said.

He said crab export has already increased by 60 per cent with the start of private cargo operation in the international routes.

"But we could increase it further if the charges come down and if we are allowed to operate on new routes," Mannan said.

He said that the government was losing money by keeping the jet fuel price high as many foreign airlines buy fuel from the neighbouring countries.

The average fuel price in the international market is US\$ 130 per tonne and if the government fixes the price at a higher level of US\$ 230, it could still make a good profit by selling fuel to foreign airlines, the president said.

He said that the government could save huge foreign currency if the private sector airlines were allowed to operate

regionally.

"Foreign airlines come to Dhaka and take passengers to the Far East. The local private airlines could perform the same task and keep the foreign currency at home if the government allow such operations."

Abdus Sattar, Treasurer of the association and Chairman of GMG Airlines, said deregulation of the sector would expand its activities and more companies would come to the aviation business.

General Secretary of the association Haider Uzzaman, who is also the Managing Director of Best Aviation Ltd, said the sector had already started witnessing growth with the operation of the private sector airlines.

The two other executive committee members of the association, formed on Saturday, are BH Haroon of Aero Bengal Airlines and Nadera Alam of Air Parabat Ltd.

Businessmen's team off to Bangkok

A four-member private sector delegation led by Abdul Awal Mintoo, President of FBCCI, left Dhaka yesterday for Bangkok to attend the 10th conference of UNCTAD being held there, reports UNB.

Apart from attending the conference, Mintoo will exchange views with business leaders from other countries, said a press release.

NZ envoy meets FBCCI chief

New Zealand High Commissioner to Bangladesh Adrian Simcock yesterday met with Abdul Awal Mintoo, President of Bangladesh Chambers of Commerce and Industry (FBCCI), at the Federation office, reports UNB.

Welcoming the High Commissioner, Mintoo explained the role of FBCCI as the apex body, representing the entire private sector in Bangladesh. He briefed him about the recent meeting organised by FBCCI with Prime Minister and Leader of the Opposition.

The High Commissioner appreciated the efforts of FBCCI president for resolving different issues and thanked him for extending warm welcome to him.

He also hoped that the existing friendly cooperation between the two countries would be further consolidated. He however, spoke of the high rate of duty imposed on milk products from New Zealand.

FBCCI director Anul Hoque Sohail and acting secretary General Syed Jamaluddin were present, said a press release.

US ambassador meets FICCI president

US Ambassador in Bangladesh, John C Holzman, called on the President of the Foreign Investors' Chamber of Commerce and Industry (FICCI), Waliur Rahman Bhuiyan, in the city yesterday, says a press release.

During the meeting, they exchanged views on the prevailing investment and trade scenario in Bangladesh with particular reference to foreign direct investment.

FICCI Committee Member Paul Kirkham, Chamber Secretary Jahangir Bin Alam and Second Secretary of the US Embassy Pushpinder Dhillon were present on the occasion.



John C Holzman, US Ambassador in Bangladesh, holds talks with FICCI President, Waliur Rahman Bhuiyan, at FICCI office in the city yesterday.

— FICCI photo



Finance Minister SAMS Kibria gives away prize to Islami Bank's Ramna branch official AKM Mahub Morshed, who stood first in the Prothom Alo-Standard Chartered Bank quiz competition held at the CIRDP auditorium yesterday. The picture also shows Chief Executive of Standard Chartered Bank Sethu Venkatswaran and Head of the bank's Institutional Banking Mamun Rashid.

Dhaka urges int'l community to give attention to LDC plight

Commerce minister at UNCTAD X conference

Commerce Minister Abdul Jalil Sunday urged the international community to give attention to the plight of the LDCs in the emerging world of liberalised trade and complete interdependence, reports BSS.

Making his opening statement at the UNCTAD-X conference, the forty eight-nation LDCs ministers meeting at the Queens Sirikit National Convention Centre in Bangkok, Jalil reminded the global community that despite expected benefits of globalisation and free-market supremacy, the condition of the LDCs have continued to deteriorate further.

Their share of world trade since the birth of WTO, he said, has fallen by half and incidents of poverty increased in these countries.

Arrangements included in the Marrakesh agreement to provide for special and differential treatment for the LDCs have not been implemented fully, the Minister said.

Their access to developed

economy and upper income developing countries markets has been hampered by ever increasing trade and tariff barriers, he said. The Minister said new conditions against their smooth entry into these markets are being imposed in new areas of discrimination like child labour, social standards, environment and human rights record etc.

The meeting was participated by, among others, Kasahun Ayele, Minister of Trade and Industry, Ethiopia, the Secretary General of UNCTAD, Rubens Ricupero, Director General of WTO, Mike Moore, Administrator of UNDP, Mark Malloch Brown and Director General of FAO, Jacques Diouf, Denis Besille, Executive Director of ITC, in addition to representatives of WIPO and the European Commission.

Jalil said technical assistance and technology transfers to the LDCs have been provided at a level which is far below their actual requirements. ODA flow has been dwindling over

the last few years, adversely affecting vital development work in the areas of infrastructure building, education, health and environment in the LDCs.

The Minister strongly advocated for immediate and enhanced flow of ODA to the LDCs. He said unsustainable debt burden of the LDCs has been holding back the fate of development in their community while noting that the World Bank and the IMF have launched the programmes for reducing the debt burden of some LDCs through selective process.

He said the programme needs to be expanded to all LDCs if it has to become meaningful. He pleaded for immediate and total debt forgiveness for all LDCs.

The ministers and heads of delegations present in the meeting underscored the need for working jointly and in complete coordination with UNCTAD for successful holding of the Third UN Conference on LDCs.



Elmer Funke Kupper, Managing Director of ANZ Grindlays Bank and Head of International Division, Arun Nangia, Regional General Manager, Middle East and South Asia of ANZ Grindlays Bank, and Muhammad A Ali, General Manager and Country Head, ANZ Grindlays Bank, Bangladesh, are seen with the recipients of quarterly recognition awards and the prize winners of a Vision 2000 campaign under personal financial services.

— ANZ photo

Annan asks companies to share costs of globalisation

SINGAPORE, Feb 14: The head of the United Nations on Monday said multinational companies should share the costs of the social and environmental impact of globalisation, and defended the concerns of those opposed to widening trade, reports AP.

However, Secretary-General Kofi Annan said there are limits on what the world-spanning companies can do, and criticised the tactics of street protesters opposed to free trade.

Annan, during a speech in Singapore, was entering one of the most sensitive areas of an increasingly borderless business world.

"Transnational companies, which are the prime beneficiaries of economic liberalisation, must share some of the responsibility for dealing with social and environmental consequences," he said in the speech to business leaders, academics and officials.

"Economic rights and social responsibilities are two sides of

the same coin," he said.

Annan said penetration of national economies had economic and social fallout and systems should adjust so that the "maximum number of people benefit, and those who suffer do not suffer unbearably."

"At present that is not happening. Social and political structures are falling far behind the spread of market," he said.

Although Annan criticised violent protests against globalisation, such as those recently during trade meetings in Seattle, Davos and last week in Thailand, he sympathised with the protesters' cause.

"Those groups are right to be concerned — about jobs, about human rights, about child labour, about the environment, about the commercialisation of scientific and medical research," he said.

"They are right above all, to be concerned about desperate poverty in which so many countries in developing countries

are condemned to live in," the UN leader added.

Annan's warning against unchecked globalisation came two days after another senior UN official made a direct connection between widening markets and politics, blaming it partly for the rise of far right political parties in Europe.

"There is something that is particularly created by globalisation, which is insecurity, the precariousness of jobs," Rubens Ricupero, leader of the UN Conference on Trade and Development, said Saturday at a debate between leaders of international organisations in Bangkok. The Bangkok meeting is discussing the effects of globalisation.

"People are feeling that the control over their own lives is escaping their hands, that they could be suddenly threatened by decisions that no one — not even their national governments — control," Ricupero said.

Far-right groups with strong anti-immigrant policies have grown in popularity in several European countries. Austria's Freedom Party, led by Jörg Haider, came to power in a coalition government earlier this month, leading fellow members of the European Union to impose unprecedented political sanctions on a member country.

Poor nations have repeatedly complained that they are being left behind by rapid economic globalisation and that markets in the rich countries should be more open to products from the poorer ones.

Many Southeast Asian leaders, such as Malaysia's Prime Minister Mahathir Mohamad have warned that multinational corporations — some of them financially more powerful than medium-sized countries — will keep getting bigger through mergers and acquisitions, although countries themselves may not benefit as much.

British industry in healthy state, surveys show

LONDON, Feb 14: British industry as a whole is in a healthier state than previously thought, with orders rising but prices under pressure, two surveys released today showed, says Reuters.

One, from Cambridge University's Institute for Management, said industrial profitability had been running at record levels as the recovery in manufacturing output and exports had gathered pace.

"Concerns about the effect of the high level of sterling have been exaggerated. The high exchange rate has prevented manufacturing realising its full potential, but the effect has certainly not been disastrous," said Sir Ian Wrigglesworth, chairman of the ILM's economic advisory group.

The report was prepared for the ILM by the respected National Institute of Economic and Social Research.

"Profit margins on domestic output are very high by historical standards. While export margins have been cut substantially, the industry as a whole is extremely profitable," said Wrigglesworth.

The report warned, however, that much overseas direct investment into Britain came with the intention of exporting, something which could be discouraged by the low export margins. But it said there was no evidence yet of this happening.

It forecast manufacturers' exports would grow eight per cent this year, broadly in line with world trade, if competitiveness did not worsen further.

The pound, however, has gained further against the euro since the turn to the year and is currently around 61.5 pence, equivalent to around 3.20 marks.

The report forecast manufacturing output would grow almost 2.5 per cent this year, slower than the economy as a whole but considerably better than last year. Productivity would rise by five per cent, compared to 3.5 per cent last year, it said.

Separately, the Confederation of British Industry said in its latest quarterly survey of small and medium-sized enterprises that such firms were seeing higher output and orders

but were still having to cut prices and employment to remain competitive.

Optimism was up, the report showed, with a balance of 10 per cent of companies more optimistic than four months ago — the highest figure for three years and compared with nine per cent in October and minus two in July.

"There is a lot of talk that manufacturers are learning to live with the current level of sterling, but the exchange rate against the euro is still a major problem for many companies," said Colin Perry, chairman of the CBI's SME Council.

"Strong global demand has reduced the rate of export decline but the survey shows a squeeze on profits, which is forcing firms to cut staff and hold back on planned investment."

The report also said domestic prices continued to fall, as they have done for three and a half years, the survey said, and firms expect them to continue to fall over the next four months, although at the slowest rate for April 1998.