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THE PAN PACIFIC SONARGAON

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venture The Ambassador of Iran in Bangladesh, Mohammad Rezaei, has said that cement, pharmaceutical products and leather goods appear to be potential areas for joint venture investment with Bangladesh,

reports UNB. The envoy said this during a meeting with FBCCI chief Abdul Awal Mintoo at his federation

office on Sunday. Referring to the growing cultural relationship between the two brotherly countries, he also said a number of products could be imported from Iran to Bangladesh at a cheaper rate.

Welcoming the Ambassador, Mintoo explained the role of FBCCI as the apex trade body representing the entire private sector in Bangladesh. He stressed on the expansion of bilateral trade between the two countries.

He also informed that during his visit to Iran in next May he would sign a MOU between FBCCI and Iran Chamber of Commerce and Industry for Joint Business Council, which would help expand cooperation between the private sector of the two countries.

Mintoo said Bandar Abbas in Iran is the gateway for export and import in central Asian Republic.

FBCCI General Secretary Incharge Syed Jamaluddin, and First Secretary of Iranian embassy were present during the meeting.

Jalalabad Gas earns Tk 15.87cr profit in '98-99

Jalalabad Gas Transmission and Distribution System Limited earned a net profit of Tk 15.87 crore in 1998-99 fiscal year, says a press release.

The company marketed 68.265 square metres of gas during the year. It contributed Tk 24.36 crore to the government exchequer.

These were disclosed at the company's 13th annual general meeting held at the Petrobangla boardroom in the city on Sunday with Petrobangla Chairman Md Mosharraf Hossain presiding.

During the fiscal year, the company set up 56.42 kilometres of pipelines as transmission, distribution and service lines and provided 77 commercial and 8645 domestic new connections.

Japan economy plunges back into recession at end of '99

TOKYO, Mar 13: Japan's economy plunged back into recession at the end of last year, the government said Monday, fanning doubts about whether the country can pull out of its worst economic slump in decades, reports AP.

Gross domestic product, the total value of Japan's goods and services, fell 1.4 per cent in the October-December quarter compared to the July-Septem ber period, the Economic Planning Agency said.

It was the second consecutive quarter of GDP decline, mean. ing the economy was officially back in recession after a few fitful quarters of anemic growth fueled by a massive government spending binge. GDP shrank 1 per cent in the July-September quarter.

Officials shook off the grim announcement, however, saying the October-December de cline was an aberration among an overall improving landscape for the world's second-largest economy.

"Everyone knows consump tion in the January-March will be good," Finance Minister Kiichi Miyazawa told reporters. "The fact is the economy is clearly improving."

Monday's numbers were still a shock.

The decline was much steeper than the 0.9 per cent drop, market analysts had predicted. If the economy performed the same way for a whole year, it would shrink a dramatic 5.5 per cent.

The October-December plunge was also the thirdlargest on record, beat only by the contractions that followed the 1974 oil shock and the 1997 imposition of a higher con- IPS. sumption tax, the EPA said.

At the root of the decline was the persistent problem of the economy: The pessimistic Japanese consumer. Domestic consumption fell a steep 1.6 per cent in the October-December

quarter. Still, the immediate impact on markets was limited since most players expected some sort of decline. Japan's benchmark Nikkei stock average opened just slightly lower Mon -

day than its Friday close. "This was factored in for the most part," said Kunihiro Hatae, General Manager of the stock division at Tokyo Securities. "But recent data, such as machinery orders, has been positive, so materials shares are attracting buying."

BTMA demands rationalisation of duty on yarn, machinery

By Shahriar Karim

The Bangladesh Textile Mills Association (BTMA) has proposed rationalisation of the duty structures on capital machinery and yarn.

BTMA, the apex body of the country's private sector textile mills, made the suggestions in its budget proposal for FY2001, which it sent to the National Board of Revenue (NBR).

The association proposals include increase of import duty on yarn, withdrawal of duty and taxes from all machinery and spare parts used in textile industries and continuation of cash incentive for the exportoriented textile and garments yarn for another five years. units till 2005.

BTMA said that the spinning sub-sector was facing problems as the government gradually decreased duty on imported yarn and fixed it at 5 per cent in the last budget.

"Even when the import duty on yarn was 30 per cent, the spinning sub-sector had to struggle to remain in competition with the imported item," the association said.

higher for raw cotton than their global competitors, as the raw material has to be imported. This pitches the local products in a disadvantageous position against imported yarn.

To ensure a level-playing field for the local spinning mills, BTMA proposed a 10 per cent duty hike on imported

The association said that the duty hike wouldn't have any negative impact on RMG export as yarn for the export-oriented RMG industries is imported under the bonded warehouse facil-

It also hoped that the duty hike measure would encourage investment in the sector.

BTMA further mentioned that although India is a raw cotton and textile machinery pro-The local spinning mills ducing country, it has imposed have to pay 15-20 per cent 45 per cent duty on yarn. The association called for

continuation of 25 per cent cash incentive till 2005 for the export-oriented RMG units, which are using locally-produced raw materials. It reasoned that the measure had already increased the use of local raw materials. BTMA said that the incentive would encourage estab-

forward linkage industries to meet the RMG sector demands after the expiry of the Multi-Fibre Agreement (MFA). According to the association, the use of locally-produced

raw materials in the export-

lishment of more backward and

oriented knitting, weaving, RMG and terry towel sectors has increased many-fold. The spinning mills now supply 56.80 million kg of fibre for the knitting sub-sector and 13 million kg for the terry towel sub-sector This is saving the country US\$ 71 million per annum.

As the demand for locallymade fabric is increasing, the association proposed for maintaining 37.5 per cent duty on imported fabric till 2005. The government lowered import duty on fabric from 42 per cent to 37.5 per cent in the last

BTMA also called for withdrawing VAT on viscos stapple fibre, three per cent advance income tax on synthetic fibre and lifting the import duty and VAT on all sorts of chemicals and dyes used in textile industries.

BTTB plans courier service to despatch phone bills

By Mustak Hossain

The Bangladesh Telegraph and Telephone Board (BTTB) is going to introduce courier service to ease the mailing problem of its telephone subscribers' bills, sources of the Board said.

"Private courier system would be introduced with a view to prompting mail delivery and helping telephone subscribers pay their phone bills in time," a BTTB official, who preferred anonymity, told The Daily Star on Saturday.

He said the Board officials have been under tremendous pressure to collect revenues through telephone bills. Sometimes the subscribers fail to pay bills within the stip-

ulated time due to non-receipt of phone bills, he said. The standard practice for having a duplicate bill is to collect it from the concerned rev-

enue office, which is sometimes

the subscribers, he said. Presently, the Board sends telephone bills to its subscribers through the Postal Department. The Postal Department may

miss crores of taka in revenue after losing the mail delivery job of the BTTB. "We were compelled to think otherwise as the Postal De-

partment is always lagging in delivering phone bills," the source alleged. In some cases, the sub-

scribers get the bills just before the last date and sometimes even after the bill payment deadline. As a thumb rule, the BTTB

disconnects phone lines if any subscriber fails to pay bills within 15 days. But there are also some exceptions to the rule, the BTTB source admitted.

The cost of BTTB's phone bill delivery might increase after tedious and time-consuming for choosing the private courier,

but the Board is interested in introducing better service.

The courier service provider will be selected through tender and the lowest bidder would be offered the service, the source

There are 2,33,923 telephones provided by BTTB, which charges Taka 150 as line rent and imposes 15 per cent value added tax (VAT) on the total bill.

It may be mentioned here that there is no complain about the mail delivery of private cellular operators. There are four cellular mobile operators in the country who are severing more than one lakh mobile subscribers.

The BTTB recently snapped thousands of telephone lines of various exchanges of the city without any prior notification to the phone subscribers, creating severe sufferings for them.

RAKUB course

on Swanirvor

Loan ends

on "Swanirvor Loan Pro-

gramme" jointly organised by

Rajshahi Krishi Unnayan Bank

(RAKUB) and Swanirvor

Bangladesh for the branch

managers and Swanirvor offi-

cers ended at the training insti-

tute of RAKUB on Friday, says a

RAKUB AKM Sajedur Rahman

was present at the closing func-

tion as chief guest and Moksud

Alam, Chief Executive Officer of

Swanirvor Bangladesh, as spe-

credit programmes with a view

to create job opportunities for

the landless and poor people of

the country's north-western re-

gion and the Swanirvor pro-

gramme is one of the credit pro-

The main objective of the

training course was to aware

the officers of the practical

policies, methods and direc-

tions of the Swanirvor loan

managers and 40 Swanirvor of-

ficials took part in the training

course which began March 4.

A total of 27 RAKUB branch

The RAKUB Managing Direc-

RAKUB has taken some

Managing Director of

press release.

cial guest.

grammes.

programme.

A week-long training course

Administrative reform key to financial sector overhauling

Kibria says at PARC workshop

Administrative reform is the key to success in restructur ing financial sector, judiciary and local government that is imperative to keep society moving, the finance minister said Sunday, reports UNB.

And all these reforms are part of the present governmen t's election manifesto, Shah AMS Kibria told a workshop of the Public Administration Reform Commission (PARC). Society needs to reform itself

in order to keep on moving, and if we want to succeed in other reforms, we must reform our administration first," said the minister.

PARC Chairman ATM Shamsul Haque chaired the session attended by academics. lawyers, policy analysts and bureaucrats who suggested measures to be inducted in the PARC

PARC has been formed to suggest measures for the muchprime minister, have already career planning. been implemented.

government is committed to ent jobs and they need different tary status.

transparency and accountability, the finance minister said the prime minister has introduced question-hour session in the parliament, often meets press and responds to questions from the people.

Referring to the question of loyalty of civil servants to the government, the bureaucratturned-politician minister said a democratically-elected government should not look for loyalty of civil servants.

Military rulers, who institutionalised vote rigging, very much needed loyal civil servants to win two-thirds majority in elections to legitimise them, Kibria pointed out.

He also condemned the prac tice of seeking loyal civil servants for rewarding and others for punishment.

Pointing to the jealousy and competition among various public-service cadres, the minister called for changing the needed reforms in administra - traditional uniform system of

Citing how much the present partments perform very differ- secretary or additional secre-

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specialised people, the minister said. Frequent transfers disturb one's career planning.

The PARC chairman said bureaucracy need to be changed He suggested more interaction and interchange between the private and public-sector people, as envisaged in the new public management.

Determining the role of the Parliamentary Standing Committee also came up for discussion as Supreme Court lawyer Abdur Rab Chowdhury said the JJ bodies can debate anything, but execute nothing.

He cited the recent row between the finance minister and the parliamentary committee on his ministry. Such committees cannot issue orders, they must report to the Speaker, he observed.

Some speakers suggested phase-wise recruitment from various age levels for inducting people in different tiers of pubtion and some of its recommen- recruiting and opting for read- lic service. One suggested first dations, put forward to the justment in recruitment and entry at 20-22 age group, the 40 years and lastly 50 year-age Different ministries and de- group for senior posts like joint

Japan's Sanwa Bank to join Asahi, Tokai Bank merger

TOKYO, Mar 13: Sanwa Bank is in the final stage of negotiations to combine its operations with the planned Asahi Bank and Tokai Bank financial group, expected to create Japan's second-largest bank, media reports said Monday, re-

The companies will merge in the fiscal year that ends March 31, 2002 and have assets of 103 trillion yen (\$971.6 billion). Only the Mizuho Financial Group - to be formed out of the merger of Dai-Ichi Kangyo Bank, Fuji Bank, and the Industrial Bank of Japan - would be

The three banks are expected to reach a basic agreement by the end of this month. Kyodo said, citing sources it did not

larger.



Managing Director of Rajshahi Krishi Unnayan Bank (RAKUB) AKM Sajedur Rahman distributes certificates among the participants of a week-long training course on "Swanirvor Loan Programme" at the training institute of RAKUB Friday. Moksud Alam, chief executive officer of Swanirvor Bangladesh, is also seen in the picture.

- RAKUB photo

Thai economy faces watershed

Bankruptcy Court rules on the country's biggest debt default case

yesterday when a court rules on the case of the country's biggest debt defaulter, Thai Petrochem ical Industry TPI.BK (TPI), re- talking to its creditors, trying ports Reuters.

are owed \$3.4 billion, the stock market could rise as much as 10 new capital. per cent, the baht currency should rally and foreign investors are likely to return to Thailand.

If the court rules for TPI's management, allowing it to re- ternational Finance Corp, US tain control of the company, Thai financial markets are Citibank CN, and Bank of likely to fall further. Thai- America BAC.N took TPI to land's commitment to economic court to get control of the rereform will be in question and structuring. the country's growth could even

"Everyone is watching," said Loh Poh Weng, president of Thai brokerage Nava Vickers Ballas Securities. "This will give an indication of the pace of corporate restructuring and how committed the government is to regulatory changes."

TPI has become a test case for Thailand's new bankruptcy laws passed with fanfare last year in an attempt to speed up the reorganisation of companies that failed during the Asian financial crisis of 1997 and 1998.

its debts in 1997 shortly after itors."

BANGKOK, Mar 13: Thailand the baht collapsed on foreign faces an economic watershed exchange markets, plunging Thailand into its worst recession for more than 60 years.

to negotiate a debt restructuring If the Central Bankruptcy package that would involve an Court decides in favour of the assortment of longer repaycompany's 147 creditors, who ment terms, interest rate "hair cuts", debt-for-equity swaps and

But in January, shortly after a deal was announced, the company and a group of large creditors fell out.

Bangkok Bank BBL.BK. In-Export and Import Bank,

Test case It is the first time a large

corporate debt case has been contested in court and all eyes are now on the outcome.

the Thai reform process," said meet its commitments. Sriyan Pietersz, head of research at SG Asia Credit Secu-

The company defaulted on and to debtors ... to talk to cred - per cent rise would not be un-

"If TPI wins, it is going to anger creditors and there could be a series of civil cases against TPI which would likely delay For 30 months it has been the company's access to credit and working capital. It would be a pyrrhic victory," he said. The odds appear to be stacked against TPI

Turning point

In the long run, a TPI victory could be a positive turning point for the Thai economy if it forced the government to tighten its business laws in favour of creditors.

This could eventually lead to greater foreign investment in the country.

The TPI case has hinged on a peculiar Thai definition of bankruptcy, which is taken to mean a company has fewer as sets than liabilities. In most developed countries. bankruptcy just means a com-"It is seen as a watershed for pany cannot pay its debts or

A tighter bankruptcy law could have long-term benefits. And Thailand has more to "If the creditors win, it es- gain than to lose from the TPI sentially means they have the case. "The stock market has alability to press a unilateral ready discounted a negative declaim against debtors. That is cision for the creditors," said Lynch in Madrid said the main an important precedent and Pietersz. "It could see a five to 10 | blue-chip lbex index could gain will send a clear message to po- per cent rise if the court rules in | up to two per cent on Monday. tential investors in Thailand favour of the creditors. A five

tor distributed certificates among the participants. Spanish markets to cheer Aznar's

election victory MADRID, Mar 13: The unexpectedly emphatic election win of Spain's ruling conservatives is certain to raise a cheer from investors and stock prices will rise today although gains may be limited, analysts said, reports Reuters.

They noted victory in Sunday's ballot for Prime Minister Jose Maria Aznar's Popular Party had been widely expected and this will restrain price The stock market had al-

ready discounted a victory of

the Popular Party," said Fabian

Ramon at Broker Ahorro Corporation Financiera (ACF). But the fact the Popular Party won a majority of seats in parliament, and will no longer need to rely on small, regional parties for support, should help underpin confidence in Spain's

bourse - one of Europe's best performers in recent years. Ignacio Gomez Montejo. chief share analyst at Merill while Clive Heathcote, director general of brokerage BI Capital,

expected a rise of up to three per

Bolivia announces emergency economic steps

LA PAZ, Mar 13: President Hugo Banzer announced an emergency economic plan to bring Bolivia out of an economic slump blamed in part on the war on cocaine trafficking and a regional recession, says

Banzer, speaking on national TV Sunday evening, said the measures are necessary to alleviate an economic crisis

and boost Bolivia's economy. The measures include the establishment of a \$500 million fund to offer short term loans for farmers hurt by devastating floods and lower export prices. The fund would also assist manufacturing companies, which have seen a drop in de-

mand.

Banzer also announced the elimination of a 5 per cent tax on the import of capital goods required by the industrial and handicraft sectors, loans for low-income housing projects and investment of up to \$750 million in new road construcl tion projects.

Runaway prices fail Pak poverty alleviation plans ISLAMABAD, Mar 13: The Islamabad Sustainable Devel- in the country with regard to in areas like food, education quired grain on subsidised istan Institute of Development opment Policy Institute (SDPI). people's accessibility to essen -

relentless rise in prices of basic commodities in Pakistan is likely to even out the military government's efforts to alleviate the misery of the country's poor, say economists and civil society organisations, reports

the Petrobangla boardroom Sunday.

With poverty eradication one of its declared priorities, Pakistan's military rulers have been promising special grants and allocations targeted at the one third of its 138 million in wheat flour rates, and furpeople who live below the onecollar-a-day poverty line.

However, a string of economic decisions, including a hike in oil, water and electricity rates, have only fuelled the rise in prices of food and drugs, and exposed the contradictions in the Pervez Musharraf government's social and economic initiatives.

prices will increase poverty by shrinking people's access to ba sic commodities," says ford medicines. economist Shahrukh Rafi

Khan, executive director of the

Mosharraf Hossain, Chairman of Petrobangla and Jalalabad Gas Transmission and

Distribution System, presides over the 13th Annual General Meeting of Jalalabad Gas at

other basic commodities have network. The government slapped on maintain that the country's fithe International Monetary Fund (IMF)-advocated 15 per cent general sales tax on electricity bills in January, and allowed a rise, though marginal, nace oil rates by 15 per cent last

Although it awaits implementation, the government's Economic Coordination Council has recently approved a proposed 10 per cent increase in pharmaceutical prices.

Concerned health activists like Dr Zafar Mirza say this is an ad-hoc bureaucratic deci-"Certainly, any raise in the sion that fails to take into account that close to half the population are not able to af-"The government must con- that includes provision of

Triggered by the 20 per cent tial medicines," pleads Dr much-criticised rise in the rates Mirza, the executive coordina of the petroleum products in tor of the Islamabad-based further increase in prices by December last year, prices of health advocacy group the But government officials

- Petrobangla photo

tough for the people but are inevitable. uphill task of collecting 170 billion rupees in four months. We hoarding by traders - which petroleum products," a source in tween 150 and 200 rupees for Sindh. the Central Board of Revenue every 80 kg bag of flour. said. (The exchange rate is 52

rupees to one US dollar.) In Dr Mirza's opinion gov- Mills Association, blames the ernment policies are framed to price hike on the government's satisfy the international fi- decision to stop the release of nancial institutions and con- subsidised wheat quotas for tradicts the government's pur - new flour mills in the southern ported poverty alleviation Sindh province. "With poverty alleviation, I

assume an integrated approach

sider the current drug situation safety nets to the people at least

and health," he said.

Meanwhile ordinary people are being doubly squeezed by a country's main food grower, the traders. The 5 per cent arbitrary hike in sugar and cement rates water rates, which has farmers' in February forced the military government to issue a stern nancial situation warrants warning to provincial adminissome decisions that may be trations to rein in prices.

"The government has an Karachi is facing a severe wheat flour shortage - the result of member of the Pakistan Flour

> "The wheat requirement in Karachi has grown to 100,000 tonnes pre month, but the

rates," he said.

In Punjab province, the government has proposed a 10 per cent increase in irrigation organisations, particularly the small cultivators, up in arms.

vate hardships of growers and But will that be enough? The all talk about poverty alleviacountry's commercial capital tion would just be empty verbiage," the powerful Pakistan Kissan (Farmer) Committee passed a resolution in a recent have to raise the prices of the has pushed up the price by be - meeting in the town of Toba Tek ployees.

"Already the rates of agri-Syed Iqbal Qandhari, a inputs like fertilisers, pesticides, diesel and electricity have gone up. If the farmers are also made to pay more for water, it would be disastrous for merged. small land-holders."

The government can show seriousness in poverty alleviation, if it invests in safety nets for the poor and not handouts providing only half of the re- former chairman of the Pak-

Economics.

"I believe well designed social safety nets are necessary as part of any poverty alleviation plan," he told the Islamabad. based monthly magazine 'The Voice'.

His view is shared by SDPI's "This decision will aggra- Khan who also thinks Islamabad is bending over backwards to satisfy conditions laid down by the country's major donors The government is contemplating downsizing expenditure by sacking 15 per cent of its em

The News' daily reported, March 8, that at least 57,000 government employees stand to lose their jobs while 23 state or ganisations could be closed down and 22 privatised or

An official of the Federal Secretary Staff Association has reacted against the plan. "Such irrational recipes to curtail budgetary deficit would only like micro-credit, according to add the jobless in the country provincial food department is Dr Sarfraz Khan Qureshi, a which recorded 16 per cent unemployment in 1998-99."