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The Daily Star BUSINESS

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EU trade chief holding Internet chat on WTO talks

The European Trade Commissioner, Pascal Lamy, is holding Internet chat on April 5 from 18:00 to 20:00 hours Brussels time, midnight 00:00 hours to 02:00 am on April 6 Bangladesh time.

The chat is being held to keep people informed and listed to their views, says a press release.

The topic is "Relaunching the new round of trade negotiations this year - why we want everyone on board".

The discussion will take place in four official languages of the European Union including English.

Questions may be put in any one of those languages and may also be sent in advance to <chat.lamy@cec.eu.int>

Questions received in advance will be answered during the discussion. They should be as short as possible, 256 characters maximum.

To take part in the chat, one should download and install an IRC software. The address to access to the chat is <chat.europa@eu.int>.

BJA praises bank interest rate cut for jute export

Star Business Report

Bangladesh Jute Association (BJA) Chairman Alhaj Sharif M Fazlur Rahman has appreciated the government's decision to lower bank interest rate to 10 per cent from 16 per cent for raw jute export.

The decision of lowering bank interest for jute exporters was taken at the latest meeting of the national committee on export last week. Prime Minister Sheikh Hasina presided over the meeting.

Expressing gratitude to the government, the BJA chairman said that it was a long time demand of the raw jute exporters as they had been paying high interest on bank loans.

The rate cut would help increase foreign exchange earnings from the jute sector, he hoped.

The BJA chairman also demanded 10 per cent marketing facilities for the raw jute exporters, which is being provided to other jute products exporters.

Workshop on water transport security begins

With the rise in accidents of inland and coastal water transports, local and foreign experts began a three-day workshop here yesterday to find measures to overcome the problem, reports UNB.

After deliberations, the workshop will recommend steps for safe journey by water transports, manufacture and operation of transports at low cost.

The experts are likely to evaluate safe movement of water transports in other countries, especially in Japan, China and Asia Pacific region.

Overall recommendations for developing security for coastal and inland water transports of Bangladesh are expected at the end of the deliberations.

Department of Shipping has organised the workshop on "Security in Coastal and Inland Water Transports" in cooperation with ESCAP and IMO at LGED Auditorium.

Inaugurating the workshop, State Minister for Shipping Mofazzal Hossain Chowdhury Maya called upon the experts to find out solutions to various security problems regarding inland and coastal water transport in the light of experiences of other countries.

He elaborated a number of steps already taken by the government for ensuring safe water transport.

The steps under the World Bank-financed IWT-3 project included developing infrastructure for movement of water vessels, setting up modern equipment on river ways and pontoons for the passengers.

Philippine exports rebound in Feb

MANILA, Apr 3: Philippine exports rebounded in February after a weak performance in January due largely to seasonal factors, with export growth expected to accelerate in the coming months, analysts said Monday, reports AP.

Exports rose 13 per cent in February from the same month a year earlier to \$2,902 billion, a marked improvement on January's weak export growth of 4.8 per cent, the government announced Monday.

For the first two months of the year, exports expanded 9.1 per cent from the same period of 1999 to \$ 5.619 billion.

Exports of electronics and components, which accounted for 51 per cent of total shipments, rose 8 per cent to \$1.481 billion in February after contracting 7.9 per cent in the previous month.

Policy to lease out BTMC units fails, hits pvt sector

BTMA study reveals

By Shahriar Karim

The policy to lease out some of the state-owned textile mills to minimise their losses did not pay off and has rather created fresh difficulties for the private sector textile mills.

Bangladesh Textile Mills Corporation (BTMC), which owns the government textile mills, leased out 14 textile units under a 'service charge system' in 1997. The private yarn traders paid a fixed service charge to the mills and had their yarn produced.

But as this service charge was much lower than the actual production cost, the private sector mills, which produce yarn, have been facing uneven competition, according to a study by a private consultancy firm appointed by Bangladesh Textile Mills Association (BTMA), the apex body of the private sector textile mills.

Besides, BTMC could not

succeed in checking losses of these mills.

BTMA will soon meet the State Minister for Textiles to inform him about the adverse impact of this lease out system and will seek remedies.

The consultancy and management firm conducted the study on four leased out BTMC textile mills - Quaderia Textile Mills, Darwani Textile Mills, Dost Textile Mills and Amin Textile Mills.

According to the study, the actual production costs of per kg of yarn (average 32/1 count) in Quaderia, Darwani, Dost and Amin are 126.17 per cent, 80.69 per cent, 67.24 per cent and 272.58 per cent higher than the service charge.

The service charge for producing each kg of yarn in these mills are Tk 29.76, Tk 29.27, Tk 30.49 and Tk 26.06 respectively,

where as the actual production cost of per kg of yarn in those selected textile mills are Tk 67.34, Tk 52.88, Tk 50.96 and Tk 97.09 respectively, the report said.

As a result of this huge gap between actual production costs and service charge, the yarn produced and sold by the lease holders of these mills enjoys cost advantage, the report said.

On the other hand, even after leasing out the mills, these have incurred a total loss of Tk 4.24 crore in November, 1999, the report said based on the monthly performance data of the mills. The loss of these four mills - Quaderia, Darwani Dost and Amin - stood at Tk 94.47 lakh.

Without any long-term capital investment and interest on long and short-term loans, the report added that the lease holders are enjoying huge cost

advantages and the private sector spinning mills are facing uneven competition.

BTMC leased out these 14 mills to private parties, most of whom are basically yarn traders, in 1997 for a period of two years and then extended the contracts or re-appointed leaseholders through competitive basis.

As the state-owned textile mill under BTMC have been incurring huge losses for the last couple of years, the government decided to privatise most of the mills and lease out the rest to the private parties against service charge.

The government has already privatised 13 units and laid off 21 mills, which are also awaiting privatisation and transfer management to the employees and workers.

ADB chief appreciates robust growth despite difficulties

Kibria seeks funds for RMG backward linkage industries

Asian Development Bank President Tadao Chino appreciated a robust growth despite political difficulties and floods in Bangladesh and assured continued ADB support for the country's development, reports UNB.

He also took a positive look at reforms in various sectors, suggested by the donor agencies and countries, but asked for making the restructuring pace faster.

"I hope Bangladesh will maintain as much reform as possible," he said in a meeting with Finance Minister Shah AMS Kibria at his Economic Relations Division office yesterday after the signing of a partnership agreement on poverty reduction.

The visiting Bank chief said this agreement, first ever signed by an ADB president, would enhance its assistance to Bangladesh up to US\$500 million per year for poverty alleviation.

He said Bangladesh is enjoying a very robust growth of around 5 per cent despite floods

and political difficulties, specially the election next year.

As Finance Minister Shah AMS Kibria pointed out stepping up of ADB involvement in the private-sector financing, Chino said ADB had so far financed five private projects and largely focused on infrastructure in Bangladesh.

"We are now studying various measures by which we can support medium and small enterprises," he said.

A Japanese national, Chino said Bangladesh could use Japanese grant funds for setting up backward-linkage industries to feed its readymade garment industry.

"I'm particularly interested in some investment by the ADB for establishing backward-linkage industries... otherwise we can't compete. It's very necessary sector for us," said Finance Minister Shah AMS Kibria seeking ADB assistance in the apparel sector too.

He said some other loan facilities are not attractive due to harder terms and conditions. "Our reserve is not very big. So,

the ADFG loan is very important."

Kibria praised the ADB president for his personal leadership in poverty-alleviation campaign and said the Bank is a trusted friend of Bangladesh.

He said poverty reduction is the highest goal of the ruling party as one of the election pledges. Modernisation, industrialisation, liberalisation etc - all these things directed towards poverty reduction.

"So, the leadership of the Bank should respond to reduce poverty," he told the ADB chief.

About progress of various sectors in the country, Kibria said US president Clinton during his visit to Bangladesh was highly impressed with the successes.

Kibria said reforms should not be affected by election as the people have strong support for the restructuring.

"Of course reform programme would slow down in some areas due to a few number of workers... But millions of people are in favour of reform."



Senior executives of Janata Bank, Sonali Bank, Agrani Bank, Eastern Bank Ltd, United Commercial Bank Ltd, National Bank Ltd and Managing Director and Director of KYCR Coil Industries Ltd, Chittagong sign a consortium loan agreement at Janata Bank head office in the city yesterday. The banks sanctioned Tk 60.25 crore long-term project loan under the consortium loan system. SA Chowdhury, Managing Director, Younus Ali Howlader, Deputy Managing Director, Shamsul Islam Bhuiyan, General Manager of Janata Bank, and senior executives of the concerned banks were present.

—Janata bank photo

RBI rate cut may sustain industrial recovery

NEW DELHI, Apr 3: India's central bank rate cut is likely to sustain the country's industrial recovery but the full impact will be muted by inherent rigidities in the banking system, analysts say, reports Reuters.

While the central bank's Saturday rate cut sent out a strong signal that it wants lower interest rates in the economy, commercial banks may not be in a position to follow suit on lending rates as they are constrained by high transaction costs.

"It is clear that the RBI wants to maintain the momentum in

industrial growth," said Vasan Shridharan, treasury economist at Standard Chartered Bank.

Industrial output grew 7.2 per cent in April 1999-January 2000 over the same period a year earlier and compared to four per cent growth in the whole of fiscal 1998/99 while GDP is seen up 5.9 per cent in the 1999/2000 April to March fiscal year.

Analysts argue that lower interest rates are required if the economy is to shift into the higher growth trajectory of seven to eight per cent that the

government sees as essential if it is to meet the needs of a billion-strong population.

"You need low-cost funds to keep the economy going," Shridharan said.

The Reserve Bank of India (RBI) on Saturday lowered banks' cash reserve ratio (CRR) to eight per cent from nine in two equal stages of 50 basis points, effective on April 8 and April 22.

The two-phase cut will make available to commercial banks some 72 billion Indian rupees (\$1.65 billion) currently deposited with the central bank.

Pakistan invites Brunei to make investments

SINGAPORE, Apr 3: Pakistan's military ruler General Pervez Musharraf invited Brunei to make investments and buy some of his country's key assets during a visit to the oil-rich kingdom, says AFP.

Musharraf told a press conference late Sunday before leaving for Thailand that he has invited Sultan Bolkiah of Brunei to visit Pakistan.

"We look forward to investments in Brunei in Pakistan," Musharraf said following his three-day visit to Brunei, situated on the northern Borneo island.

JOBS-aided Mirpur Footwear sees export market

JOBS Programme is assisting Legacy Footwear Ltd to further open up export market for the company's range of quality, competitively priced footwear products, says a press release.

The latest success followed from Legacy's participation in the JOBS Programme Gulshan International Trade Fair last November, when a Middle East footwear buyer visited the company's stall and showed considerable interest in the initial purchase of 5,000 pairs of sandal uppers.

JOBS then interfaced Legacy Footwear with the SME Mirpur footwear cluster, where the JOBS Programme is assisting the cluster to successfully improve product quality, introduce new designs, raise supply capability and widen Bangladesh distribution and marketing opportunities.

Now the Mirpur footwear cluster has won its first export trial order, and if successful, the cluster could see its business significantly expand yet again.

Govt for setting up private SMEs at BSCIC estates

Industries minister tells Parliament

Industries Minister Tofail Ahmed yesterday said the government had been encouraging private sector initiatives in setting up small and medium enterprises (SMEs) at the BSCIC industrial estates and industrial parks throughout the country, reports BSS.

"We have already BSCIC estates at thana level and the present government is establishing industrial parks for SMEs under the private sector initiatives," he said while replying to a question and supplementary from Sheikh Mohammad Nurul Huq of AL from Khulna in the Jatiya Sangsad yesterday.

He said the government would help get bank loans and develop infrastructural facilities in setting up SME units either in the BSCIC estate or in any industrial parks. But the

government will not conduct any such SME on its own, he told the Sangsad while replying to another supplementary from MS Akbar of AL from Magura.

Rafiqul Anwar of AL from Chittagong sought to know about the current expansion of industries in the port city and the Minister said the government was helping expansion of industries in Chittagong as per the wishes of the people there.

"In each industrial estate in Chittagong different SMEs have been developed and we are helping their expansion as per the wishes of the people of this area," he told the house.

No plan to cut fertiliser prices

UNB adds: Tofail also ruled out any possibility of reducing the prices of fertiliser.

Replying to Ali Reza Raju of Awami League, who wanted to know in Parliament if the government has any plan to slash the prices of chemical fertilisers by 20 per cent, the minister replied the negative.

Replying to a question appearing in the name of Zafrul Islam Chowdhury (BNP-Chittagong), Tofail said the BSCIC has been implementing a project "Salt Industry Development, Cox's Bazar", since 1961 by providing technical consultancy and loan to salt producers in offshore areas, and facilitating transportation.

He said BSCIC (Bangladesh Small and Cottage Industries Corporation) has been implementing another pilot project in Khulna and Satkhira areas since 1993 for commercial production of salt.



Quazi Rafi Ahmed, Director of Legacy Footwear Ltd, and Jasimuddin Mullah, Chairman of JOBS Programme/Mirpur Footwear Cluster Group, exchange documents in the city on Sunday after signing the contract for an initial trial order of 5,000 pairs of sandal uppers for the Middle East market. Raka Rashid, USAID's JOBS Programme Specialist, members of the JOBS Programme staff and the Mirpur Footwear Cluster Group are also seen in the picture.

Rebel revelations dim shine of world diamond trade

ANTWERP, Belgium, Apr 3: The diamond trade has always had its dark side, with smugglers and gunrunners too often lurking behind the sparkle and glitter, reports AP.

Now revelations that gem sales are feeding some of Africa's nastiest civil wars have forced change at the heart of the global diamond business.

Antwerp's diamond trade stands accused of allowing rebels from Angola and Sierra Leone to sell billions of dollars of gems on the international market to pay for arms.

"Extremely lax controls and regulations governing the Antwerp market facilitate and perhaps even encourage illegal activity," said a stinging report presented to the United Nations last month by Canadian diplomat Robert Fowler.

The report on how Angolan warlord Jonas Savimbi defies UN sanctions to fund his guerrillas reads like a post-War thriller, with a cast of shadowy South African arms dealers, Ukrainian mercenaries, eastern Mediterranean gem traffickers and African leaders bribed with packets of diamonds.

According to the report, many of the strands in this web lead to Antwerp, where 85 per cent of the world's rough diamonds are traded.

The diamond district hugging Antwerp's railroad tracks registered a turnover of almost

dlrs 18 billion in the first nine months of last year. Trading is cosmopolitan. Hasidic Jews in black coats and hats mingle with sharp-suited dealers from Bombay to Beirut. Little jewelry stores on the neighborhood's fringes are run by newcomers from the former Soviet republic of Georgia.

There are Kosher delis, Lebanese cafes and Indian Bollywood movie posters.

At Antwerp's High Diamond Council, the UN report was met with consternation and claims the city is being made a scapegoat for an illicit trade that's impossible to control.

Mark Van Bockstael heads the Angolan task force set up by the Diamond Council after the UN banned trade in Savimbi's diamonds in 1998. He insists Antwerp has stricter controls than rival centers, such as Bombay or Tel Aviv.

Every batch of diamonds coming into the city is double-checked. Certificates of origin are scrutinized. Close cooperation with the Angolan government seeks to verify all diamonds from there are legitimate.

However, Van Bockstael acknowledged diamonds are a smuggler's delight.

"Some are small, they are high value and they are very hard to detect," he said, pointing at pin-covered maps tracing suspected clandestine routes out of Angola through Africa, the

Middle East and former Soviet republics.

Although some diamonds can be recognised as coming from particular mines, Van Bockstael said the high quality gems panned from the rivers of Angola's remote northeast are indistinguishable from those of neighbouring Congo and are similar to Canadian gems.

"A lot of production is simply not identifiable," Van Bockstael insisted. "We are trying to develop a technology (but) it's going to take at least another five years before we have a reliable instrument."

Meanwhile Savimbi can easily circumvent controls by forging certificates or shipping stones through nations where he has friends or officials are easily bribed. Once cut and polished, Van Bockstael said, the diamonds are impossible to track.

Diamond marketing colossus De Beers responded to the outrage by banning all sales from Angola. Van Bockstael said that's giving the same treatment to victims and their tormentors. He's trying to get agreement from other diamond centers for a joint pledge to buy Angola's diamonds only from official channels.

"The flourishing diamond industry can be utilised by the legal Angolan government to rebuild their war-torn cities and infrastructure," the statement says. Van Bockstael

pointed to Botswana and Namibia, where legitimate diamond sales underpin local economies.

Although 40 years of unbroken warfare have left Angola's citizens desperately poor, the country's official diamond sales last year reached \$600 million, making it the fourth-largest producer behind Botswana, Russia and South Africa.

Nobody knows how many more diamonds are smuggled out of Angola. The human rights group Global Witness estimated Savimbi earned \$3.72 billion from diamond sales from 1993 to 1998.

With such riches at stake, campaigners recognise the difficulties in imposing controls.

"The illicit diamond trade is never going to be stopped," said Alex Vines from Human Rights Watch in London. "But the costs (of smuggling) can be raised... There needs to be more tightening up."

Van Bockstael said international concern in changing attitudes in an industry that paid scant regard to ethical questions.

Despite fears of scaring away an industry that provides 7 per cent of the country's exports, the Belgian government is introducing tighter controls.

Antwerp's Diamond Council is petitioning dealers "not to accept the 'blood money' that comes from trading rebel gems."

Government of the People's Republic of Bangladesh
Office of the Inspector General of Prisons
Directorate of Prisons Nazimuddin Road, Dhaka.

Memo No PD/Jail/Vehicle/1/87/219 Dated: 29-03-2000

Tender Notice for Purchasing Jeep

Sealed tenders are invited from bonafide manufacturers/suppliers establishments of the latest standard as fixed by the government for purchasing a new jeep as per following description with standard accessories for use in the project titled "Construction of 12 District Jails" under the Prison Directorate:

Vehicles	Description	Number
New Jeep	1250-1800 CC petrol-fuelled 5-8 seated 5 (five) doors (latest model)	1

- Tender will have to be deposited in the tender box kept at the office of the Inspector General of Prisons by 12:30 PM on 12-4-2000 and tender box will be opened the same day at 1:00 PM before tenderers present (if anyone remains present). Original catalogue of the said vehicles must be deposited with tender. Rate will have to be written in figures and words.
- Original certificate regarding the year of manufacture from the vehicle manufacturing establishment along with earnest money at the rate of 5% of the total quoted cost (refundable) in the form of Pay Order/Bank Draft from any approved schedule bank in favour of the Inspector General of Prisons Directorate of Prisons, will have to be deposited with tender. Security money of the unsuccessful contractor/firms will be refunded on application after the issue of work order and the earnest money of the successful contractor/firm will be kept deposited as security money for a period of 1 (one) year. The models, which the original manufacturing establishments have stopped manufacturing after 31-12-98, it is not needed to quote all those vehicles in the tender. If it is quoted, then that tender will not be acceptable.
- Vehicles will have to be delivered within 7 (seven) days of receiving work order.
- Tender schedule (with terms and conditions) can be purchased till 11-4-2000 everyday during office hours at the cost of Taka 750/- (seven hundred and fifty) (Non-refundable) from the office of the Inspector General of Prisons.
- Any establishment can quote the rate in the tender separately of more than one manufacturing establishment as per latest standard fixed by the government.
- Uplodate trade licence of the participating establishment, bank solvency certificate and certificates regarding payment of income tax and VAT duly attested by the first class gazetted officials will have to be submitted along with tender.
- Certificate of giving VAT/papers for the vehicle concerned will have to be deposited with tender. Supplier establishment will have to pay VAT if VAT is not paid.
- All liabilities regarding the registration of the vehicle (with finance) will have to be borne by the bonafide manufacturer/supplier establishment. All the tasks regarding registration in the name of the authority of project will have to be completed before the delivery of the vehicle.
- The bill for delivery of vehicle will be paid from the office of the Chief Accounts Officer, Ministry of Home Affairs, AG, Dhaka.
- The authority is not obliged to accept the lowest rate. The authority reserves the power to accept or reject any tender without assigning any reason.

Md Waliur Rahman Chowdhury
Brigadier
Inspector General of Prisons, Dhaka.

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