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Second int'l frozen foods fair begins October 21

Show eyes more buyers, increased stress on value added goods

By Monjur Mahmud

The second three-day international frozen foods fair begins on October 21 with an aim to attract more foreign buyers.

Prime Minister Sheikh Hasina is expected to inaugurate the exhibition titled 'Dhaka International Seafood Fair 2000' (DISF) at Sonargaon Hotel in the city. Bangladesh Frozen Food Exporters' Association (BFFEA) and Export Promotion Bureau (EPB) are jointly organising the fair.

"We are trying to attract more foreign buyers this year. With this as our vision, we have started sending invitations to foreign missions and other commercial

organisations abroad," said an EPB official.

After successfully holding the first international fair last year, the show this year seeks to put more emphasis on value added products, he stated.

Different products including block frozen shrimps, value added shrimps like IQF, semi-cooked and cooked shrimps and consumer pack, all kinds of fresh and seawater fishes and fillet fish will be put on display at this year's DISF.

Besides various types of fishing nets and accessories, the samples of inner and master cartons used in packing shrimp and fish

items will be showcased.

"The frozen food sector is now well set for substantially expanding its export in value added form," said a top executive of an exporting firm, adding "for the interested foreign buyers, we will arrange guided visits to shrimp and fish processing plants in Chittagong and Khulna."

Starting with only 15 fish processing plants and a meager export earning of US\$ 3.17 million in 1972-73 fiscal, the country earned over US\$ 343 million in the 1999-2000 financial year. About 85 per cent of this earning comes from export of shrimp alone.

The existing fish processing plants have a total annual capacity of about 325,000 MT, mainly shrimp in the form of block frozen shrimp, semi-cooked and cooked only.

DISF 2000 will remain open for business visitors from 11 am to 7 pm on October 21 and from 9 am to 6 pm on October 22 and 23. For the general people, it will be open every afternoon.

Bangladesh exports shrimp to more than 30 countries including the US, Belgium, Japan, United Kingdom, the Netherlands, Germany, Thailand, Canada and Singapore.

BEPZA okays first project for Mongla EPZ

The Bangladesh Export Processing Zones Authority has sanctioned the first project for the Mongla EPZ, reports UNB.

The enterprise, to be known as Bangladesh Betelnut Growers and Processing (Pvt) Ltd and a 100 per cent foreign-owned Indian industry, will invest US\$ 300,000 (equivalent to Tk 16.8 million), said an official announcement on Thursday.

The firm will produce more than 3,931 metric tons of sulphur-treated Arecanut and crushed oven Arecanut annually. The company will procure betelnut from Bangladesh, especially from Bagerhat areas," it said. The plant will crush the betelnut for sulphur treatment and process for export.

M/S Bangladesh Betelnut Growers and Processing (Pvt) Ltd is likely to start constructing their own factory building in Mongla EPZ very soon.

The project is expected to create employment opportunity for about 60 Bangladeshis.

China trade bill clears key hurdle in US Senate

Final passage likely next week

WASHINGTON, Sept 8: President Bill Clinton's landmark China trade bill cleared key hurdles in the US Senate yesterday, putting it on track for expected final passage next week after months of delay, says Reuters.

In a victory for the White House and pro-trade business groups, the Senate voted 92-5 to move forward with the legislation, which would grant permanent normal trade relations (PNTR) to China and give US companies unprecedented access to the fast-growing Chinese marketplace, potentially the world's largest with 1.3 billion consumers.

The Senate then went on to reject three proposed amendments that threatened to scuttle the trade bill.

Once approved by the Senate and signed into law by Clinton, the bill would end the annual ritual of reviewing Beijing's trade

status and guarantee Chinese goods the same low-tariff access to the US market as products from nearly every other nation.

The amendments, by Democrats Paul Wellstone of Minnesota, Robert Byrd of West Virginia and Ernest Hollings of South Carolina, called on China to increase religious freedom, use environmentally-friendly fuels and for Washington to continue to review trade relations with Beijing.

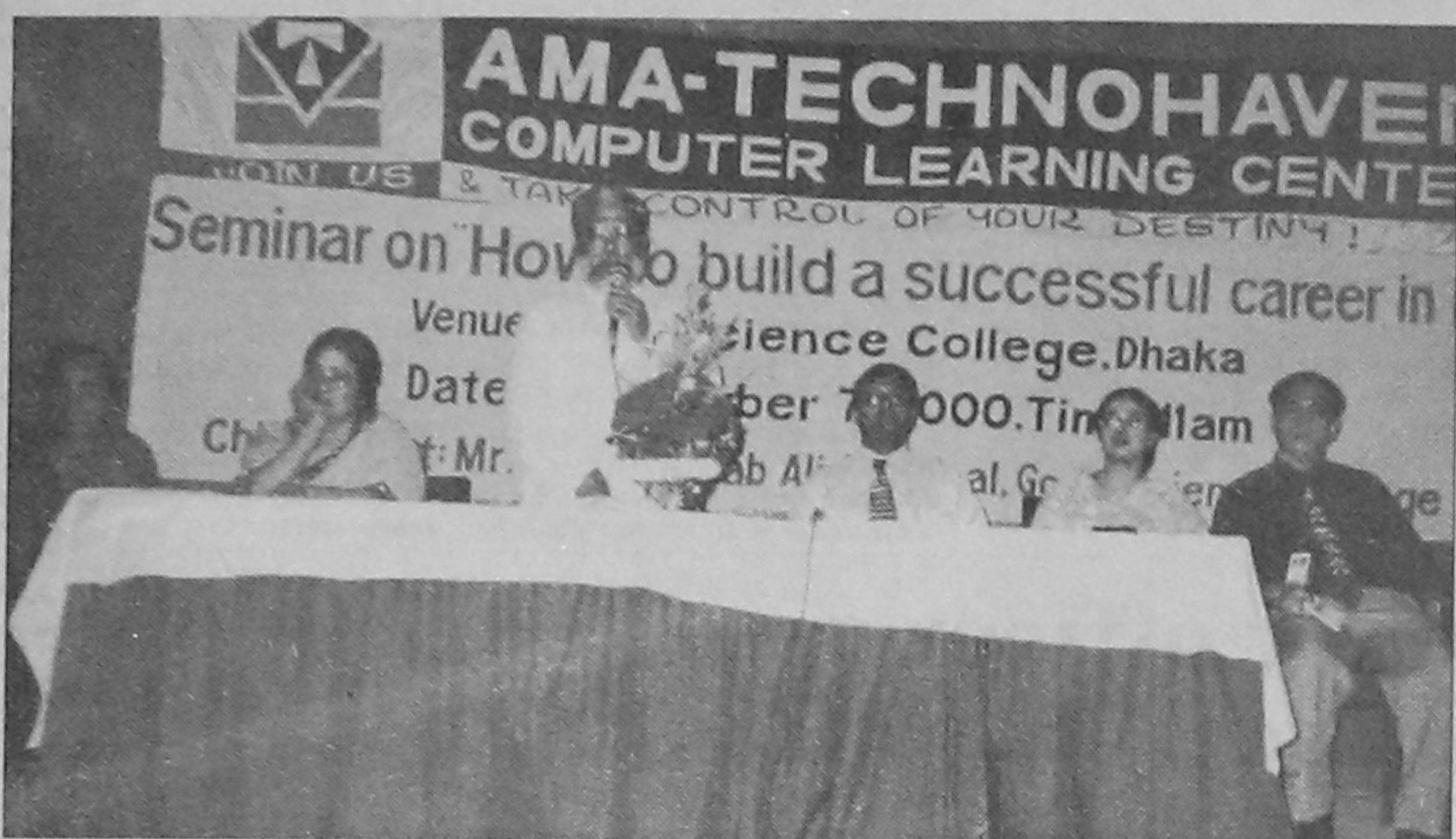
"Shame, shame on the Senate. Are we slaves or are we men?" Byrd lamented before his clean fuels amendment was defeated 65-31.

Undeterred by the lopsided votes, North Carolina Republican Sen Jesse Helms and other critic of communist China threatened to offer 13 more amendments, including measures on human rights and Taiwan's security that may garner broader support.

If any amendments are adopted, the trade bill would be sent back to a bitterly divided House of Representatives, which approved the controversial measure in May but is unlikely to do so again so close to the November election, lawmakers said.

But Clinton's allies in the trade fight were increasingly optimistic they would be able to defeat all of the proposed amendments, ensuring final passage of the trade bill in a Senate vote expected by Sept 15.

The most difficult of those amendments may be the one proposed by Republican Sen Fred Thompson of Tennessee and backed by Majority Leader Trent Lott of Mississippi that would authorise sanctions against China for alleged weapons sales to Pakistan and other states.



AMA Technohaven CLC (ATCLC) conducted a career orientation seminar on "How to build a successful career in IT" at Govt Science College (GSC) Thursday. Picture shows (from left) Nurul Alam, Faculty, Hosna Akhter, Vice Principal, and Professor ABM Janab Ali, Principal of GSC, Habibullah N Karim, President, Rafiqia Binte Zahed, Center Coordinator, ATCLC, and Danilo Morgia, Representative of AMA Group-Philippines. --ATCLC photo

RBI cuts repo rates by 50-100 basis points

BOMBAY, Sept 8: The central Reserve Bank of India (RBI) cut key short-term interest rates by 50 to 100 basis points today in its third reduction this week amid signs the rupee currency has become more stable after recovering from all-time lows last month, says Reuters.

Traders interpreted the central bank's repo rate cuts as an indication of its increasing confidence in the rupee's recent stability after sharp volatility drove it to a record low of 46.08 per dollar last month.

"Today's cut has boosted sentiment substantially. Two successive cuts of one percentage point (one) each day shows that the RBI wants to go at a faster speed," said Ashish Vaidya, senior manager, money markets, at private sector HDFC Bank.

The RBI set a cut-off rate of 10.50 per cent at its three-day

repo auction, down from 11 per cent at a one-day repo auction on Thursday.

The auction was held as part of the central bank's daily liquidity support mechanism for the financial system.

At its additional longer-duration repo, introduced in August to support the currency, the RBI cut the yield to 11 per cent on a five-day auction from Thursday's 12 per cent for a four-day auction.

Traders said sentiment was boosted but bond prices were little changed as the auctions had drained substantial liquidity from the system, with the RBI mopping up 70.85 billion rupees.

"Prices rose as soon as the repo rate cuts were announced before falling again as the market realised large funds had gone out," said a primary dealer in government securities.

AMA Technohaven holds seminar on IT

A seminar on "How to build a successful career in IT" organised by AMA Technohaven, a computer learning centre, was held at Mohammadpur Central University College here recently, reports BSS.

Prof M Shareful Islam, principal of the college, was the chief guest while President and founder of Technohaven Habibullah N Karim attended it as special guest, a press release said.

The seminar was presided over by Masuda Akhter Khanam, vice-principal of the college.

The seminar focused on the expansion of the IT training in the country and creating awareness among the youth about the IT sector.

It was also attended, among others, by Roiqua Binte Zahed, Danilo G Morgia, Manjur Sharif, Shahjahan Kennedy and Syeda Fateha Ummyia Sultana of AMA-Technohaven, Asrafal Islam and Zakir Ahmed Chowdhury of Mohammadpur Central University College.

A total of 300 participants attended the seminar, the press release added.

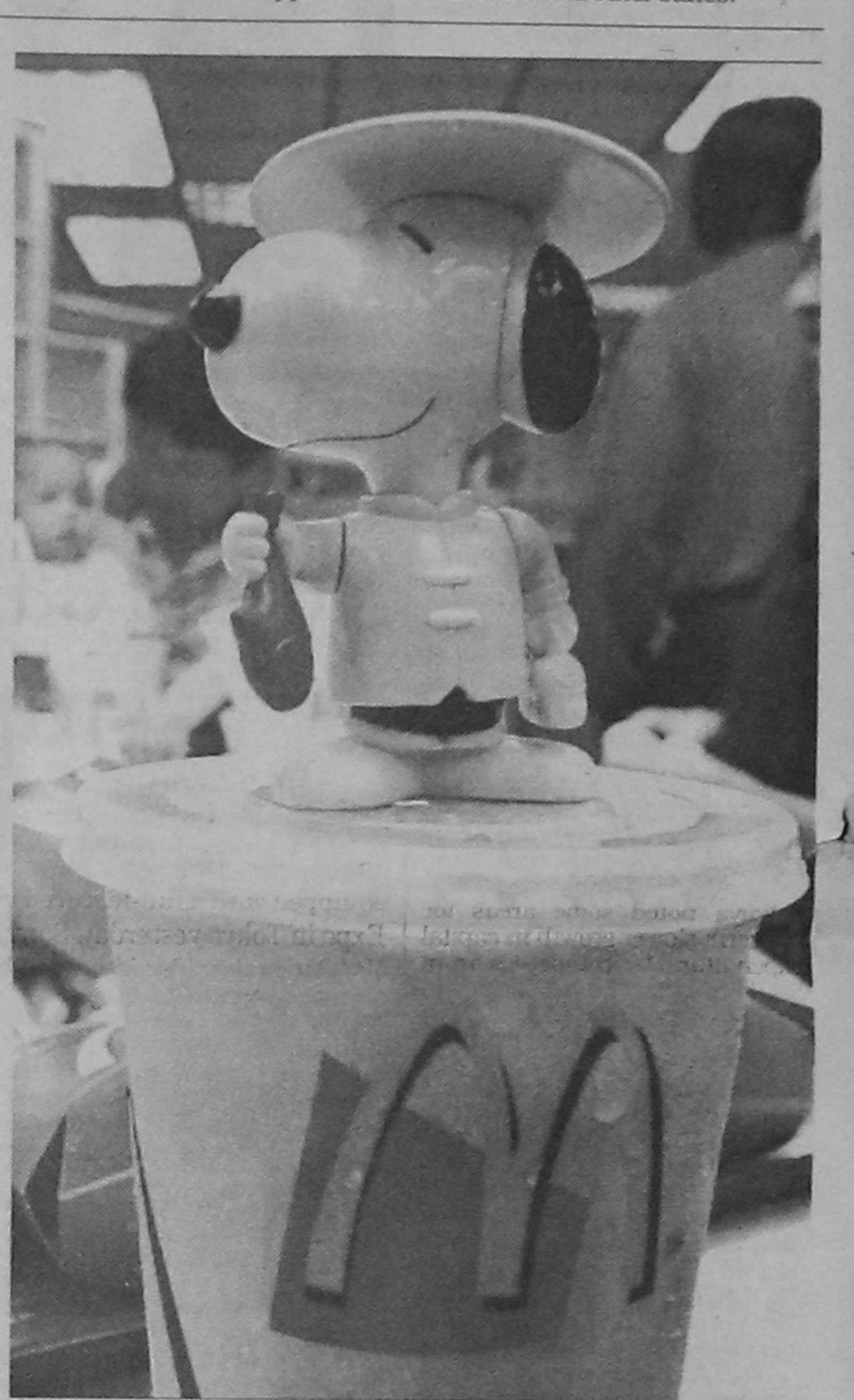
Privatisation of Telekom puts Turkey in problem

ANKARA, Sept 8: Turkey's privatisation chief yesterday acknowledged problems in the planned privatisation of Turk Telekom, a deal accorded high priority by the IMF, says Reuters.

But Privatisation Administration head Ugur Bayar vowed to push ahead with another major sell-off and open a tender for state-owned Turkish Airlines THYAO IS within two months.

Bayar told reporters that management rights were deterring investors from a tender for a 20 per cent stake in landline monopoly Turk Telekom set to expire next week. Officials say no bids have been lodged yet.

"According to our assessments there will not be much demand for the management rights that would be awarded with the current 20 per cent," Bayar said after talks with IMF officials evaluating progress in a \$4 billion anti-inflation accord.



This file picture dated October 6, 1998 shows a family enjoying their McDonald's meal with a Hong Kong McSnoopy toy, in the dress of a local fisherman, which they purchased for 6 HKD when buying a McDonald's meal in Hong Kong. It was reported yesterday that the supplier of promotional toys for the US fast food chain has sacked its toy-maker following recent reports that it was employing underage children. --AFP photo

Pakistan to hold crucial loan talks with IMF next week

KARACHI, Sept 8: Pakistan will resume talks with an international Monetary Fund mission next week on a crucial loan programme that may lead to the rescheduling of some of the country's bilateral debt, a government official said yesterday, reports Reuters.

"An advance IMF team is already here, they are doing preparatory work. The head of the mission is due on Saturday," a spokesman of the Ministry of Finance and Economic Affairs division told Reuters by telephone from Islamabad.

He said the team was expected to stay for about two weeks and negotiations for a loan programme would start next week. He did not say what amount Pakistan was seeking. Finance Minister Shaoukat Aziz is in New York as part of Pakistan's delegation to the United Nations Millennium Summit and is due back in Pakistan on September 12, after which he will meet the IMF officials.

An IMF loan is seen as an endorsement of the country's economic policies and is crucial in Pakistan's precarious balance of payments situation.

Mansoor Ali, chief economist at brokerage house Jahangir Siddiqui & Co, said the market would take an IMF loan as a certification of Pakistan's reform programme, lending a degree of stability to the external account.

"The IMF's support is also essential to Pakistan's effort to reschedule its external debt," he added.

Pakistan's external liabilities are estimated at about \$34 billion. Officials say Islamabad is looking to reschedule payments on the external debt for the next year after an earlier rescheduling of more than \$4.0 billion in early 1999 ends in December.

The key to convincing the IMF

is Islamabad's ability to implement economic and tax reforms, broaden a narrow tax base, impose a general sales tax on the retail sector and document a largely undocumented economy.

Just one per cent of the 138 million population pay any taxes and the size of the unofficial economy is estimated to be the same as the official economy of \$60 billion.

The government of military ruler General Pervez Musharraf has launched a survey since May to trace tax evaders and document the economy despite strong resistance from the powerful retail merchants' lobby.

Resolution of a bitter three-year-old row with Hub Power Company Ltd HPWRK on tariffs, which the government is seeking will also help improve Islamabad's relations with multilateral agencies and help restore investor confidence.

Exports of the major trading nations are now busy exploring new ways to promote their products in international markets. They are now focusing on non-price promotional programmes of various sorts.

The provision of the GATT requiring a reduction of export subsidies, however, did not extend to market promotion activities. It also does not require the member nations to reduce export credits and credit guarantee programmes. In such a situation, developing alternative ways to export subsidies to assist exporters becomes an important issue.

As non-price market promotion programmes are not covered by the Uruguay Round Agreement and the member nations are free to promote their export products in international markets by advertisement, showroom display etc., the major trading nations of the world are now exploring the potentials of non-price export promotion in their efforts to expand exports. Formulating effective non-price promotion programmes, however, is not an easy task as these do not try to influence consumer preferences by directly effecting prices of products as in the case of export subsidy. These programmes rather target tastes and preferences of industries and consumers in importing countries by promoting the qualities of export products.

The central issue confronting the policymakers is how best to revise the current programmes, develop new ones to make the transition to less price-subsidised trade, and assist producers and exporters most effectively in this new scenario. This is important in light of the fact that almost all the nations have discarded import substitution as a policy tool in favour of export promotion to generate economic activities and job creations and are competing with each other in an effort to gain a greater share of international trade in various products.

The issue, however, is not only how best to redesign programmes to make the transition to less price-subsidised trade, but also to determine the



Md Abdul Aziz Sarkar, Member (Investment Promotion) of the Bangladesh Export Processing Zones Authority, and Rumpa Cakraborty, Managing Director of the Bangladesh Betelnut Growers and Processing (Pvt) Ltd, sign a lease agreement to set up an industry in the Mongla EPZ. -- BEPZA photo

Uruguay Round and new export boosting strategies

By Abdus Sahid Ph.D.

In the wake of the Uruguay Round Agreement of General Agreement on Tariffs and Trade (GATT), the major trading nations of the world can no longer rely on export subsidies to expand their exports. They are now resorting to various non-price promotion programmes to push their products in international markets in an effort to maintain their market shares and boost exports. The Uruguay Round Agreement requires the member nations to limit the use of price subsidy as a policy instrument to expand exports.

The agreement is aimed at increasing trade efficiencies, and consequently boosting economic growth by gradually dismantling trade barriers and distortions among the trading nations. Commodity prices are also expected to rise as a result of lower government support to producers and reduced export subsidies. Estimates by the United States Department of Agriculture (USDA) show that only the US agricultural exports are expected to rise by more than \$5 billion a year by 2005. Studies also show that the world economy will gain substantially in terms of new jobs and income as a result of increased economic activities following the dismantling of trade barriers among the nations of the world.

In its attempt to remove trade barriers, the agreement requires the GATT member nations to reduce export subsidies in both volume and value. The developed countries are required to reduce export subsidies on a commodity basis over a 6-year period. They are to reduce volume of subsidised exports by 21 per cent and subsidy expenditures by 36 per cent from the 1986-90 subsidy levels. The developing countries, however, are given an extended period to adjust to the new system. All the member nations are required by the agreement to bring down price subsidies to 1986-90 levels, if the subsidies were higher in 1991-92. The agreement also stipulates that in the future the members may subsidise exports of only those products which received export subsidy during the 1986-90 base

time horizon in which benefits from the new programmes are to be realised.

Alternatives to price subsidy programmes include credit guarantee schemes and market promotion drives. Credit guarantee programmes do not provide substantial savings in terms of interest and, therefore, are less attractive to importers. Market promotions, on the other hand, are not very effective in expanding exports of bulk commodities. Market promotions, however, are effective in raising exports of high-valued products (HVPs) and generating greater economic activities. The prospect for HVP trade in the future is also bright, given the fact that HVP exports fuelled much of the growth of world trade in agricultural products in the last decade and HVPs now account for 80 per cent of world agricultural trade. The major exporters of agricultural products are emphasizing the promotion of their value-added exports in recent years. The EU, for example, spent 70 per cent of its subsidies on exports of HVPs between 1986 and 1990.

The main weakness of HVP promotion is that while price subsidies are more costly for HVPs than bulk products, farmers and ranchers benefit less from these programmes. HVP subsidy costs may be even higher when the same markets become targets of other exporters.

The effectiveness of non-price promotion programmes depends, among others, on the nature of the commodity promoted, the time horizon over which promotion is pursued and the level of expenditure on promotion in foreign markets. Studies show that promotion programmes are likely to be effective over a longer period if the targets are the industries and importers in the export markets. Non-price promotion programmes are also more effective for processed high-valued products rather than bulk commodities. Export subsidies, on the other hand, are found to be more effective in expanding export of bulk commodities. In contrast to export subsidies which are likely to be effective

only in a particular year, non-price promotions are also found to have a carry-over lasting beyond one year. Some studies in the US showed that a dollar spent on non-price promotion generates a return of about five dollars from activities associated with increased exports and other related economic activities. Non-price promotions also do not tax domestic consumers as in the case of export subsidy programmes, which raise the price of the subsidised commodity in the domestic market while depressing it internationally.

Non-price promotion programmes, however, are not without their weaknesses. Studies indicate that these programmes require a minimum level of expenditure (threshold expenditure) to be effective. If this threshold amount is not expended, the whole expenditure is likely to be wasted. Non-price programmes also take a longer period to become effective as these aim at influencing consumer tastes and preferences rather than affecting the price of the commodity as in the case of export subsidy programmes. Non-price promotion programmes are also found to be more effective in high-income countries, as the consumers in these countries are likely to be more willing to pay higher prices for their preferences unlike the consumers in low-income states where they shift away fast from a product in response to its price change. Another related problem with non-price promotion is that of free rider. Non-price promotion programmes can be conducted both for generic and brand name products. In the case of generic promotions, which have been found to be more effective for certain types of products, there is very little an exporter can do to prevent his competitors from taking advantage of his promotion activities. Producers in this case, however, can form promotion boards to share costs of promotions among themselves.

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Sarwar Ahmed, MBA (sarwar@asia.com) hosts this column. He heads a business sector of a multinational company in Bangladesh.

The Daily Star introduces a new business solution column, which appears every Saturday. While running your business, you come across problems and wish someone would help. This column will provide you with possible insights to solve your problems.

SMART SUBORDINATES
Q: Your last week's frustrated employee reminded me of my own frustration - as a boss, I have subordinates who talk smart but fail to deliver! Any suggestions beyond asking them to leave? Concerned boss.

A: The easiest way out is what you say asking a non-performing subordinate to leave. Is that the solution? No, I'm sure you will agree.

Talking smart indicates that you do have smart subordinates. That's a blessing already. Sit with them, individually and discuss and write in clear, transparent terms what you expect them to do. More often than not people are not clear what is expected of them. Formal job descriptions help but are soon filed and forgotten.

Write down together, what you want from your subordinate. Make a list. Agree on timelines and ask your subordinate if they have any difficulties with the list. While discussing the tasks, it will also clarify if your subordinate has the requisite training to do the asking.

Once done, follow up regularly. On Thursday afternoon, even if you would like to go off quick for the weekend, sit and review what was agreed and progress made.

More often you will find a competency gap - what you expect and what you get does not match. What do you do? Arrange formal training. Depending on the task, arrange inside or outside training.

It is the responsibility of the boss to make his subordinates competent. We tend to forget this. Building competent subordinates who deliver what you want is your responsibility. How do you do it? Just follow the guidelines as outlined above. With the growth in competencies, your subordinates will respect you and enjoy doing their jobs.

Maybe your subordinate doesn't perform anyway. Sitings with them will help you assess their problems. Problems arising out of the office can be sorted out. Sometimes listening to personal problems help to blow away pent up steam.

And of course, the real world also has subordinates who are smart, but will not perform. They are simply not fit for the job in hand. For them, make up your mind - it is better to shake hands with them - and the sooner the better. It will be good for you, the organisation, and no matter how sad or cruel it may sound, in the long run good for the individual.

Making your subordinates smarter makes your life easier. In good times, you will be able to leave your office earlier on Thursdays with a peace of mind and satisfaction of making smart people smarter!