

## Utilise British expertise to better power situation

### House of Lords member urges Bangladesh

#### STAR BUSINESS REPORT

Identifying erratic power supply as a major obstacle to attracting investment in Bangladesh, a member of the British House of Lords yesterday said the country could improve the power sector efficiency utilising British expertise.

Lord Swaraj Paul, also chairman of Caparo Group, a leading British industrial conglomerate, said Bangladesh can bring in more foreign investment by removing the deficiencies in power sector.

Suggesting Bangladesh to take required services from British power companies he said, they offer full range of services -- from equipment supply, design and consultancy up to managing and operating the supplied equipment.

"British reputation in the power sector is renowned and well-established," the Indian-born British business tycoon said while addressing the members of Metropolitan Chamber of Commerce and Industry (MCCI).

Lord Swaraj Paul, now in Dhaka

to attend the 49th Commonwealth Parliamentary Association (CPA) conference, said in power sector the attention should be on improving reliability, efficiency and environment performance.

As the demand-supply gap is huge in Bangladesh and the improvement in public power infrastructure will take time to feed through to business customers, the private investment should be encouraged here, he said.

On trade relations between Bangladesh and Britain which spans over more than 200 years, the British parliamentarian said the two countries have the potential to expand trade in new areas like environment technology.

"For sustainable development, industrial production and environment have to go together. Big companies are currently showing great care to environment and buyers also want to know that the production process does not damage environment."

Expressing optimism about wider trade relations between the

two countries he said, it will strengthen further when a Bangladeshi-born Briton becomes the next British High Commissioner in Bangladesh.

Addressing the function, MCCI President Tapan Chowdhury lauded European Union's everything but arms (EBA) initiative, which allows export from least developed countries to 15 countries of EU of which Britain is an active member.

Though the offer opens new economic opportunities for poor nations, some conditions like local value addition and rigid compliance requirements relating to environment and labour standard are standing in way to reap maximum benefits from it, he said.

He urged the British government to persuade the EU to relax the rules of origins so that poor countries can best utilise the EBA offer.

Mentioning that well-managed multinational companies have been earning handsome profits and paying 60 to 200 per cent dividend, he urged British companies to come to Bangladesh which offers attrac-

tive incentive packages.

Britain is the third largest market for Bangladeshi goods after the US and Germany, accounting for 12 per cent of total exports in 2002-2003. Ready made garments constitute 75 per cent of the total export to Britain while seafood 10 per cent, he said.

British investment in Bangladesh amounts to around one billion pound sterling, Paul mentioned.

British High Commissioner David Carter, Deputy High Commissioner Robert Gibson, Bangladesh Employers' Federation President Anis Ud Dowla, MCCI Vice-president Hafiz A Choudhury, MCCI Secretary General CK Hyder, Square Group Chairman Samson H Chowdhury, Women Entrepreneurs' Association, Bangladesh President Rokia A Rahman, Managing Director of GMG Airlines Shahab Sattar and other members of the chamber were present at the function.



PHOTO: STAR

Lord Swaraj Paul, member of the British House of Lords, addresses the members of the Metropolitan Chamber of Commerce and industry (MCCI) in Dhaka yesterday. Women Entrepreneurs' Association, Bangladesh President Rokia A Rahman, Bangladesh Employers' Federation President Anis Ud Dowla, Deputy British High Commissioner Robert Gibson, MCCI Vice-president Hafiz A Choudhury, British High Commissioner David Carter, MCCI President Tapan Chowdhury, are present.

## Basic Bank, Fareast Finance sign credit facility deal

Bangladesh Small Industries and Commerce Bank Ltd (BASIC) and Fareast Finance and Investment Limited signed a loan agreement for credit facility on Monday.

Under the deal, Fareast Finance will utilise the loan for financing leasehold machinery and equipment of small industries.

Santanu Saha, executive vice-president of Fareast Finance, and Mobarak Hossain Chowdhury, deputy general manager of Basic Bank, signed the deal on behalf of their respective sides, says a press release.

BASIC Bank Managing Director Md Salehuddin Quasem and Fareast Finance Managing Director Alauddin A Majid were present at the

## Call money rate steady

#### BSS, Dhaka

The call money rate yesterday remained steady in inter-bank money market, fund managers said.

The rate touched to its intra-high high at 8.50 per cent and in most deals ranged between 4.00 per cent and 8.00 per cent, fund managers of leading commercial banks said.

## Repo auction

#### UNB, Dhaka

The Repo auction of Bangladesh Bank (BB) for commercial banks and financial institutions was held yesterday.

Seven bids of one-day tenor amounting to Tk 261.50 crore and two bids of seven-day tenor amounting to Tk 41.40 crore were received.

All the bids of one-day tenor amounting to Tk 261.50 crore as well as one bid of seven-day tenor amounting to Tk 9.40 crore were accepted.

The rates of interest against the accepted bids of one-day and seven-day tenors ranged from 4.75 per cent to 4.50 per cent and 5.50 per cent per annum respectively, said a BB release.

## Chairman, co-chairman of Al-Arafah Bank EC

AZM Shamsul Alam and Kazi Abu Kausar have been reelected chairman and co-chairman of the Executive Committee (EC) of Al-Arafah Islamic Bank Limited.

They were reelected at a meeting of the board of directors of the bank held in Dhaka recently, says a press release.

Shamsul Alam was the founder chairman of the bank while Abu Kausar is a sponsor director of the bank.

## Search for Sonali, Janata management experts

### Govt to invite firms thru' ads in local, int'l media

#### STAR BUSINESS REPORT

The process of hiring two separate management expert groups for Sonali and Janata Bank will begin soon with the government inviting applications from consulting firms through advertisements in the local and international media.

Sources said the expert groups each having eight members will help and advise the managing directors of the two nationalised commercial banks in managing and overseeing all their day-to-day operations.

However, the experts will have no executive authority.

The MDs will be advised on

credit, risk management with emphasis on credit management, human resources and training, management information systems and information technology including customer information system.

Besides, the advisers will assist the chief executives on the issues of accounting, internal audit, treasury and branch management.

They will advise the MDs on management procedures required to ensure data integrity and timeliness and to strengthen the whole process of credit approval, review, control, monitoring and recovery.

The government last month put advertisement for hiring a new set of

management for Agrani Bank to replace the existing management. As many as 23 consulting firms have responded to the offer within September 25 deadline.

These firms have submitted their Letter of Expression of Interest (LEI) to the government's Working Group on Restructuring of Nationalised Commercial Banks headed by Deputy Governor of Bangladesh Bank Nazrul Huda.

Under this scheme, the government will replace the existing management of Agrani Bank with one chief executive officer and seven advisers to assist him.

## Dollar eases against taka

#### BSS, Dhaka

The US dollar eased slightly against the Bangladesh taka on cautious inter-bank trading yesterday as the dollar took another pounding on foreign exchange markets amid a fear of intervention, dealers said.

The dollar traded at 58.4150 taka and 58.4250 taka per unit, compared to its previous closing at 58.4250 taka and 58.4350 taka per unit on Tuesday as most local dealers became very cautious in buying dollar fearing an intervention by the Japanese authority to prop up the dollar, dealers said.

The US unit stayed firmly rooted

at near-three year lows against the yen today while analysts predicted an imminent record fall against the euro. Traders in Asia had speculated that Japan's Ministry of Finance might, as in the past, intervene in the markets to hold the dollar above the 110-yen level.

"We are very cautious about the dollar and yen since the investors in Asia found few new leads in the market when traders in Asia speculated that the Tokyo might intervene the market to curb yen's strength," a dealer of a leading commercial bank said.

He said pressure for import payments was not so high and we

have no crises for dollar thanks to central bank's strong reserve. So, the volume of foreign currency trade was at its modest level, dealers said.

The dollar traded at 109.78 yen compared with 109.95 on Tuesday, when it had broken below the psychologically important 110-yen level for the first time since November 2000, dealers said.

Currency analysts said since a call last month by the Group of Seven (G7) rich nations' club for more flexible exchange rates -- seen as urging Asian nations to stop the practice of keeping currencies artificially low -- less such interven-

## Bank holiday on Sunday

#### UNB, Dhaka

Bangladesh Bank and all scheduled banks will remain closed on Sunday on the occasion of Shab-e-Barat, said a Bangladesh Bank press release.

## Islami Bank opens branch in Barguna

Islami Bank Bangladesh Limited opened its 132nd branch at Purano Bazar in Barguna on Monday.

Vice Chairman Mir Quasem Ali presided over the inaugural ceremony of the branch, says a press release.

Barguna District Commissioner Mohammad Shafiq Ullah and Director of the bank Eskander Ali Khan were present at the ceremony held at the branch premises.

## Kenya tea production improves in August

#### REUTERS, Nairobi

Kenya's tea output rose to 19.9 million kg in August from 18.7 million a year earlier due to improved weather, the Tea Board of Kenya (TBK) said in a statement Tuesday.

The board said production for the first eight months of this year slipped by six million kg to 175 million kg compared with the same 2002 period, mainly due to a drop in output in June and July because of cold weather.

It said the weather had improved in the past few months.

"There is every indication, that the remaining part of the year may see a full recovery," the board said. "Weather forecast for the remainder of the year appears favourable to tea production."

## UN food chief seeks help for Africa's farmers

#### REUTERS, Kampala

The UN World Food Programme (WFP) Tuesday urged Africa to tackle its food shortages by providing farmers with better irrigation and roads as well as ending the continent's many wars.

"This is a part of the world that cannot afford conflict, we have got to get away from the notion of war and conflict and get on with the work of being productive," WFP executive director James Morris told a news conference.

"The world needs to make more of an investment in basic agriculture infrastructure so that communities can get through droughts and famines without aid."

Morris was in Kampala to visit the programme's regional office, which caters for 11 countries in east and central Africa that are home to more than half of the 40 million people facing hunger in the continent.

He said those communities in Ethiopia where WFP had invested in basic irrigation and agricultural practices were able to withstand perennial drought and famine. The WFP chief also called for more investment by local governments in agriculture.

## Int'l plastic fair from Oct 15

#### STAR BUSINESS REPORT

Aiming to expand export market for Bangladeshi plastic goods the first international plastic fair will begin in Dhaka on October 15.

Manufacturers of plastic products from India, Singapore and host Bangladesh will take part at the fair showcasing a wide range of goods.

President Iajuddin Ahmed will inaugurate the four-day exposition organised by Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA) at Bangladesh-China Friendship Conference Centre.

"We also invited foreign buyers and technology marketing companies of plastic industry," said Yousuf Ashraf, president of BPGMEA, at a press conference yesterday.

He hoped the fair will create a great opportunity for buyers and

sellers from home and abroad to make contact for business.

Plastic furniture, water tanks, garment accessories, crockeries and household items, sanitary fittings, spare parts of textile and jute mills, toys and packaging items will be displayed at 92 stalls in the fair.

The BPGMEA president said Bangladesh earned Tk 600 crore in foreign exchange in the last fiscal year from this sector through direct and indirect exports.

Bangladesh exports mainly shopping bags, overhead water tanks and toys to European countries, USA, New Zealand and Canada, he said.

The BPGMEA president said due to stiff competition with imported goods some 600 factories out of around 3,000 have already been shut down.

The fair will remain open for visitors from 10am to 9pm everyday till October 18. Visitors will have to pay Tk 10 as entry fee.

Commerce Minister Amir Khosru Mahmud Chowdhury, Commerce Ministry Advisor Barkatullah Bulu and Federation of Bangladesh Chambers of Commerce and Industry President Abdul Awal Mintoo will be present at the inaugural function while Finance Minister M Saifur Rahman will attend the closing ceremony.

The BPGMEA organised a plastic fair at national level last year.

BPGMEA Chief Advisor ASM Kamaluddin, Secretary General KM Iqbal Hossain and Senior Vice-president Abu Bakkar were present at the press conference.

## France wins critical backing on EU deficit breach

#### REUTERS, Luxembourg

France, struggling to head off the threat of hefty fines for busting EU deficit limits, looked to have won critical support from European finance ministers Tuesday as several undecided nations sided with Paris.

France is set to bust the limit of three per cent of gross domestic product for the third year running in 2004, when it is expected to fall slightly to 3.6 per cent of GDP, and only to get its deficit below that cap in 2005.

"A lot of member states had felt the French weren't taking it (the breach) seriously ... but that's not the case anymore," Irish Finance Minister Charlie McCreevy said after two-day talks where French colleague Francis Mer explained Paris's policy.

McCreevy's comments echoed a change of tone from other small

euro zone states like Belgium and Luxembourg which have respected the rules, but the Netherlands, Austria and Finland were still pushing for a hard line against France.

The ultimate sanction for breaking the rules is fines that could start at as much as three billion euros in

proposals on what to do about France's deficit, but proposals that France could live with.

Germany's breach of the pact has sparked less controversy due to Berlin's more repentant stand. Members of the French government have at times made declarations which others saw as showing Paris did not care about euro zone rules.

Luxembourg Prime Minister Jean-Claude Juncker, who doubles as finance minister, said some countries felt Paris had not done enough to bring its deficit back below limit but others now felt France was trying to improve its public finances, without cutbacks in spending that could trigger full-blown recession.

The EU had to weigh the risk to the fragile euro zone economy, only slowly emerging from a severe slowdown, of forcing France to take further steps to cut its deficit, he said.

"We have to take into consideration the French situation, but we have to check in the same way the (possible) impact that such budgetary decisions in France have on the whole euro area," Juncker said.

While it was obvious that Eichel would hardly condemn France, diplomats said there must have been a mood change in general for him to make defend it so forthrightly.

He said he hoped the European Commission, which polices adherence to the rules, would make

## Thailand brings Moscow-style housing to Southeast Asia

#### REUTERS, Bangkok

For many visitors to Moscow, the Russian capital's tower blocks are a bleak legacy of Communist era uniformity, but Thai Prime Minister Thaksin Shinawatra was inspired into copying them to house Bangkok's poor.

On his return to Thailand in October 2002, Thaksin said his government would build one million subsidised housing units in five years as part of a spending spree to boost economic growth.

With construction now starting, hopeful factory workers, street vendors and low-level civil servants are queuing in their thousands to reserve a unit.

And other countries in Southeast Asia, where one in four people live in slums, are sending officials to Bangkok to learn about the project, funded with \$1 billion from the government and \$4.3 billion in state bank loans.

"This is the first time people with

such low incomes can buy and there's very big demand because the private sector isn't building for them," said Chuanpis Chaimueawong, governor of the state-owned National Housing Authority (NHA), charged with building 600,000 of the new housing units.

Bangkok is entering a mini house-building boom fuelled by low interest rates and strong pent-up demand, but major developers such as Land and Houses and Quality Houses, are concentrating on high-margin houses for a growing middle class.

A glut of low-grade flats, built by overzealous developers in a boom that ended in the 1997-98 Asian economic crisis, means private-sector housing can be cheap but dilapidated.

A new 33-sq m (355.2 sq ft) NHA-built unit in Bangkok, with a bedroom and separate living area, is selling for around 470,000 bath

(\$11,860), with the government paying an extra 80,000 baht per unit to make up the shortfall against construction costs.

But the major attraction of the government scheme is that it accepts informal sector workers, such as street vendors and taxi drivers, who can find it hard to get a bank mortgage.

Buyers enter into a hire-purchase agreement over 30 years, starting with 1,500 baht per month payments, which increase gradually. The NHA will buy back a unit if the customer fails to pay for three months.

"I'm very excited. It's good to have our own home for the kids grow up," said Suphatra Piewluang, 30, as she queued with her two young children to sign a contract for an apartment.

Suphatra and her husband, a company driver earning 5,000 baht a month, had paid 3,000 baht to rent one room.