

Forex reserves cross \$3b

REJAUL KARIM BYRON

Foreign exchange reserves crossed US\$ three billion again yesterday, thanks to the International Monetary Fund's anti-poverty loan.

The foreign exchange reserves stood at US\$ 3.01 billion yesterday. Although the forex reserves crossed \$3 billion last September, the reserves started falling quickly due to huge import pressure. At one stage the reserves came down to about \$2.5 billion.

Increased remittance inflow and good export performances as well as downtrend in imports have been helping the reserves grow in recent months.

The IMF early this month approved fifth tranche of the pov-

erty reduction growth facility (PRGF) loan amounting to \$ 97.2 million and it was disbursed on Thursday.

Remittance inflow saw a sharp 23 percent boost fetching US\$2,570 million during July-January period of the current financial year. Besides, exports fetched \$ 4.94 billion growing at around 15 percent during July-December period of the 2005-06 fiscal year.

Import growth declined sharply to 11 percent during July-November period of the current fiscal year against the high growth of 23 percent during the same period of the previous financial year.

However, the reserves will shrink early next month as the

central bank will have to pay around \$300 million to the Asian Clearing Union (ACU).

Foreign exchange market is still volatile as dollar reached Tk 71.15 in opening letters of credit (LCs) on Thursday. Foreign commercial banks (FCBs) and private commercial banks (PCBs) sold greenback comparatively at higher rates. The nationalised commercial banks raised the dollar prices by Tk 1 on the day selling at Tk 69.97 in LC opening. Dollar price was as high as Tk 70.85 in opening LCs on Wednesday.

Dollar prices also rose in inter-bank foreign exchange market on Thursday selling at Tk 67.65, which was Tk 67.60 on the previous day.

The central bank usually injects foreign exchange to ease the

market and prevents the depreciation of taka but it refrained from doing so this time.

According to sources, as the country is being forced to pay more for rising oil prices, Bangladesh Bank now prefers to see more depreciation of taka to discourage other imports.

Taka devaluation will encourage exporters. Besides, it will encourage non-resident Bangladeshis to send more money.

"We do not want to intervene in the foreign exchange market. We want banks to be prudent in managing foreign exchange on the basis of their own demand and supply. Injecting funds by the BB does not bring in any positive result in the long run," said a source with the central bank.

Hotel boom hits KL

AFP, Kuala Lumpur

New hotels are shooting up around the Malaysia's capital's iconic Petronas Twin Towers, in a building boom fuelled by a bullish outlook for the economy and tourism industry, industry experts say.

At least four new hotels are under construction in Kuala Lumpur, which is seeing inner-city property prices surge for the first time since the regional economic crisis of the late 1990s.

The Four Seasons, Grand Hyatt, Traders and Novotel will soon tower alongside the newly-opened 335-room Impiana KLCC Hotel and Spa, said Ivo Nekvapil, chairman of MIHR Consulting that compiles data on the hotel industry.

Impiana KLCC, located just a short stroll from the twin towers, the world's second tallest building, has already begun constructing a second tower with nearly 200 more rooms to be completed later this year, he said.

The plans for more hotels in what is easily Malaysia's costliest piece of real estate come amid a rosy forecast for the economy and the tourism industry.

"From the business perspective, the economy is on the growth path," said Research Inc (Asia) property consultancy managing director Lim Lay Ying. "Because of that, you have more people coming here for business trips."

"The new hotels are mainly four- and five-star hotels and if the economy is sustained, business opportunities and visitors will keep coming," she told AFP.

Farmers need equity share in agro-industry for poverty alleviation

Rehman Sobhan tells Cirdap seminar

STAR BUSINESS REPORT

Economist Prof Rehman Sobhan yesterday underscored the need for providing farmers with equity share in the country's agro-based industrial units for overall poverty alleviation and rural development.

Rural poverty will not be removed without a major change in the existing structure, said Sobhan, also chairman of independent think tank Centre for Policy Dialogue (CPD).

He said there can be many industrial units in rural areas with large number of growers under a single corporate entity.

The agro-based small and medium enterprises (SMEs) can also provide such opportunities for the farmers, he said. The main purpose of this will be giving the

poor access to resources for sustainable development in rural areas.

He was speaking at the concluding session of a daylong seminar titled "An overview of the current trends and emerging issues in rural development in the Asia Pacific region", organised by Cirdap, in Dhaka.

Sobhan also called upon the multinational companies to provide contract growers with equity share.

Collective industrial units can also be established in such urban areas as Dholaikhal in Dhaka, comprising few dozens of engineering workshops under a single entity, he said adding this kind of initiative will give the enterprises extra dimension.

Dr Durga Prasad Paudyal, director general of Cirdap (Centre

on Integrated Rural Development for Asia and the Pacific), presented a research paper on the seminar topic. In the research, he found considerable gap between rural and urban areas in Bangladesh and other south Asian countries in the context of income, literacy and other basic indicators of development.

Dr Quazi Kholiqzaman Ahmad, chairman of Bangladesh Unnayan Parishad (BUP), also spoke at the session.

Kholiqzaman said Bangladesh needs investment, institutions and effective policy for poverty alleviation and rural development. "We have a good policy but that is not effective as the institutions are not free from corruption."

Jayson Pharma celebrates 50 years of operations

STAR BUSINESS REPORT

Jayson Pharmaceuticals Ltd, a concern of Jayson Group of Companies, Saturday celebrated its 50 years of operations.

The company, which has been working very successfully since 1956, now has now 1,500 staff, Md Salimullah, managing director of Jayson Pharma, told the golden jubilee function at Bangladesh-China Friendship Conference Centre in Dhaka.

Describing the success of the company, he said Jayson Pharma started exporting drugs in 1984. The company now exports its products to 16 countries in Asia, Africa and Europe.

"In domestic market, the company ensures smooth supply of essential drugs through 15 depots," he added.

Directors and other officials of the company were also present at the function.

Saifur leaves for S'pore

BDNEWS, Dhaka

Finance and Planning Minister M Saifur Rahman yesterday left Dhaka for Singapore on a four-day official visit.

During the visit, Saifur is expected to review the activities of Agrani Remittance House, a subsidiary of Agrani Bank, in Singapore.

He will also have bilateral talks with several ministers of the island state.

Saifur is expected to return home on March 1.

Japan no longer in deflation

AP, Tokyo

Japan's economy is no longer in deflation, and the Bank of Japan ought to end its quantitative easing policy if conditions are met, the economy and banking minister said Sunday, further fueling speculation of a pending policy change.

"We are no longer in deflation, in the classical sense of the word," Kaoru Yosano said on a program on public television broadcaster NHK.

"If conditions are met, I think it is all right for the BOJ to make the decision (to end the policy)," Yosano added.

Japan has experienced about seven years of deflation, a situation in which prices decline and undermine economic growth by eroding company earnings and paychecks.

To help spur a recovery, the central bank has maintained an easy monetary policy of flooding the markets with excess cash and maintaining interest rates at zero for the last five years.

The bank has said it will end its quantitative easing policy once on-year changes in the core consumer price index stabilize at zero or above, its board members agree that the CPI won't fall back, and the economy is strong enough to warrant a move.

The core CPI was up 0.1 percent on-year in November and December, and is expected to rise again in January, while the economy grew at a healthy 5.5 percent annual rate in the fourth quarter.

Cut in graft, improved infrastructure key to wooing FDI

Canadian envoy tells Ficci meet

STAR BUSINESS REPORT

Cutting corruption and improving infrastructure are essential for Bangladesh to become a preferred investment destination, Canadian High Commissioner in Dhaka Barbara Richardson said yesterday.

She also drove home the importance of removing bureaucratic obstacles to draw foreign direct investment (FDI).

She said in this age of globalisation, many countries are competing to attract investment and the ability of the governments to offer necessary

infrastructure facilities to bring in investment is a critical factor.

"The responsibility to address the issues does not fall only to the government however. It is a shared responsibility for all those who care about the country. For you, the leaders in business and investment sectors, your voice and your insistence that barriers to investment be eliminated, is key," the envoy said while addressing the monthly luncheon meeting of Foreign Investors' Chamber of Commerce and Industry (Ficci) in the capital.

Appraising Bangladesh's

remarkable progress in recent years, she said the UNDP's annual human development report for 2005 has reflected Bangladesh's pace of achievement in crucial areas such as life expectancy, adult literacy and gross enrolment in primary, secondary and tertiary education and per capita income.

Quoting the Asian Development Bank's (ADB) quarterly economic update, she said despite the impact of higher oil prices and quota phaseout, the development outlook for Bangladesh remains broadly positive.

Terming Safta a milestone, the Canadian high commissioner said there appears to be a consensus among the policymakers that Safta needs to be a stepping stone to wider regional cooperation that includes new markers such as Saarc's social charter and regional cooperation on energy, environment, technology and higher education.

"Saarc is also expected to undertake further measures aimed at trade facilitation such as strengthening transportation and communication corridors, transit facilities and harmonised standards. In this

sense, Safta is a small step in the right direction and sets the stage for the type of communication and compromise needed to achieve true regional cooperation," she said.

She said economic ties between Canada and Bangladesh are diversifying and strengthening. After the Canadian government granted duty free market access to imports from Bangladesh in January 2003, the country's export to Canada increased by 198 percent in three years.

She also said Canada's assistance programme in Bangladesh is its largest in the world, amounting to more than \$80 million annually and more than \$2 billion since Bangladesh's independence in 1971.

Until 2003, Canadian companies invested over \$400 billion overseas and Canadian investment in Bangladesh recently crossed the \$ 65 million mark, she mentioned.

Urging the Canadian entrepreneurs to invest more in Bangladesh, Ficci President Masih UI Karim said more FDI will help the country make its poverty reduction programme a success.

South Asian tourism growth hinges on regional co-operation

ADB country director says

STAR BUSINESS REPORT

Regional co-operation among South Asian countries is needed to make the region the most attractive tourism hub in the world, ADB Country Director Hua Du said yesterday.

She said some South Asia countries such as Bangladesh, India, Bhutan and Nepal have a huge potential in tourism sector but lack of co-operation among the countries, besides poor infrastructure is hindering the sector's growth.

"Every country of the region should come forward with political sensitivity to promote the sector, Hua Du told the inaugural ceremony of training programme of South Asia Sub-regional Economic Co-operation (Sasec) in Dhaka.

Bangladesh Parjatan Corporation organised the training for housekeeping trainers. The programme was financed by Japan Special Fund and Asian Development Bank (ADB).

Mirza Fakhrul Islam Alamgir, state minister for civil aviation and tourism, was also present at the

function.

Organisers said a total of 22 representatives from Sasec countries including Bangladesh, India, Nepal and Bhutan are participating in the two-day training programme.

Terming Cox's Bazar one of the most attractive beaches of the world, ADB country director said due to poor infrastructure the sea beach fails to attract desired number of tourists.

The state minister said regional and sub-regional co-operations can help the tourism industry.

S Korea-US free trade deal top priority

Says ROK president

AFP, Seoul

South Korean President Roh Moo-hyun said Sunday that reaching a free trade deal with the United States will be the top priority for his government during his remaining tenure.

Roh, who stands down in 2008, called the free trade negotiations - along with his campaign to ease economic inequalities -- the major tasks he should tackle.

"It will be a turning point. I hope the challenge will be successful," Roh told reporters in reference to the proposed free trade agreement (FTA) with the United States.

"I think it will be the biggest issue during the rest of my tenure." His comments, made during a mountain hike in Seoul to mark his third anniversary in office, followed an announcement earlier this month by Seoul and Washington that they would launch talks aimed at reaching a FTA.

Formal talks will start in May and South Korea and US officials hope to end their negotiations by March next year.

If agreed, the pact would be the largest US free trade accord in Asia. South Korea is the third largest economy in the region behind China and Japan, with whom the United States has no such deal.

"We have to choose between protectionism and openness," Roh said.

Mitsubishi to scale back mobile phone business in China

AFP, Tokyo

Mitsubishi Electric is planning on drastically scaling back its money-losing mobile phone handset business in China and sacking about 200 employees, a report said.

The Japanese company plans to close three of the four bases held by Mitsubishi Soyea Mobile Communication Equipment at the end of March, Jiji Press news agency said late Saturday.

Headquartered in Beijing, Mitsubishi Soyea was set up as a joint venture in 2001 by Mitsubishi group companies and their Chinese partners. Mitsubishi Electric has a 36 percent stake in the venture.

The Japanese company plans to dismiss some 200 employees while gradually reducing its capital participation ratio, Jiji Press said.

But it wants to remain a stakeholder in the venture as "a foothold for the future," the agency quoted an anonymous Mitsubishi official as saying.



Canadian High Commissioner in Dhaka Barbara Richardson (2-L) speaks at a monthly luncheon meeting of Foreign Investors' Chamber of Commerce and Industry (Ficci) in the capital yesterday. Ficci President Masih UI Karim (2-R), Vice President Peter A May (L) and Chamber Secretary MA Matin are also seen.



Md Salimullah, managing director of Jayson Pharmaceuticals Ltd and chairman of Jayson Group of Companies, speaks at the 'Golden Jubilee Celebration' of the company on Saturday in Dhaka. Directors of the company are also seen.