

## Foreign aid drops 12pc during July-April

### Bank borrowing increasing

#### STAR BUSINESS REPORT

Bangladesh witnessed a 12 per cent drop in foreign aid in the first 10 months of the just concluded fiscal year due mainly to slow pace in projects' implementation, resulting in government's enhanced dependence on bank borrowing, sources in the Economic Relations Division said.

The amount of overseas aid the country received during the July-April period of FY06 reached \$ 979.11 million while it was \$1112.40 million in the corresponding period

of the previous fiscal.

Repayment of \$393 million against previous debt to donor agencies also caused a 21 per cent decline to the net foreign aid during the period. Sources added that the net foreign aid in the first 10 months of the current financial year stood at only \$586.11 million.

In the first six months of FY05, the government repaid \$376 million principal amount. The net foreign aid was \$736 million during the period.

In three of the 10 months of FY06, the government's principal

amount payment was more than the amount of foreign aid it received.

Such payment was \$16.70 million in July, \$1.30 million in August and \$2.92 million in November.

There are some factors behind the snail's pace in progress in donors-funded projects under the country's annual development programme (ADP), such as bureaucratic tangle in appointing consultants for the projects, land acquisition and delay in tendering process, the ERD sources identified.

The low foreign aid had

prompted the government to borrow from banks an amount of Tk 5000 crore in the 2005-06 fiscal, although the earlier decision was to take a Tk 3600 crore loan from banks, according to the revised budget of the year.

Sources said at present, the government has already borrowed around Tk 7000 crore from banks.

On the other hand, due to slow implementation of reform projects, the government failed to get budgetary support from the donors. As a result, the overall fiscal costs is also increasing, sources added.

### Applications to be sought from NRBs for selection of CIPs

UNB, Dhaka

Applications will be sought from non-resident Bangladeshis (NRBs) through newspaper ads on August 1 for the selection of expatriate CIPs (commercially important persons).

The cabinet on Monday endorsed the 'Commercially Important Person (expatriate Bangladeshis) Selection Policy 2006' to confer the commercially VIP status every year on the expatriate Bangladeshis in recognition of their outstanding contributions to the country's economy.

The government took the decision following Prime Minister Khaleda Zia's declaration of selecting important non-resident Bangladeshis (INRBs) and giving them similar status and facilities as the CIPs living in the country at a meeting of expatriate Bangladeshis during her visit to Australia on March 5, 2002.

Under the policy, a total of 25 expatriate CIPs will be selected every year.

Of them, 10 non-resident Bangladeshis will be selected who invest in Bangladesh's industrial sector, while 10 others who send foreign currencies through the legal channels and five others who import Bangladeshi goods, said a handout.

For getting selected, NRB investors in the industrial sector should have US\$ 5 lakh and above or equivalent amount as capital in Bangladesh, the CIP foreign currency senders would have to send minimum US\$1,50,000 or equivalent amount though legal channels in a calendar year and the importers should import Free on Board (FOB) Bangladeshi goods valued at US\$ 5 lakh or equivalent amount.

The list of the selected CIPs will be finalised by December 15.

## NRBs urged to invest in SMEs

#### STAR BUSINESS REPORT

Energy Adviser Mahmudur Rahman yesterday called upon non-resident Bangladeshis (NRBs) to invest in the country's small and medium enterprises (SMEs) as the sector holds a huge potential.

"Unless the manufacturing industry develops, there will be no job creation and without jobs there will be no income generation," he told a dialogue.

Refugee & Migratory Movements Research Unit (RMMRU) of Dhaka University organised the dialogue titled 'Opportunities and Challenges of NRB

Investment: Experiences of the Nandan Group' in collaboration with British Council.

Manufacturing has become an important sector in the economy, although it is mainly based on agriculture, he noted.

Rahman, also executive chairman of Board of Investment, said despite political volatility the country has made notable economic growth over the last few years.

Lauding Nandan Group's initiative, he said the NRBs should take initiatives to do business in the country and contribute to economy.

Nandan Group Chairman Masrur Choudhury said Nandan Group is

an initiative of a group of NRBs.

He said the country has some problems such as law and order, but at the same time there are solutions as well.

Managing Director of The City Bank Abbas Uddin Ahmed urged the government to give more incentives to the NRBs so that they are inspired to send remittance through official channels.

British Council Director June Rollinson, British High Commission official Helen de Gier, RMMRU Coordinator CR Abrar also spoke at the dialogue moderated by RMMRU Chairperson Tasneem Siddiqui.



### Rokia member of World Islamic Businesswomen's Network task force

Rokia Afzal Rahman, chairman of Ariinks Group and president of WEA (Women Entrepreneurs' Association) and WISE (Women In Small Enterprises), has become a member of the task force of World Islamic Businesswomen's Network (WIBN), says a press release.

The other members of the task force of WIBN are from Malaysia, Indonesia, Pakistan, Saudi Arabia, South Africa and the United Kingdom. The secretariat of WIBN is located in Kuala Lumpur.

The World Islamic Businesswomen's Network is a task force of the World Islamic Economic Forum Foundation (WEIFF) recently launched in Kuala Lumpur by Abdullah Badawi, the prime minister of Malaysia.

## Pressure on G8 to embrace emerging economies

AFP, Paris

As G8 leaders prepare to meet at their annual summit this weekend, one question being asked is whether their exclusive club should become the G11 by integrating Brazil, China and India.

"There is no doubt that they are powerful and emerging economies which are increasingly important on the world stage, to the extent of eclipsing some of the current Group of Eight members."

"When we were deciding on

who would be invited to participate in the summit, the Russian president's position was that it was pointless to discuss energy security without India and China," said Igor Shuvalov, a top aide to President Vladimir Putin, ahead of the Saint Petersburg meeting.

"They exercise a great influence on price growth, are leading consumers of energy resources, and have developing economies," Shuvalov explained.

As a result, the presidents of China, India, Brazil, South Africa

and Mexico are to meet three times on July 17 with G8 leaders, essentially to discuss energy supply, distribution and conservation issues which Moscow set as the summit priority.

Another reason Shuvalov gave for their presence was that "these countries are ready to develop nuclear power on their territories, which is a priority for the Russian presidency of the Group of Eight."

Russian leaders are not alone in pushing for greater participation by emerging countries.

## Drop 'Cold War mindset' on high-tech exports

### China urges US

AFP, Beijing

China has urged the United States not to pursue a "Cold War mindset" when it comes to more strategic controls on trade in high-tech products, state media said Tuesday.

"We hope the United States will give up its 'Cold War' mindset," Commerce Ministry spokesman Chong Quan said, according to the People's Daily.

"The United States should adopt constructive measures to

promote bilateral high-tech trade in order to amend the imbalances in Sino-US trade and promote the healthy, comprehensive development of trade ties," he said.

Chong was speaking in reaction to proposed new rules published last week by the United States, demanding that American companies seek licenses for 47 different high-tech product categories before exporting them to China.

"Right now, we're studying the proposal and we're listening to the views of industry, after which we

will come out with an assessment," Chong said, according to the People's Daily.

"Setting up obstacles to normal bilateral trade is not in the interest of enterprises of the two sides and not conducive to the healthy development of Sino-US trade ties," he said.

The United States introduced restrictions on the export to China of high technology items that could be used for military purposes following the bloody crackdown on the Tiananmen democracy protests in 1989.

### Local finished fabric plant soon in Adamjee EPZ

UNB, Dhaka

Yassma Knitting and Dyeing Limited, a fully Bangladeshi owned company, will set up a knitted and dyed-finished fabrics plant in Adamjee Export Processing Zone.

This local company will invest US\$ 2.781 million to manufacture 1.7 million kgs of knitted and dyed finished fabrics annually, according to a press release.

Bangladesh Export Processing Zones Authority and Yassma Knitting and Dyeing Limited in Dhaka signed an agreement to this effect Monday.

Prasanta Bhushan Barua, member (investment promotion) of BEPZA and Mohammad Yousuf, Managing Director of Yassma Knitting and Dyeing Limited signed the lease agreement on behalf of their respective sides.

The company will create employment opportunity for 272 Bangladeshi and two foreign nationals.

It will be the 10th industrial units in Adamjee EPZ.

### Singapore's Raffles Hospital offers special rates to GP staff, subscribers

Raffles Medical Group of Singapore will offer special corporate rates to all members of the staff, premium and general subscribers of GrameenPhone, the leading cell phone operator in the country.

A Memorandum of Understanding (MoU) was signed to this effect between the two organisations at Raffles Hospital in Singapore on Friday, says a press release.

Mohammad Shah Nawaz, deputy general manager and head of Health, Safety and Environment and Human Resources Division of GrameenPhone, and Prem Kumar Nair, general manager of Corporate Services of Raffles Medical Group, signed the MoU on behalf of their respective organisations.

The offer includes special rates for health screening, outpatient consultation, services and hospital facilities.

To avail of the services, GrameenPhone employees will have to produce their GrameenPhone employees identification pass while GrameenPhone subscribers will present their SIM or other identification cards upon registration at Raffles Hospital.

## Call for enhanced Bangla-Pak trade

UNB, Dhaka

Bangladesh Minister of State for Finance Shah Abul Hossain, who is now on a visit to Pakistan to attend the Saarc Finance Ministers Conference, made a courtesy call on Omar Ayub Khan, Minister of State for Finance in Pakistan on Monday.

Both the ministers stressed the need for greater cooperation and expanding trade and commerce between the two countries in the interest of their people, Pak Tribune reported Tuesday.

They expressed the hope that the current conference of Saarc finance ministers would provide new dimensions for regional cooperation among the member-states of the regional forum.

Finance Secretary Siddiqur Rehman Chaudhury and Bangladesh High Commissioner to Pakistan Sami Mohammad accompanied Shah Abul Hossain.

Omar Ayub Khan briefed his Bangladeshi counterpart about the steps taken by the Pak government to modernise his country's economy that resulted in rapid and sustained growth rate.

He said due to consistency in the government economic reform policies the growth rate of the country had remained between 6 to 8 percent over the past few years.

He said Pakistan energy needs were increasing due to its growing economy. To meet the long-term energy requirement, Omar said, the government had planned utilisation of its abundant water resources by constructing dams. "Ground breaking of Bhasha-Diamir dam had

already been initiated," he mentioned.

He said that Pakistan was not only focusing its attention on the production of energy but also on transmission of power to the rural areas for the uplift of the rural population.

Omar also informed his counterpart that Pakistan was laying great emphasis on development of social and physical infrastructure to achieve greater economic development.

The Bangladesh minister said that both the countries were facing identical problems as his country was also faced with energy problem and they had to spend a lot of foreign exchange on import of oil. He said that Bangladesh government had to provide substantial amount of subsidy on this account and his country had also recently increased the prices of fuel in view of escalating prices of gas and oil in international market.

They also discussed the scope of progress in rural areas and were unanimous about improvement in the communication network and other facilities to boost rural economy so that the rural people could reap benefit from overall increase in national income.

Various matters, including tax system prevalent in the two countries, position of balance of payment and poverty reduction programmes also came up for discussion in the two ministers' meeting. They also emphasised integration of regional economy for the welfare of the people.

### India's Reliance plans 1m jobs

AFP, Mumbai

One of India's leading businessmen, Mukesh Ambani, says he plans to create a million new jobs through an agrarian and retail revolution by building an Indian version of Wal-Mart, the world's largest store chain.

Ambani, head of petrochemicals giant Reliance Industries, said in an interview he wanted to revolutionise the country's backward farming and retail sectors and to become a supplier to the world's supermarkets.

He plans a network of stores in India with an annual sales target of 25 billion dollars by 2011 to make his company "a Wal-Mart in India", he told Newsweek magazine according to its online edition Tuesday.

Wal-Mart of the United States is the largest retailer in the world, having revolutionised the business through a super efficient management system overseeing thousands of suppliers.

"We are rebalancing the world. We are in fact lucky to be at the right place at the right time, contributing to our self-confidence as Indians. That's what energises me," Ambani said.

He said the company, Reliance Retail, would work with farmers to improve productivity and build 20 billion dollars of agricultural exports every year.

"We are also creating something that is totally missing in India: an efficient distribution system linked to supermarkets across the world."

### Pepsi Bottling quarterly profit beats estimates

REUTERS, New York

Pepsi Bottling Group Inc on Tuesday posted higher-than-expected second-quarter profit and raised its 2006 outlook, citing strong volume growth in noncarbonated drinks such as Tropicana juices and Lipton Iced Tea.

The largest bottler of Pepsi drinks posted net income of \$148 million, or 61 cents a share, compared with \$148 million, or 59 cents a share, a year earlier.

The earnings exceeded the analysts' average forecast of 59 cents a share, according to Reuters Estimates.

Excluding stock option expenses and costs from the devaluation of the Turkish lira, Pepsi Bottling's profit was 69 cents a share.

The company, which is 43 percent owned by PepsiCo Inc, the world's No. 2 soft-drink company, said revenue rose to \$3.14 billion from \$2.86 billion.

## China's bank lending down

AP, Beijing

China's bank lending fell 22 percent last month, suggesting official efforts to cool off the sizzling economy are taking effect, state media reported Tuesday.

New bank loans in June totaled 360 billion yuan (\$45 billion), down 102.7 billion yuan (\$13 billion) from the same month in 2005, the Xinhua News Agency and newspapers said.

The decline "showed a slew of central bank moves meant to rein in excessive lending and cool down the economy, including an interest rate hike at the end of April, were working," Xinhua said.

Chinese leaders have taken increasingly drastic steps to slow down surging investment and

economic growth -- raising interest rates and ordering banks to screen borrowers more carefully -- warning that they could ignite inflation and cause problems for the country's fragile banks.

Authorities have also imposed curbs on construction of new steel mills, luxury villas and other projects.

Still, Chinese leaders still want high growth to help the hundreds of millions of people, mostly in the countryside, who have been left behind by China's 27-year-old economic boom.

The announcement about lending Tuesday came a day after official newspapers said the growth in China's overall money supply slowed in June and import growth fell slightly, though to a still-robust 19 percent.