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Donors: Political intolerance

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continue necessary adjustment policies and maintain macro-economic stability through appropriate fiscal, monetary and exchange rate policies.

"The main policy challenge for FY 98 is to raise foreign exchange reserves while holding down prices and costs, and to stimulate growth in the manufacturing sector," he told the donors.

The representative of the Asian Development Bank (ADB) said despite some progress in the economy, macroeconomic situation remained fragile.

The notable progress on the economic front since the early 90s was interrupted by deterioration in fiscal and external current account deficits and rising inflation, he added.

ADB lauded the government's economic management which it identified as the upturn in economic growth, accompanied by much lower inflation and improved fiscal and current account balances. Progress in opening up the infrastructure and energy sectors to foreign investment and allowing private EPZ were also lauded by the Bank.

It said the pace of economic reform in financial, public enterprise and trade sectors remained generally slow, sending a negative signal to prospective investors.

The stock market situation also reduced investors' confidence, ADB said, adding that the rapid growth of public borrowing from the banking sector implied a slow growth of credit to the private sector.

ADB asked the government to contain the current spending level by limiting pay increases to the budgeted level. The representative of the International Monetary Fund (IMF) said a key challenge for Bangladesh is to promote a more broadly based and sustainable pattern of growth.

The IMF expressed concern that the overall deficit and the consequent borrowing from the banking system may exceed the budget target by more than half percentage point of GDP in FY 98.

"To prevent further crowding out of credit to the private sector, prompt measures are called for to arrest and, in time, reverse the build up of government debt to the banking system," it maintained.

It observed that a stronger and more broadly based expansion of output and investment could be jeopardised by inflation and balance of payments pressures.

IMF also called for a tighter monetary policy, a more flexible management of the exchange rate and reforms in tax administration, civil service, financial sector, public enterprises and the trade system.

To take the steps necessary to promote a pattern of private sector-led and outward-oriented investment and growth, IMF called for unwinding inefficient public sector activities, reforming the administrative system and establishing a rules-based legal and regulatory system.

The US expressed dissatisfaction over the slow pace of administrative reforms and said this must be geared up for economic growth.

It also called for liberalising the trade regime and reducing regulations governing private sector activities.

Regarding the government's privatisation programme, the US noted that a legislative and legal framework is needed to quicken the process.

The Private Sector Development Sub-group in its position paper urged the government to privatise telecommunication, gas, fertiliser, water, shipping and airline services and said the government should draw up an action plan to proceed with privatisation of these.

It also supported greater autonomy to the central bank to enhance supervisory and regulatory control of the banking system.

The Swiss delegation lauded the government's loan recovery effort, but expressed its surprise that the Managing Director of Sonali Bank was removed due to pressure from trade unions and a group of defaulters.

Japan said it is encouraging its businessmen to invest in Bangladesh. It also had lauded the government's loan recovery efforts.

Depression over Andaman Sea

A depression has developed over south Andaman Sea and adjoining areas, a met office bulletin said last night, reports BSS.

"It is likely to extend further in the north Bay"

Parliament centre of all activities: PM

Prime Minister Sheikh Hasina yesterday termed the Parliament the centre of all activities and said accountability and transparency of the government should be ensured for the success of parliamentary system, reports UNB.

"To ensure government's transparency, national problems and policies are placed before the Parliament for discussion," she said while inaugurating the Post-Election Seminar for MPs at International Conference Centre in the city yesterday.

Commonwealth Parliamentary Association (CPA) and Bangladesh Parliament Secretariat jointly organised the three-day seminar, first of its kind in Bangladesh, being participated by MPs, particularly the freshers.

Speaker Humayun Rashid

Aid Group delegates call on PM

Donor representatives attending the aid consortium meeting called on Prime Minister Sheikh Hasina at her office yesterday evening and discussed various matters, including development activities in Bangladesh, reports UNB.

World Bank vice-president of the South Asia affairs Mieso Nishimizu briefed the Prime Minister about the outcome of yesterday's consortium session.

Khaleda

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hartal. "These terrorists made sneak attacks on processions at different places in a cowardly manner, leaving numerous leaders and workers of BNP and many passers-by injured. Police arrested many of them", Begum Zia said. She expressed her sympathy for the victims and demanded release of the arrested.

Thanking the city dwellers for observing the hartal 'defying ferocious and shameful acts of repression by the government, the former prime minister warned that no repression could halt the on-going democratic agitation against the 'unbearable rule by the 'stooges'. "People want to get rid of the suffocating atmosphere," she said.

Chowdhury, Speaker of the Uganda Parliament James Francis Wambogo Wapkhavula, Member of Indian Rajya Sabha Pranab Mukharjee, Deputy Speaker and Chairman of Committees of Whole House, Canada, Peter Andrew Stewart Milliken, Deputy Speaker of Jatiya Sangsad Abdul Hamid Khan, CPA Secretary General Arthur R Donahoe and Secretary of the Bangladesh Parliament Secretariat Qazi Mohammad Monjur-e-Mawla also spoke.

The Prime Minister stressed the need for closer cooperation and understanding among the Commonwealth countries through exchange of ideas and experience to narrow down the gap between the developed and developing nations.

Sheikh Hasina expressed her belief that the CPA could play a vital role in this regard through establishing people-to-people contact among the commonwealth countries.

Alleged thief

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Muhammad and beat him mercilessly. When his condition became critical they informed the relatives of Muhammad, police added.

Relatives of Muhammad immediately took him to Mitford Hospital where the doctors declared him dead. The body was sent to Mitford Hospital morgue for autopsy.

BNP, 6 parties

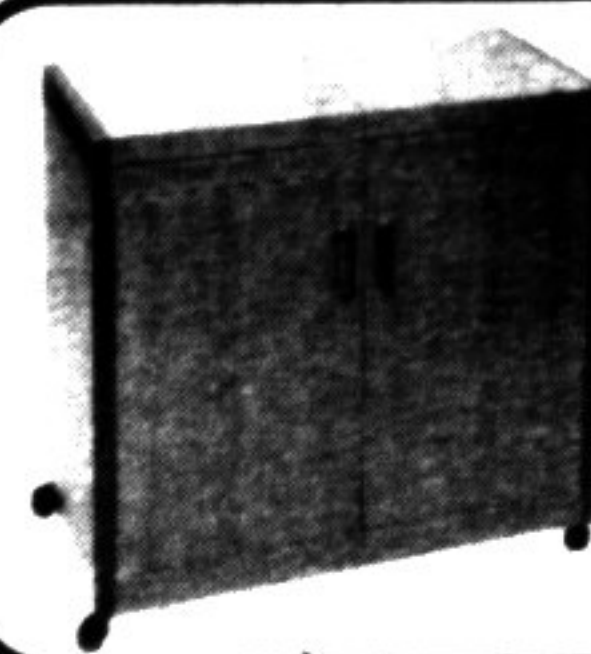
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tion would be carried forward until the 'final victory'.

The meet also decided that all the seven parties would observe the 'National Revolution and Solidarity Day' on November 7 through separate programmes.

The meeting also thanked the city dwellers and the members of seven parties for making yesterday's hartal a success.

BNP vice-president M Shamsul Islam, Jatiya Party co-chairman Kazi Zafar Ahmed, Jamaat-e-Islami secretary general Motur Rahman Nizami, Democratic League president Oli Ahad, Jagpa president Shafiqul Alam Pradhan, ASM Solaiman of NDA, Shaukat Hossain Nilu of PNP and others attended the meeting.



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PHILIPS

Forex reserve

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exchange reserves while holding down prices and costs, and to stimulate growth in the manufacturing sector in order to sustain overall GDP growth at a higher rate," Kibria said.

Bangladesh has sought 2,173 million US dollars fresh aid for FY 1998 from the donors. The new commitment include 24 million dollars as food aid, 239 million as commodity aid and 1,910 million as project aid to be received from the donors.

The Finance Minister said the commitments and disbursements for FY 1997 were 1661.2 million US dollars and 1475.5 million dollars respectively. The estimate of new commitment assumed substantial increase in overall commitment — particularly in project aid.

While the government will install more effective monitoring arrangements, Kibria said, "cooperation of the development partners is also required to achieve the projected level of aid disbursement for FY 1998, particularly for project aid."

He drew the donors' attention to some of the selected issues of development like local government, administrative, budgetary and financial sector reforms, women and children, poverty alleviation and monitoring and regional cooperation.

He said the overall balances in FY 1997 is likely to continue in FY 1998 and expected to result in a turn-around in the overall balance from a deficit of 127 million US dollar in 1997 to surplus of 216 million dollars in 1998.

Kibria said the current Balance of Payment projection indicates 13.2 per cent increase in exports compared with 12.6 per cent increase in imports.

Foreign direct investment is expected to grow substantially in the next few years including FY 1998, augmenting the forex reserve estimated to reach 1.82 billion US dollars, he said.

Accord with Unocal

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grated projects in the world, will make Bangladesh save a lot of time and money.

"By developing the (Shahbazzpur) field and constructing the pipeline and power plants simultaneously — on an integrated basis — the entire project will be completed in 2 years. Normal development procedures would require 5 to 7 years for completion, a top Unocal official said. "By providing 350 MW power in the power deficit western zone, WRIP will benefit Bangladesh by 1.3 billion US dollars a year."

But the Petrobangla officials said the WRIP outlines a Production Sharing Contract (PSC) for the Shahbazzpur gas field with a comparatively lesser share of profit for Bangladesh. PSCs signed with other companies in the past ensured a share of 77.5 per cent for Bangladesh while Unocal's offer of share is 72 per cent, they said.

What surprised the officials and experts most is the proposal for setting up a 45 km pipeline in Bhola-Barisal region, under the first phase of WRIP, to transmit gas from Shahbazzpur field. As per the proposal, Bangladesh would not own the pipeline. Experts calculated that Unocal would make a profit of over 330 million US dollars by using the Shahbazzpur field's gas only.

However, the Unocal official said that, its proposal for pipeline included a 20 per cent share on 'carried basis' (no investment required) for Petrobangla subsidiaries. However it has not been resolved which subsidiary of Petrobangla would be the 20 per cent shareholder.

The total investment projection for the WRIP is 450 million US dollars in the first phase and 300 million US dollars in the second phase. Experts claimed that such huge investment centring the Shahbazzpur gas field was unnecessary.

"The Shahbazzpur field is

worth 700 to 800 million dollars if you consider its 333 million cubic feet gas reserve, a power plant and a pipeline. Unocal's investment proposal should have been below that level," observed an expert.

Unocal signed a Letter of Intent with the government in January last to study the prospects and to develop the Shahbazzpur well. It submitted the WRIP proposal few months ago which include setting up of three power plants of 350 MW total generation capacity, building a 45 km gas pipeline in the first phase and another 115 km pipeline in the second phase connecting several areas of the western zone from Bhola to Khulna and finally upto Kustia. The plan accommodates the concept of international pipeline gas export.

"Unocal is excited about the benefits to be provided by the WRIP to the western region of Bangladesh. The WRIP will be a catalyst to stimulate industrial growth. Additional investments including construction of a world class fertiliser plant at Bhola, are being discussed with the Ministry of Industries, the Unocal official said.

Appraiser

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tive source said. The transfer of the principal appraiser (PA) came in line with the order issued by the National Board of Revenue (NBR) on October 16, the source said.

Meanwhile, a coordination council of Chittagong Customs House officials and employees today submitted a memorandum to the Customs Commissioner protesting the transfer of PA Abul Kalam Laskar.

The customs authorities have already started an investigation into the alleged irregularities in import of reconditioned cars.

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