

Dhaka-Colombo direct flight proposed

Bangladesh has decided to take immediate steps to judge the viability of the Sri Lankan proposal to introduce direct flight service between Dhaka and Colombo, report agencies.

The proposal came when the visiting Sri Lankan Minister for Justice, Constitutional and Ethnic Affairs and National Integration and Deputy Minister for Finance Prof. GL Peiris called on Finance Minister Shah AMS Kibria at his office yesterday.

Officials said that Finance Minister Kibria called for "speedy measures to look into the viability of the air service". They also discussed matters relating to strengthening economic cooperation between the two countries, particularly investment prospects.

The government has adopted a investment liberal policy and undertaken different measures to attract foreign investment in the country, Kibria told the Lankan minister.

"Huge foreign investments have been made in the telecommunications, power and gas sectors," he said.

The Lankan minister stressed exchange of information to identify investment possibilities in different areas. In this context, he proposed to set up a liaison group to follow up the progress in economic cooperation. The Bangladesh finance minister endorsed the idea.

The two sides also exchanged views on prospect of cooperation in tourism sector.

Prof GL Peiris invited the finance minister to visit his country at a convenient time. Sri Lankan High Commissioner EG Dayananda was present.

Russia for barter with ASEAN

SINGAPORE, July 28: Russia's Foreign Minister Igor Ivanov Wednesday proposed that Russia and the Association of Southeast Asian Nations set up a barter trade mechanism in order to avoid mutual foreign exchange restraints, says AP.

"In view of the foreign exchange constraints in Russia and the ASEAN countries, the use of a mutually linked trade mechanism could be a promising area of trade relations — for instance, food supplies to the Far East regions in exchange for Russian machinery and equipment," Ivanov told his Southeast Asian counterparts.

Ivanov called on the ASEAN countries to invest in Russia's Siberia and Far East regions, "particularly in oil, gas, mining, timber, light and food industries."

Russia stands ready to export to the ASEAN countries new types of manufactured goods and technologies, licenses and high technology products, he said.

Ivanov also called for a more intense scientific and technological cooperation, as well as cooperation in space exploration.

Russia possesses a number of cutting-edge technologies in the area of peaceful use of nuclear power, which could be widely applied in the ASEAN countries," he said.

Orientation of 1st AMA-Technohaven batch held

AMA-Technohaven Computer Learning Centre held its orientation programme for the first batch of students at the centre premises Monday, says a news release.

The 1st branch of the AMA-Technohaven was inaugurated by the Finance Minister Shah A M S Kibria on July 3. AMA-Technohaven CLC is a joint venture of AMA Education Group, the largest IT education provider in South-East Asia, and Technohaven Co, a leading software developer and systems integrator in Bangladesh.

AMA-Technohaven provides diploma programme certified under ISO-9002 and accredited by NCC-UK, ALOCU-USA and Lucent Technologies-USA.

AB Bank's India country manager back home

CM Koyes Sami, the Chief Executive and Country Manager of Arab Bangladesh Bank Limited, Indian Operations, has returned home after completion of his tenure and joined the bank's Head Office in Dhaka, says a press release.

Sami has the unique distinction of opening the first overseas branch of Arab Bangladesh Bank Limited in India.

Under the dynamic leadership and vision of Sami whose banking career spans over 30 years, the Mumbai branch of Arab Bangladesh Bank has started making profit since the very first year of its operations.

Sami started his banking career with United Bank Limited in 1969 and later served Commerce Bank Limited and Agrani Bank before joining Arab Bangladesh Bank Limited in 1983.

He attended many seminars and symposia on international banking at home and abroad.

Lanka for nucleus business group to promote trade

Star Business Report

A visiting Sri Lankan trade delegation yesterday observed that formation of a nucleus group of businessmen could promote trade between the two countries.

"Creation of a nucleus group at the initiative of business chambers of the two countries can strengthen trade relations between the two countries," said Professor GL Peiris, Minister for Justice and Constitutional Affairs of Sri Lanka at a meeting with the leaders of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at its auditorium in city.

He hoped that the visit by the high-powered delegation would lay a solid foundation for the promotion of bilateral trade and investment.

Speaking at the meeting, FBCCI President Abdul Awal Minto said the harsh reality in South Asia is that geo-economics gets the upper hand over geo-politics.

"Unless the SAARC countries strengthen bilateral cooperation and fortify their position as an economic bloc, there is every possibility that we shall be swamped by other powerful confederations in world

trade." The trade and economic conditions of the SAARC countries is deplorable, he said, mentioning that the intra-regional trade volume was only three per cent of their total trade.

The FBCCI leader said that Bangladesh and Sri Lanka had been partners in trade for a long time though the current volume is not significant.

The highest export record from Bangladesh to Sri Lanka was US\$10.24 million in 1990-91, but it decreased to US\$1.25 million in 1997-98. Lanka's

highest-recorded export to Bangladesh stood at US\$11.96 million in 1996-97, but it declined to US\$5.72 million in 1997-98, he added.

"We urgently feel the need for diversifying and raising the volume of trade faster."

Chairman of Ceylon Chamber of Commerce (CCC) Ken Balendra said there are tremendous business potentials between the two countries. He mentioned that two members of the visiting delegation were interested in setting up industries in Bangladesh and are looking for partners.

West seen cashing in on globalisation

Tofail blasts slow implementation of URA pledges for LDCs

Commerce and Industries Minister Tofail Ahmed yesterday reiterated his dissatisfaction over the slow progress in implementation of the commitments in the Uruguay Round Agreement (URA) in favour of the least developed countries (LDCs), says BSS.

The minister, spokesman and coordinator of 48 LDCs on trade-related issues, said developed and developing countries are taking advantage of globalisation and liberalisation of trade at the cost of further marginalisation of LDCs.

He said most of the compensatory measures as promised at the URA including better market access, technical support, debt relief and improved trade capacity for LDCs have remained unrealised. But WTO members are going to start second round for further liberalisation of trade, he added.

The minister was inaugurating a two-day roundtable conference on the consequences of the URA for Bangladesh agriculture at CIRDAP auditorium

here yesterday.

Jointly organised by the Ministry of Agriculture UNDP, USAID and FAO, the inaugural function was also addressed by Food and Agriculture Minister Motia Chowdhury as the special guest. USAID Representative David Sprague and FAO Representative Hiroyuki Konuma, Agriculture Secretary AMM Shaukat Ali presided over the inaugural session.

Tofail Ahmed said after the URA, the total trade of LDCs has come down to 0.4 per cent of the global trade from 0.68 per cent and investment flow has come down to less than one per cent from 1.8 per cent of the total global investment flow.

Showing his skepticism, he said in the forthcoming new round, fresh barriers might be imposed to restrict LDCs export. But Bangladesh as usual, will take new issues like environment, competition etc as a challenge and then convert them as opportunities.

Tofail said when Bangladesh

was increasing tremendously RMG export, non-tariff barriers were imposed on RMG export by raising child labour issue. But Bangladesh successfully eliminated child labour from the export oriented RMG sector to overcome the barrier.

He said LDCs are advised not to give subsidies and impose barriers on agri-product imports. "As we are poor nations dependent on others we have to pay heed to those advises. But most developed countries are still providing huge subsidies, protecting local agriculture by imposing quantitative restrictions, tariff wall, levy and other means. These disparities should be stopped."

Referring to the first WTO Ministerial meet, the minister said, WTO members agreed to give LDCs duty-free market access. It was discussed subsequently in the high-level meeting in Geneva and the second WTO Ministerial meet in 1998 in Singapore. But this is yet to be fulfilled.

He said the government is implementing policies to increase agricultural production as well as export of agri-products.

The government is providing cash incentives to export of jute and artificial flower, he said and proposed 10 per cent cash incentives to all agricultural exports. He requested the experts to submit their concrete suggestions for earning maximum benefit in the new WTO round on agriculture and other issues.

Food and Agriculture Minister Motia Chowdhury said donor countries and agencies should give Bangladesh more food aid, financial and technical assistance to combat the situation.

Bangladesh is doing well in maintaining growth in agricultural export she said and informed that Bangladesh exported vegetables worth US\$ 29.48 million in 1997-98 while it was US\$ 14.5 million in 1995-96.

ECNEC approves ten projects

The Executive Committee of the National Economic Council (ECNEC) has approved 10 projects involving over Tk 561.37 crore with Tk 281.11 crore project aid, reports UNB.

The approval was given at the 62nd meeting of ECNEC with its alternative Chairman Finance Minister Shah AMS Kibria in the chair at NEC Conference Room yesterday.

The approved projects include modernisation of Chittagong University under the 5th Five Year Plan, extension of cardiac unit of BIRDEM Hospital (amended), rehabilitation of Natural Gas Fertiliser Factory Ltd, energy retrieve, environment protection and development of on-stream factor of

Ghorashal Fertiliser Factory, coordinated soil fertility and fertiliser management project (second phase) and rehabilitation of power distribution system of DESA damaged by the 1998 floods.

Construction of multistoried car park at the Zia International Airport, introduction of tourism facilities at Sagardari, rehabilitation of people affected due to land acquiring for construction of Bangabandhu Bridge (amended), soil test, management and development of Soil Resources Institute (amended) and north-east small irrigation (bridging) projects, earlier approved by the State Minister for Planning, were also presented in the meeting.

Surplus dearth seen frustrating tea export

MOULVIBAZAR, July 28: There will be no surplus of tea for export in the next 10 years as production is trailing far behind internal demand, reports UNB.

Officials figures showed that the domestic demand has increased by 3.5 per cent as against mere 1 per cent rise in production.

Tea planters are reluctant in expanding the area already leased out to them for extending cultivation by 2.5 per cent every year.

Half of the production is now exported. The exportable surplus is declining due to rapid growth in consumption.

Per capita consumption is now 0.18 kg in Bangladesh as against 0.80 kg in India, 1 kg in

Pakistan and 2.6 kg in England. With the present role of production, Bangladesh will have no exportable surplus when the per capita consumption rises to 0.36 kg.

The authorities are fully aware of the prospect. The Tea Board in its last meeting considered plan to raise the area under tea plantation. They also decided to raise output by 8.50 crore kg by 2015 from 5.5 crore kg now.

Officials said tea production stood at 4 crore kg in 1980. An ambitious project was taken up under the assistance from UK and EEC to raise production to 5.5 crore kg. But the target of 1.5 crore kg could not be reached in 12 years when production rose by only 82 lakh kg.

WB lending hits \$29b record in fiscal 99

WASHINGTON, July 28: World Bank lending reached a record \$29 billion in the fiscal year that ended June 30, an increase of \$1.5 billion over the previous year, the bank said in a statement Tuesday, reports AP.

The banks' main lending arm, the International Bank for Reconstruction and Development, approved loans at market-based interest rates worth \$22.2 billion.

The remaining \$6.8 billion in commitments were made through the International Development Association, which lends funds at cheaper interest rates to poorer countries.

In the previous fiscal year to June 30, 1998, IBRD loans totaled \$21 billion while IDA

commitments were \$7.5 billion. The bank said actually paid out loans for fiscal year 1999 totaled \$24 billion, down from \$25.5 billion the previous year. In some cases, bank loans are not disbursed in the year in which they are approved.

"While we see for a second fiscal year, that the global financial crisis has resulted in record loans, I am cheered to see that the increase in the quality of loans we have provided, as this points to real results on the ground," said James Wolfensohn, the bank president.

Earlier this year the bank said that the failure rate for its projects had declined. Wolfensohn made this one of his objectives when he took over as bank president four years ago.

Group One opens corporate office at Gulshan

Star Business Report

Group One has opened its corporate office at Gulshan in the city.

The office was inaugurated jointly by M H Rahman, President of Dhaka Chamber of Commerce and Industries, and Syed Anisul Huq, President and Managing Director of South-East Bank Ltd, as chief guest and special guest recently, says a press release.

Group One will provide its services in the field of management consultancy, corporate affairs, public relations, advertising, media management, market research, direct marketing event management, travel related services, door-to-door express delivery and logistics, printing and publications.

In his speech, Rahman said Group One is a very timely initiative and it will fill up the vacuum of services need in the country.

Syed Anisul Huq said that banks should extend assistance to small sector industries.

SAM Showket Hossain, Chairman and Managing Director of Group One, explained the programme of work of the new company.

Also who spoke on the occasion were Dan Mozana Counselor of Political and Economic Affairs of US embassy in Dhaka and Dalip Handa, President of International Association of Press Council of Bangladesh and Country Manager of DHL Worldwide Express.

ADB mission due in city Saturday

A high-level Consultation Mission of the Asian Development Bank (ADB) will arrive here July 31 on a two-day visit to develop a comprehensive Private Sector Development Strategy, reports UNB.

The mission, headed by US Executive Director and Ambassador Linda Yang, includes Board Directors Zhao Xiaoyu from China, John Millett from UK, Prasit Ujjin from Thailand and some bank officials from relevant offices.

The mission will meet officials of the ministries of finance, commerce and industries. Chairman of the Privatisation Board, various Chambers of Commerce and Industry, NGOs and the media, said a ADB press release here yesterday.

They will discuss various issues in order to develop a comprehensive private sector development strategy that will assist to build an enabling environment to promote private sector, generate employment, accelerate sustainable economic growth, reduce poverty and promote the inflow of long term capital in the country.

More banks to become SWIFT users

Star Business Report

Banks in Bangladesh are going to be linked with the Society for Worldwide Inter-bank Financial Telecommunication (SWIFT) network.

Meanwhile, seven banks of the country have already joined the network, says a BAFEDA press release.

The banks are: Arab Bangladesh Bank Ltd, Prime Bank Ltd, Islami Bank Bangladesh Ltd, IFIC Bank Ltd, United Commercial Bank Ltd, National Credit and Commerce Bank Ltd, and Bank of Small Industries and Commerce Bangladesh Ltd.

SWIFT undertakes quick transfer of funds, transmission of letters of credit and other related transactions world-wide with safety and security.

The first meeting of the SWIFT users group for Bangladesh was held in the Board Room of Arab Bangladesh Bank Ltd on Monday. Eric Chua, Country Manager of SWIFT regional office in Hong Kong, who is presently on a visit to Dhaka, explained various technical issues concerning installation of SWIFT services on 27th July.

Europe's vulnerable group exposed to Y2K mayhem

LONDON, July 28: If you think that high technology hardly touches your world, watch out — the millennium computer bug could seriously damage your life, reports Reuters.

Pensioners, the long-term unemployed and those dependent on Europe's huge welfare system rely on regular injections of cash from governments to make ends meet.

To them, computers are mostly a vaguely threatening but far-off complication for those in the world of work.

But welfare state recipients depend on a massive computerised infrastructure for the delivery of their benefits. These huge systems are often run by old computers and administered by underfunded organisations.

They look like prime candidates for attack from the millennium bug. It doesn't matter much if a computer crashes and your new car is not delivered on time. But real hardship soon ensues if pensions or dole cheques stop.

"We would expect to see embarrassing disruptive failures in government computer systems which will impact on spending programmes and social security," said Andy Kyte, analyst with US information technology research company Gartner Group.

Computers are exposed to a problem that sounds almost too trivial to be true.

In the 1970s and 1980s, computer programmers saved what was then valuable space by abbreviating years to two digits — like 97 or 85 — knowing that this would cause mayhem in 2000. Computers would be unable to make sense of the last two zeros in 2000 and would crash or start pumping out erroneous data.

Because of the fast moving nature of information technology, there was a widely held belief that this problem would have been overtaken by events before 2000 dawned.

This assumption was false, and companies and governments around the world are scurrying to fix the problem in

time. The Gartner Group said this would cost between \$300 billion and \$600 billion worldwide to fix. Companies have spent huge sums to cure the problem. But governments find it more difficult to mobilise resources to fix what some people dismiss as a fictitious problem.

In Europe the wide-ranging German and French welfare systems are causing concern. Spain, Italy, and Belgium also have huge social security systems.

Robin Guenier, executive director of Britain's Taskforce 2000, a privately funded organization seeking to raise awareness of the millennium bug, has been scathing in his criticism of the British government's plans to thwart the problem.

But Guenier does concede that Britain's efforts compared favourably even with the perceived leader, the United States.

Britain has also been relatively open about its problems. "We know they (Germany and France) started later. We

know they do have very old legacy mainframe systems running social security systems in Germany and France," Guenier said.

"We haven't finished but the UK is doing quite well. Germany and France surely cannot have finished. So little information is available from either country and that's an indicator that things could be very bad," Guenier said.

Ian Taylor, an opposition Conservative member of parliament and former minister for technology, is impressed with progress in Britain and the Netherlands.

"I'm not so sure about the public sector in France and Germany. Whenever I ask their MPs they've not been very impressed about what they've learned from their governments," Taylor said.

"I have seen no objective evidence that software systems have been thoroughly analysed and inspected in the big continental welfare systems," Taylor said.

Taylor said compared with

the business world, government officials had less motivation to fix the problem. But firms dedicated to fixing the problem were still in difficulties.

"Even with harsh commercial reality to drive them on some companies are struggling. I cannot believe that public services within the European Union have quite the same external drive to get this right," Taylor said.

Gartner Group's Kyte said he was less worried about France than Germany. French Prime Minister Lionel Jospin issued tough instructions late last year to central and local governments to ensure continuity in public services. Finance Minister Dominique Strauss-Kahn also intervened to insist on action.

"These were significant interventions. Until then Y2K lacked a degree of credibility. This was a marked change in gear. It's not to say they are out of the woods, but it's very clear serious work is being done now," said Kyte.

"This really is in marked

contrast to Germany where we still don't see any evidence of leadership recognising the reality of the Y2K threat and putting in place necessary actions," said Kyte.

Kyte said the French action had been undertaken with no additional spending. He said it would be unfair to single out France and Germany.

Government IT (information technology) is vast, complex and amongst the least prepared for Y2K in almost any geography where we perform research.

"The implication is we are going to see more snafus; the reality is IT in the public sector is not the greatest bug-free software in the world," said Kyte.

The worry for political leaders is the possible reaction from social security claimants to a failure to deliver funds.

Last January in the French city of Marseille, frustrated benefit claimants smashed up three post offices when a computer problem lasting a week blocked payments.