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Dhaka to get $33m from WB, GEF for fisheries project

Bangladesh will receive 33 million US dollars (equivalent to about Tk 163 crore) as assistance from the World Bank and Global Environment Facility (GEF) for the 'Fourth Fisheries Project' under two agreements signed here yesterday, says BSS.

An official press release said the agreements were signed by Dr Masihur Rahman, Secretary of ERD on behalf of the Government of Bangladesh and Frederick T. Temple, Country Director of World Bank, on behalf of the World Bank and GEF in the Economic Relations Division here.

Programmes under the fisheries project will be carried out in a five-year period from 1999 to 2004.

The objective of the project is to support sustainable growth in the equitable distribution of the benefits generated from fish and shrimp production for domestic consumption and exports, the press release said.

The project will contribute to poverty alleviation in Bangladesh by improving livelihood of poor people dependent on fisheries resources.

In addition, the increased production will bring about important nutritional and health benefits particularly for the poor people.

BB T-bill auction held

The 52nd auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held here yesterday, says UNB.

A total of Tk 913.60 crore, Tk 73.10 crore, Tk 40.50 crore, Tk 27 crore and Tk 21 crore were offered respectively for the 28-day, 91-day, 182-day, 364-day and 2-year bills.

Of these, Tk 785.80 crore, Tk 33 crore and Tk 3 crore of the 28-day, 91-day and 182-day bills were accepted respectively. Range of the accepted implicit yields were 6.82-7.06 per cent, 7.95-8.00 per cent and 8.20 per cent per annum.

The bids offered for the 364-day and 2-year bills were not accepted and no bid was offered for the 5-year bill, said a Bangladesh Bank press release.

HSBC launches new product

HSBC, Bangladesh has launched yet another international product — Personal Secured Credit, says a press release.

Personal Secured Credit is an over draft which is linked to fixed deposits.

It gives the flexibility of extra cash in times of need, without encashing the fixed deposits.

This product is available with all HSBC offices at Dhaka Main Office, Gulshan Booth, Motijheel Booth, and in Chittagong.

Workshop on commerce ministry project profile tomorrow

A workshop on 'Project Profile of Organisational Review: Ministry of Commerce' under the joint auspices of DFID, UK and Bangladesh will be held at the conference room of FBCCI in the city tomorrow at 10 in the morning, says UNB.

A draft report of project profile will be prepared on the basis of questionnaire/ discussion, opinions and suggestions of the concerned officials and heads of government and non-government commercial establishments at the seminar.

The FBCCI office bearers, representatives of its member-bodies, government officials and leading industrialists and businessmen will attend the workshop.

BIA course begins today

A week-long "advanced course for executive development", organised by Bangladesh Insurance Academy (BIA) will begin at the BIA Bhaban in the city today, says a press release.

Executives and Officers from Jiban Bima Corporation and some other life insurance companies will participate in the course.

The course is expected to be inaugurated by K M Mortuza Ali, Director of the Academy.

Clarification

Bangladesh Computer Samity (BCS) has issued a clarification to a news item published on Saturday's issue of The Daily Star titled "Computer software dev park opens Sept 11."

"On September 11, the BCS Computer Show '99 and BCS Computer City will be inaugurated," BCS president Aftabul Islam said.

He also said that the government had recently approved a BCS proposal for setting up a "temporary" Software Technology Park (STP) at the city's IDB Bhaban, as the 19 acre allocated land at Mahakhali will require around three to four years for development and construction of the building and the other facilities.

Annual earnings to reach $10b soon: Tofail

Govt launches $50m export diversification project

Star Business Report

Minister for Commerce and Industries Tofail Ahmed yesterday hoped that the country's annual export earnings would reach US$ 10 billion very soon from the current level of US$ 5.3 billion provided the government and private sector work closely to diversify exportables.

The private sector-government joint move can help the total export earnings reach US$ 10 billion, he said, while addressing as chief guest the launching ceremony of Bangladesh Export Diversification Project (BDXDP) at a city hotel.

BDXDP was formally launched with a US$ 50 million assistance package from the World Bank, aiming to help Bangladeshi exporters to diversify their export items and increase earnings.

The launching ceremony was also addressed by the World Bank Country Director Frederick T Temple, Commerce Secretary Sayed Alamgir Farouk Chowdhury, Additional Secretary of the Ministry of Commerce and Project Director Fazlul Huq, Chairman of the National Board of Revenue Abdul Muyeed Chowdhury, former adviser of caretaker government Syed Monjur Elahi, former President of Federation of Bangladesh Chamber of Commerce and Industry Yusuf Abdullah Harun, BDXDP foreign experts on different components of the project Charles Draper, Matt Moran, Martyn Kebbell, Graeme Ludlow and David T Rettie.

"To increase export earnings we will have to diversify our export items as well as explore export markets with a view to finding out new areas where our products can be sold," Tofail Ahmed said. In this regard, he referred to the understanding reached with the Indian government on giving duty-free access to some Bangladeshi items.

Frederick T Temple hoped that with the help of this project Bangladeshi exporters would be able to sustain the momentum which they had already achieved in the garments, shrimp and leather sectors.

He underscored the need for a political will to overcome the narrow vested interest in order to serve broader public interests.

"Bangladesh must make more rapid progress in addressing the problems which drive up the costs of doing business and thus undercut other steps to increase export competitiveness," Temple said.

High interest rates, lack of sufficient medium and long-term financing, poor power system problematic ports and weak law and order situation are the main causes for the rise in the cost of running businesses here, according to the WB country director.

He also underscored the need for maintaining a competitive exchange rate for the flourishment of export business.

Syed Monjur Elahi said that the country's poor image was the biggest problem Bangladeshi exporters always faced. He called on the exporters to use the money for finding new markets.

Unless you have proper markets for your products, the effort for improving quality and diversifying items will become meaningless, he said. In this regard, he mentioned that nine shoe factories set up with high-tech machinery could not export their products mainly due to lack of markets.

Before setting up industries, they did not make enough study to market their products, Elahi said. There are many such instances where entrepreneurs could not earn profits even after producing quality goods, he added.

The 50 million dollar project will have four components — Policy Analysis and Trade Cooperation (PATC), Maching Grant Facility Management Unit (MGF), Customs Administrative Modernisation (CAM) and Project Co-ordination and Development Unit (PCU).

Almost half of the project money, 24 million dollars, would be spent in the MGF unit under which exporters will get 50 per cent assistance in developing new products and expanding markets.

A total of 12 million dollars will be provided to the exporters as grants from this project, said a senior official of the Ministry of Commerce who is working with the project.

Move to offload two more units underway

Golden handshake starts at another jute mill

Payoff started yesterday for the workers of one of two state-owned jute mills that will be offloaded in the next one month, says UNB.

These two mills — Nabarun and Mymensingh jute mills — will be added to the Purbachal Jute Mill and Hafiz Textile privatised in 1997, after the present government took over.

Earlier, Purbachal Jute Mill in Jessore has been handed over in foreign currency to a private party while Hafiz Textile could not yet be made over as the new owner retreated following a land dispute.

The government, however, confiscated about Tk 2.5 crore, the amount deposited by the private-sector buyer of Hafiz Textile during the deal.

"We privatised the mill and wanted to hand over it. But the buyer is at fault, and later he refused to take it," State Minister for Jute A K Faezul Huq said yesterday while inaugurating the golden handshake of workers of Nabarun Jute Mills Ltd at BJMC office at Motijheel.

Besides, he informed, process is going on to offload two more units — Bawa Jute Mills and Monwar Jute Mills — both in Narayanganj.

Privatisation Board Chairman Kazi Zafarullah, KM Shafiullah MP, Jute Secretary Mahfuzul Islam, BJMC Chairman Abu Osman Chowdhury and CBA president of the mill Mofazzal Hossain Bhuiyan were present on the occasion.

Over 1100 workers and employees of Nabarun Jute Mills Ltd will get Tk 12.47 crore under golden-handshake programme before the mill is formally handed over to Uttara Traders (Pvt) Ltd.

Located at Rupganj in Narayanganj district, the mill is being sold at about Tk 14 crore.

Local MP KM Shafiullah initiated the golden handshake distributing cheques among 24 workers of the mills yesterday.

The State Minister said all the rest workers and employees would be given their dues and extras in one month before it is handed over to private buyer.

Meanwhile, golden handshake of workers of the Mymensingh Jute Mills is near completion and it will be handed to private sector in one month, he hoped.

He assured the terminated workers that the government would look into whether skilled labourers could be re-employed after privatisation.

"All of you may not get jobs, but the skilled one will be employed again. The government will take care," he told the laid-off workers.

Workers who received the cheques, however, did not welcome the sellout of the factory, which they said was profitable.

"The government should not have sold the mills as it is making profit," said Nayeb Ali, who got a cheque for Tk 1.5 lakh after 30 years in service. He said he did not expect further employment and disclosed his plans to start dairy farming with the money given.

Mujibur Rahman has served in Nabarun seven years and was given two cheques worth about Tk 22,000. He expected he would be employed again in the mill.

Some 35-state-owned jute mills under Bangladesh Jute Mills Corporation (BJMC) have already been privatised since the process began in 1982.

The BJMC now has a total of 35 running jute mills.

Privatisation Board Chairman Kazi Zafarullah told newsmen that the Board earmarked 50 state-owned enterprises, including seven in jute sector, for privatising in the current fiscal.

Nine of them are at different stages of privatisation, he said, referring to a dearth of buyers.

Country reaps Tk 872cr benefit from EPZs last fiscal

The country reaped an estimated economic benefit of Tk 872 crore from its two Export Processing Zones (EPZs) in last fiscal, which is considered as a significant contribution to the national economy, reports UNB.

Officials said that the amount was 27 per cent higher than that of the previous fiscal. Chittagong and Dhaka EPZs had contributed Tk 636.68 crore in the fiscal 1997-98.

Bangladesh Export Processing Zones Authority (BEPZA) calculates the value addition at the rate of 25 per cent on total exports from the two exclusive zones.

The elements relevant for estimating the benefits include wages, utility bills, telecommunications bills, procurement of domestic goods, service charges to bank, insurance companies and clearing and forwarding agents, consumption expenditure by foreign expatriates, rental income and administrative costs incurred by enterprises.

Sources said that a significant amount of income has accrued to transport sector, subcontracting with enterprises in the domestic tariff areas (DTA), enterprises in Bangladesh outside EPZs, and interest on borrowed capital (local), but there is no basis to estimate these figures.

Income from support services in underestimated, they added.

The net benefit of Bangladesh EPZs is the returns in terms of labour.

Both the EPZs with their present levels of operations are employing 84074 skilled and unskilled workforce that generated an annual net income of Tk 226.80 crore in 1998-99. BEPZA estimates monthly average wages of US dollar 45 per person.

Sources said that when all the sanctioned industries would become fully operational, total employment would rise up to 1.5 lakh and their expected wages around Tk 406 crore.

Moreover, the enterprises of EPZs have been spending a considerable amount of money for the benefit of the employees, like fooding or food arrangement, conveyance or transport arrangement and medical arrangement every year.

EPZ enterprises are the massive users of the telecommunications that plays a significant role in modern business activities. During 1997-98, EPZ enterprises had spent about Tk 30 crore on telephone, telex and fax.

Sources said that from the export proceeds of EPZ enterprises, the amount of foreign exchange being converted to local currency for procurement of goods and services from the local economy was considered to be national income.

The value of this volume of foreign exchange thus received means an add-on to national foreign exchange holding by which Bangladesh may help reduce the adverse balance of payments, they added.

EPZ enterprises are encouraged to procure domestically produced raw materials, packing materials, spares and accessories as import substitution, they said, adding that within the span of 10-15 years so many linkage industries have been set up to give forward linkage to EPZ industries.

They said this sort of domestic procurement by the EPZ enterprises add to the economy a substantial amount of foreign currency as well as expands the industrial base in DTA.

It was estimated that EPZ enterprises procured domestic goods worth, US dollar 16 million in 1998-99 while it was US dollar 7.79 million in 1997-98 and US dollar 5.57 million in 1996-97.

Sources said to cope with high production and export requirements, many EPZ units shift their manufacturing process or part of the process outside EPZ under sub-contracting arrangement with DTA enterprises, but the figure is not readily available.

"It's an excellent addition to the national economy that by setting up of EPZs in Bangladesh a sizable amount of income accrues to a number of support services located in and around EPZ," said one official.

These include bank, insurance companies, clearing and forwarding agents, container services, courier services, consultants, contractors and auditors.

It was estimated in 1997-98 that the expenditure on account of use of these services amounted to Tk 168.27 crore.

Although a significant amount of income attached to transport services, sources said, market services in and around EPZ areas should also be treated as income from support services which remains beyond estimation.

They said EPZ is a single-unit biggest consumer of utility supplies like electricity, water and gas. The utility bills paid by the EPZ enterprises is estimated at Tk 42 crore annually.

The foreign expatriates working EPZ enterprises draw a substantial amount of emolument annually. At present there are 656 expatriates employed in the two EPZs.

It has been suggested that the foreigners should enjoy total emoluments in cash and kind to the tune of US dollar 1,000 per month.

If, sources said, they spend around 50 per cent of their incomes for buying goods and services from the local market, the figure would be Tk 1.60 crore.

Dancers from a Chinese ethnic minority tribe perform during the Beijing International Tourism parade, Sunday. Thousands of people line up the street in the capital city to watch the parade, one of the many events in the run-up to the 50th anniversary celebrations on October 1.
— AFP photo

ERD Secretary Masihur Rahman and World Bank Country Director Frederick T Temple exchange the documents of two signed agreements on Fourth Fisheries Project in the city yesterday.
— WB photo

Lankan e-mail scandal exposes Internet users' vulnerability

COLOMBO, Sept 5: An e-mail scandal which has erupted into a sensitive political issue in Sri Lanka has exposed the absence of laws protecting Internet users and the immunity enjoyed by computer hackers, reports AFP.

An Internet service provider (ISP) dragged into the controversy over alleged government tapping of e-mail voiced the hope that authorities would enact laws to restore public confidence in the Internet.

The ISP, Lanka Internet, said laws were inadequate to deal with issues relating to the Internet but said public debate over the e-mail scandal could have a positive impact on legislators.

"It is not right for one person to read and publish the contents of another's e-mail but there is nothing specific in law (against it)," Lanka Internet chief executive, Hemantha Jayawardena, said. "In Sri Lanka computer hacking is not an offence."

The e-mail scandal broke last month when Science and Technology Minister Batty Weerakoon read out in cabinet an e-mail meant for former prime minister Ranil Wickremesinghe.

Wickremesinghe, now leader of the opposition, accused Weerakoon of intercepting his e-mail and said the government was screening telephone calls, fax messages and e-mails of journalists, politicians and businessmen.

Wickremesinghe insisted that an e-mail addressed to him had been intercepted by Weerakoon in violation of the telecommunications act. The minister denies any wrongdoing.

Weerakoon said he read out Wickremesinghe's e-mail at a cabinet meeting because there was a mention of buying a digital video camera and a lapel micro phone for the opposition.

The minister maintained the equipment could threaten national security.

"It was a shock to the Internet industry here," said another Lanka Internet executive Nishantha Abeywardena. "We had queries from quite a few people about the security of e-mail and we had to spend a lot of time explaining."

When a reporter asked Weerakoon how he got the e-mail meant for the opposition leader, he simply said: "I am the minister of science and technology."

But the minister went on to accuse Lanka Internet of misdirecting the opposition e-mail and said there could be more than one person with identical addresses and the opposition should be more careful in selecting their server.

However, Weerakoon has since apologised to Lanka Internet for his blunder.

"I hope I have made amends regarding whatever embarrassment may have been caused to Lanka Internet Services on what I stated in parliament," he said.

But Lanka Internet says the issue goes beyond educating the minister. Many people were careless about their passwords and were entering the wrong addresses when sending e-mails, the company said.

Foreign investors see economic boom in post-polls India

NEW DELHI, Sept 5: Foreign institutional investors say they expect India's fledgling economic recovery to turn into a full-blown boom in the coming months with elections starting today widely expected to bring a majority government to power, reports Reuters.

"All indications are that India will have a stable government and the agenda of economic reform will pick up," said P K Basu, Singapore-based chief economist for Southeast Asia at Credit Suisse First Boston.

Opinion polls tip a coalition led by the ruling Bharatiya Janata Party (BJP) to win parliamentary majority.

"We've seen a cyclical rebound in the Indian economy. Any stable government with a coherent set of policies will set the stage for a fair amount of growth over the next few years," said Arjun Divecha, who manages $1.3 billion in emerging market funds at Grantham Mayo Van Otterloo in Berkeley, California.

The BJP government's projection of seven per cent growth in Gross Domestic Product in fiscal 1999/2000 is within target, with several macro-economic factors converging to provide the necessary push for a sharp economic upswing, analysts said.

An unusually good harvest year this year has put money in the pockets of farmers who have pushed up demand for consumer and durable goods, helping lift the country from a three-year economic slowdown. Bumper crops are holding down prices of agricultural goods, comprising about a third of the economy.

That in turn has helped keep a lid on inflation. Both consumer and whole-sale price inflation, at 3.2 per cent and 1.5 per cent respectively, are at nearly two-decade lows. Foreign exchange reserves are at $33 billion.

That will give the next regime a little room to lower relatively high short-term interest rates and spur infrastructure and fixed business investments, analysts said. The prime lending rate of public sector banks ranges between 12 and 13.5 per cent.

"Agricultural production has provided a sort of trigger, but going forward, the key driver is going to be infrastructure," said Ridham Desai, strategist at JM Morgan Stanley in Bombay.

An improving economy will boost corporate earnings and ease the way for the key Bombay stock market Sensitive Index (Sensex) to cross the 5,000 barrier this fiscal year, many foreign institutional investors project.

JM Morgan Stanley has a target for the Sensex to touch 5,800 by the middle of next year, building on a 70 per cent gain in the Sensex since October last year. CSFB's Basu said his bank has an end-year target of 5,400.

"There is still room in this market. We could touch 6,000 by the middle of next year," said Sanjiv Sanghvi, head of securities at HSBC Securities in Bombay.

Brokers say India's market is fairly valued in terms of current corporate earnings but relatively cheap on the basis of forward earnings.

The market is trading at 16.5 times projected corporate earnings in 1999/2000 and 14 times 2000/2001 earnings, said Deepak Lalwani, broker at Astaire & Partners in London.

But India's problem is that it is not the only cheap market in Asia right now. "At this stage, do I want to chase Indian/cyclical stocks? The answer is probably no. The smaller market capitalisations of Indonesia, Thailand and the Philippines will probably do better," said Tim Love, emerging markets strategist at Societe Generale in London.

Analysts also point to some market technical factors working against India, the most significant being the impending change in the Morgan Stanley Capital International Emerging Markets Free (MSCI EMF) index. Most international investors follow the index.

India's current weighting in the EMF index is 8.5 per cent as of July 30 but will go down as Morgan Stanley brings back Malaysia into the market benchmark in about six months.

"With the change in the MSCI index, we may not see huge fresh flow (of funds) into India," said HSBC's Sanghvi.

Others point to India's large and growing fiscal deficit at four per cent of GDP, and the government's huge borrowing needs, as the two strong deterrents to investment.

"The one area that continues to need reform is the fiscal deficit," said Jeff Chowdhry, director at Foreign & Colonial in London.

International investors, burned last year by losses in Brazil and Russia — both countries with large fiscal deficits and huge government debt — are especially weary of fiscal profligacy.

"The government needs to divest the public sector, to make labour sector reforms, there are no secrets here," said Divecha at Grantham Mayo.

Unless that happens with the next government, analysts say, few foreign investors will bring large chunks of new investment into India.