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Lankan financial sector ready for Y2K

COLOMBO, Nov 10: Sri Lanka's banking and financial sector is confident of overcoming the millennium bug and contingency plans have been put into place to meet any problems, the Central Bank Governor said today, reports Reuters.

"The banking and financial sector is not expected to face difficulties in achieving Y2K compliance. However, all institutions, including those with low levels of computerisation, have contingency plans in place," AS Jayawardena told a media conference.

He said the Central Bank will ensure adequate liquidity and has instructed all banks to print and send statements of balances of all customer accounts, debtors and creditors, confirming their status before the year-end.

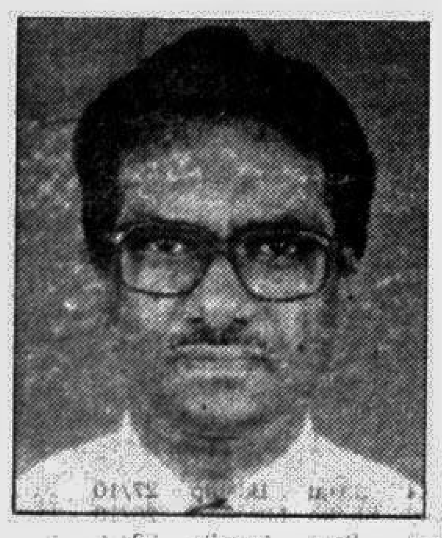
"Liquidity is the main problem but since Sri Lanka is predominantly a cash based economy people are always holding cash," Jayawardena said.

"We will ensure that there is adequate cash in circulation."

The contingency plans that will be adopted by the banks will include their own power generation and facilities to carry out manual transactions, officials said.

The World Bank in January approved a $29 million loan to help Sri Lanka ensure that key agencies and the financial sector can handle potential computer problems resulting from the year 2000 date change.

New MD of Sonali Bank

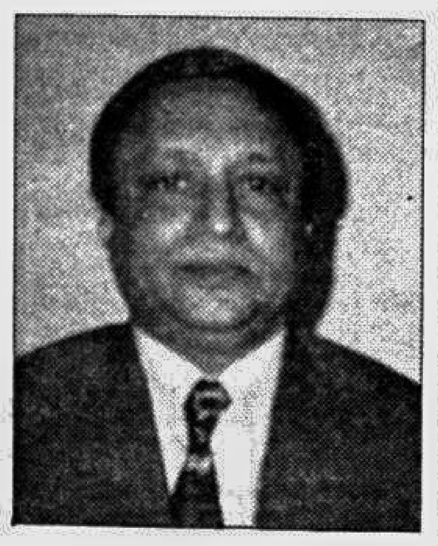


Mohammad Hossain has joined Sonali Bank as Managing Director on Tuesday.

Prior to this assignment, he was the Managing Director (current charge) of the same bank, says a press release.

Hossain started his career as an officer of the then United Bank Ltd. In his long banking career, he held various important positions including GM of Janata and Sonali Bank and MD (current charge) of Rupali Bank.

New MD of BSRS



MA Yousoof took over the charge of Managing Director of Bangladesh Shilpa Rin Sanghstha (BSRS) on Monday, says a press release.

Prior to joining BSRS, he was the Deputy Managing Director of Janata Bank.

Yousoof did his Masters in Public Administration from Dhaka University and obtained Post Graduate degree in Business Management from Michigan University, USA. Besides, he also obtained a Diploma from the Agri Business Management Development Graduate School of USDA.

Apart from rendering his service as a banker, he has also published a number of valuable publications which include, among others, 'Transaction in Foreign Exchange Principal & Practice' and 'Agricultural Credit Management in Bangladesh: Problems and Prospects'.

Faysal Bank CEO due in city Nov 14

Nabil A Nassief, President and Chief Executive Officer (CEO), and Hasan Al Jabri, Chief Operating Officer (COO) of Faysal Islamic Bank of Bahrain, are due in the city on November 14.

During their stay, they will call on Governor of Bangladesh Bank and meet some clients of FIBB, says a press release.

In Bangladesh, the bank has performed considerably well, taking project exposures in some strategically important sectors of the economy, it added.

Bangladesh resumes manpower export to Malaysia next month

Bangladesh will resume export of trained manpower to Malaysia next month after a nearly two-year recess under special arrangement, Labour and Employment Minister MA Mannan said here Tuesday.

Talking to BSS the Minister said, "We will send 1,500 skilled workers in the first phase and the number will increase gradually."

Malaysia stopped recruiting manpower from Bangladesh and other Asian countries in 1997 and declared 150,000 out of 300,000 Bangladeshi workers in Malaysia illegal.

Malaysian Prime Minister Dr Mahathir Mohamad reviewed his government's overseas labour recruitment policy at the request of Prime Minister Sheikh Hasina and decided to resume recruitment of Bangladeshi workers there.

The Labour and Employment Ministry had a meeting with the officials of Bangladesh Association of International Recruiting Agencies (BAIRA) early this month to set the modalities of manpower export and the responsibilities of recruiting agents.

Replying to a question the minister said, the government is determined to maintain some strict principles on manpower export to Malaysia and other countries to uphold the goodwill and image of the country.

He pointed out that more than 150,000 Bangladeshi workers, who were declared illegal by the Malaysian government, have eventually been legalised in 1997 and 1998, following personal initiative of Prime Minister Sheikh Hasina.

They have now got back their jobs in construction sector, factories, plantations and hotels.

Mannan said his government would strictly monitor the activities of local manpower recruitment agents for ensuring smooth export of manpower abroad.

"The government will maintain strict principle and policy in exporting manpower to Malaysia and the other countries as well," he added.

BB call for TU suspension in NCBs falls on deaf ears

The Bangladesh Bank recommendation for suspending trade unionism in the nationalised commercial banks (NCBs) apparently fell on deaf ears of the government, reports UNB.

A task force headed by the central bank Deputy Governor Khondkar Ibrahim Khaled submitted its report recommending a three-year suspension on trade unionism in NCBs, if the donors-prescribed total ban on TU in financial institutions was not possible.

It advocated an intensive reform in trade unionism and laws related to it to be carried out during the three-year period before a new collective bargaining agent appears through a fresh election.

The task force favoured barring any trade union to be affiliated with a political party. It also prescribed a bar on one's being an office-bearer more than twice.

The task force was formed in the backdrop of growing allegations against trade unions in NCBs for interfering into administrative and managerial affairs like transfer, promotion and sanctioning of loans.

All those recommendations were learnt to be shelved in the Finance Ministry for about two years.

Finance Secretary Dr Akbar Ali Khan told the news agency last week that no decision had been taken so far on the recommendations regarding trade unionism in NCBs.

The ministry, however, gave an administrative order asking the largest state-owned bank, Sonali Bank, on November 1 to stop trade union activities in all its branches other than the head office.

The order was given at a hurriedly-called meeting between the ministry and the SB Board of Directors that followed the Parliamentary Standing Committee's concern expressed a day before about the bank's huge classified loans.

Investment Promotion Presentation in C'wealth Forum

FBCCI demands zero-tariff access for LDC products

JOHANNESBURG, Nov 10: Bangladesh business leaders urged the developed countries to provide zero-tariff access for the LDC products to their markets to reduce economic disparity between the two hemispheres, reports UNB.

Speaking in the inaugural session of the Bangladesh Investment Promotion Presentation in the Commonwealth Business Forum here on Tuesday afternoon, FBCCI President Abdul Awal Mintoo said Bangladesh needed a major shift from aid to FDI (foreign direct investment).

"FDI has become an issue of vital importance for Bangladesh and its economy as the industrially-advanced countries are reducing the amounts of aid and severe competition from the poor and newly-independent countries is being faced by Bangladesh," he told the audience.

Mintoo is leading a seven-member business delegation in this major international business summit, ahead of Commonwealth Summit.

The Forum drew together business and government leaders from 54 Commonwealth countries to review business practices, unfolding economic trends and important elements of governmental economic policies.

Jointly organised by Commonwealth Business Council, Commonwealth Secretariat and the government of South Africa, the three-day meet that began in the morning was formally inaugurated by South African President Thabo Mbeki in the evening.

Ten heads of government are attending the third Commonwealth Business forum on the eve of Commonwealth Heads of Government Meeting (CHOGM) beginning November 12 in Durban.

Making his presentation, the FBCCI President urged the developed Commonwealth nations to play an effective role for improving the economic and social conditions of the poverty-stricken LDC members.

Mintoo also stressed the need for undertaking a target-group approved for inducing and increasing the flow of FDI into the LDC member nation.

The Bangladesh Investment Promotion Presentation was jointly organised by BOI and Bangladesh High Commission in South Africa.

The presentation session was chaired by Executive Chairman of BOI M Mokammel Haque, while FBCCI President Abdul Awal Mintoo, President of South African Chamber of Business (SACOB) Mervyn King and Chairman of Commonwealth Business Council Lord Earl Cairns attended.

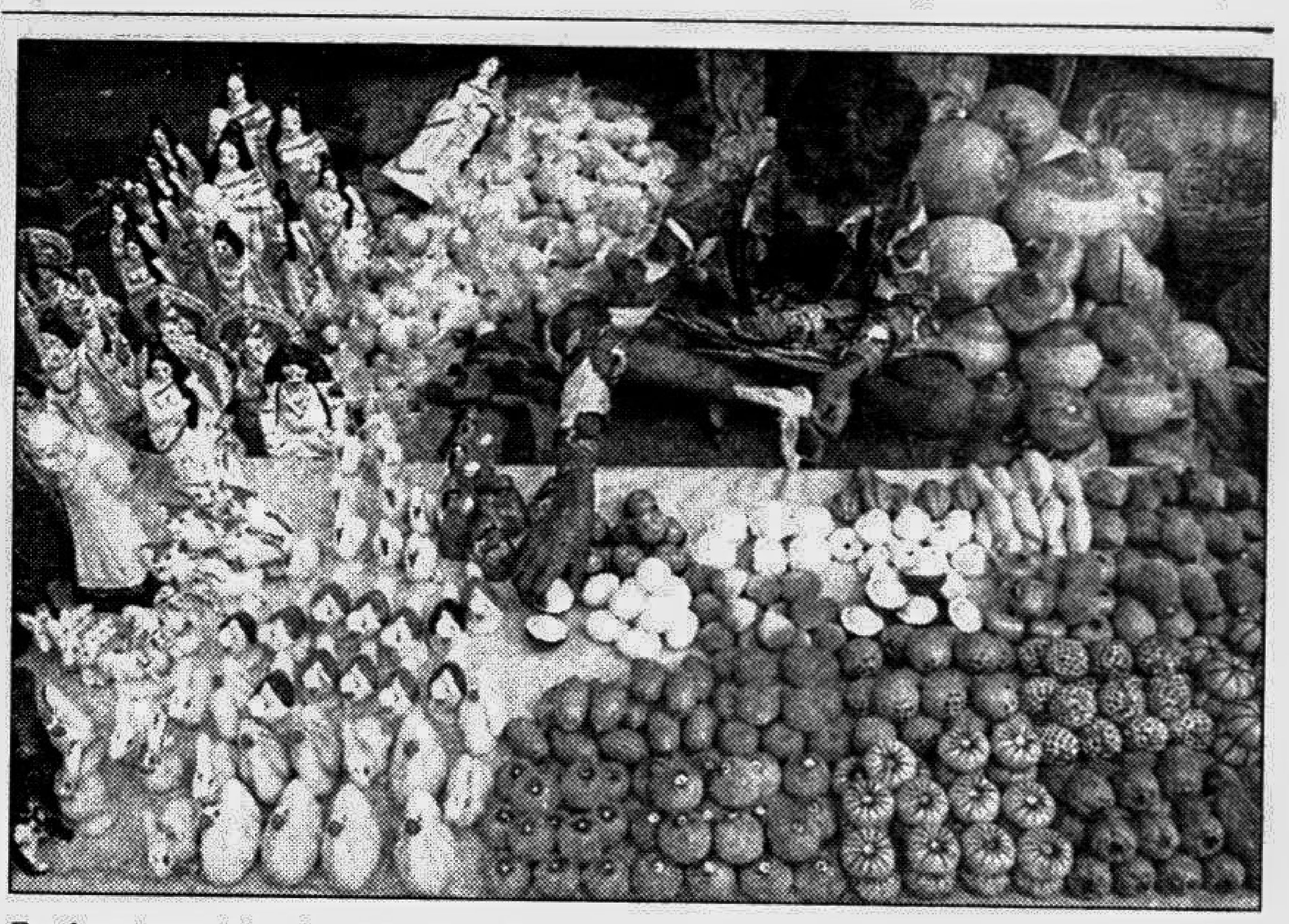
S Arabia to hold exclusive trade fair in Tehran

TEHRAN, Nov 10: Saudi Arabia is to hold its first ever exclusive trade fair in Tehran with the participation of over 200 businessmen from 75 industrial and commercial companies, Iran's Export Promotion Center announced here on Tuesday, reports Xinhua.

The six-day fair, to open on November 14, will put on display the latest products made in Saudi Arabia in an area of 300 square metres, the Islamic Republic News Agency reported.

The products on display will include foodstuffs, chemical, petrochemical, plastic products, pipes and junctions, minerals, aluminium products, furniture, household and electrical appliances, all types of air filter, raw material for plastic products, mineral water, raw material, all types of paper, packaging machineries and various kinds of insulators.

The fair is to be held under a mutual agreement signed between Iran's Export Promotion Center and the International Fairs Company of Jeddah.



Earthen toys with colourful paints for sale on a Dhaka street Wednesday. The traditional crafts are still popular with Bangladeshi children, despite the availability of imported toys in the larger markets.

— AFP photo

Key powers, emerging economies for tariffs on LDC products

GENEVA, Nov 10: Major powers and key emerging economies voiced reluctance yesterday to agree to drop permanently all tariffs on goods from the world's 48 least developed countries (LDCs) — a proposal many once championed, reports Reuters.

The European Union, Japan and Canada told a meeting at the World Trade Organisation (WTO) discussing the inclusion of the pledge in a key declaration to be issued in Seattle next month that they could not commit themselves totally to the idea.

Diplomats said the United States held back, saying that President Bill Clinton would issue a statement on the issue shortly, but there was no immediate indication on what this would contain.

Brazil and India, two of the most influential developing countries in the 134-member WTO, argued that large regions of their own were as poor as most LDCs and insisted that the richer powers should bear the main burden.

Brazil, which like all other emerging economies would have a transition period under the proposal, also argued that some goods from these countries were highly competitive.

The initiative was intended as a key element of a declaration to be issued on December 3 by WTO trade ministers at the end of a four-day meeting in Seattle, which had been expected to agree to launch a new trade round next year.

But Tuesday's debate, diplomats said, showed that even on what had been viewed as a non-contentious issue, government who have the final saying the trade body were reluctant to give way on what they see as vital issues.

"If we can't agree on this, what can we agree on?" demanded one trade envoy sympathetic to the plight of the LDCs who account for only one half of one per cent of global trade.

At the centre of the problem was the wording of the declaration, which the many powers felt went too far. A draft is being compiled by WTO General Council chairman Ali Mchumo of Tanzania and WTO experts.

The diplomats said the big powers, echoed by Switzerland, made clear they did not like the commitment to bind, or effectively promise to keep for all time, the measure or the idea of extending it to all LDC exports.

Textiles produced in Bangladesh, one of the biggest LDCs, and some finished agricultural products were believed to be at the centre of their concern.

New Pak ruler still short of clear economic plans

ISLAMABAD, Nov 10: After a month in power, Pakistan's new military ruler will soon disappoint unless he quickly comes up with a detailed rescue plan for the country's sluggish economy, analysts say, reports AFP.

Top of the list for General Pervez Musharraf, who seized power in a bloodless coup last month, is to restore relations with the International Monetary Fund and to reopen vital creditlines.

Although Musharraf has highlighted the economy as his key challenge, he has come up with few specific proposals.

The general has promised a war on corruption, with new courts due to be set up next week which will deal particularly with the vast number of loan defaulters in Pakistan.

In addition, the new finance minister Shaukat Aziz is reportedly planning an across the board sales tax, although he has yet to make a formal announcement. "People are now looking for something more specific. In the next 10 days or so we are expecting some proposals," said Mushtaq Khan, chief economist at investment bank ABN Amro in Islamabad.

"To revive the economy he must interact with the IMF. Hopefully he will invite an IMF team over."

The IMF has set in place a 1.5 -billion-dollar creditline for Pakistan, of which Islamabad has drawn barely a tenth. The next installment is still under negotiation and the IMF has warned it is concerned about the military coup.

The Fund will want clear reforms before the loan is granted.

"I don't envy the new government. The first couple of measures are going to be hard. I hope the people appreciate this has to be done," Khan said. The Fund will want a sales tax introduced, to boost paltry tax revenues in a country where fewer than two per cent of the 140 million population pay tax. The IMF will also want petrol prices to be raised in line with international prices, Khan said.

Both steps have long been discussed here but are deeply unpopular.

"The government has changed but the problems have not," Khan said. "We cannot go the isolationist road and this government knows that, which is heartening."

Pakistan's economic growth is reasonable, thanks to a usually strong cotton crop, but is not soaring as economists say it should.

In the past fiscal year to June the economy grew 3.1 per cent and ABN Amro forecasts growth of 3.0 to 3.5 per cent this year.

"We must think and devote our energies to finding policies that would aim at fundamental restructuring of the economy," finance minister Aziz, a former Citibank executive, said last week.

Aziz has little room to manoeuvre. Foreign currency reserves are a fragile 1.5 billion dollars and Islamabad must service its huge annual external debts, worth more than 32 billion dollars.

"I am not sure they have really got to the heart of the matter so far," said Shahrukh Rafi Khan, executive director of the Sustainable Development Policy Institute, a thinktank in Islamabad.

He said the key was to reduce the huge slice of the national budget now swallowed up by servicing debt and military funding, which cost more than half Pakistan's output.

In addition the new military regime should not shy away from unpopular policies, like a broad sales tax, he said. And a promised crackdown on corruption, due to begin on November 17, would be crucial.

"People are waiting for the 17th to see whether heads will roll and if so what heads will roll," he said.

WB VP calls for tackling looming AIDS threat to productivity

Star Business Report

A mute time bomb is ticking in the form of acquired immunodeficiency syndrome (AIDS) and Bangladesh needs to defuse the threat right now to keep productivity up.

"Reducing malnutrition and improving the quality of education are the two major challenges facing the country, because factors like these bring down people's productivity and their learning capabilities," said Eduardo A Doryan, World Bank Vice-President for Human Development in an interview with The Daily Star.

Unless Bangladesh urgently addresses the issue of HIV or AIDS, the silent time bomb will blow up in ten years' time, making the reversal of the situation pretty impossible," said Doryan.

The African experiences tell us that many of the countries in the continent had similar HIV situations like in Bangladesh. But since the issue was not adequately addressed, it gradually swelled up into the current appalling proportion. Countries like Bangladesh are not first enough to tackle the looming threat from AIDS, Doryan observed.

Regarding fighting malnutrition and bettering the quality of education, he said Bangladesh has proved that it can successfully handle far more difficult challenges.

"Given the fact that Bangladesh has the potential to successfully do many difficult jobs like bringing girls to schools and lowering the birth rate, the goal of reducing malnutrition is also achievable. Similarly, the country can also face up to the challenge of improving the quality of education," said Doryan.

The World Bank is now working with various countries to establish a much more integrated link between the population, reproductive health and basic health issues.

"One major challenge is to provide the people from thana level to downwards an integrated package of preventive medicines and healthcare facilities. This would have a big impact on the people's life expectancy, child mortality and nutrition."

"For this, you need to have an synthesised set of services provided by NGOs and the public sector with the objective of reaching services closer to the people," Doryan said.

"In general, the global experience shows that once you bring services very close to needy poor, you need to have in place a referral system. This indeed has proved a success in many Latin American and the Eastern European countries.

This system could be developed through an effective delivery system by NGOs and private companies with support from the public sector, or through a fully public-funded system to make it equitable. This has to be very efficient and well-targeted to serve the poor and not the well-off.

"But the effective delivery system is an essential element in this which implies good regulatory role of the state. This means that health sector governance is an important issue," he said.

Dwelling upon the World Bank's new Comprehensive Development Framework (CDF), he said this has radically changed the Bank's view regarding development.

Eduardo A Doryan

"It indicates a major change in the Bank's thinking because only 10 years ago, the WB was focused on financial reforms and infrastructure lending. But with CDF, equal importance has been given to sound macroeconomic environment and human development," he explained.

"The launching of CDF has made us more outcome-oriented. In the past, WB was keen on projects and was eager to see how many schools and clinics were being built. But the outcome-orientation would lead us to quality. We would want to know if those kids who are going to clinics or schools are availing themselves of proper healthcare and education facilities. It is easier to build schools than getting kids really learn something. And ensuring quality is not a costly affair, because when there are bad services all around, people have to pay more for quality ones," he said.

US Congress inches closer to debt-relief deal

WASHINGTON, Nov 10: Congressional Republican leaders yesterday were close to reaching a compromise with the Clinton administration that would allow an IMF-led effort to cut the debts of the world's poorest nations to proceed, reports Reuters.

Sen Ten Stevens, chairman of the powerful Senate Appropriations Committee, said a tentative deal had been reached to allow the International Monetary Fund revalue part of its gold reserves to fund debt relief.

"That has now, I understand, been resolved by the US Treasury," the Republican from Alaska told reporters.

The revaluation of up to 14 million ounces of the IMF's massive gold reserves would allow it to realise about $2 billion in paper profits to fund its obligations under an international debt-relief effort.

Treasury Secretary Lawrence Summers said he discussed authorisation of the debt relief plan with lawmakers during meetings at the Capitol on Tuesday that also focused on budget and tax issues.

"I think there is a growing understanding of the importance of debt relief as a policy issue and more especially the importance of these authorisations as necessary to enable the United States to be crucial part of an initiative that commands broad grass-roots support," Summers told reporters following the meetings.

He declined to say whether the administration had struck a deal with lawmakers.

"We've had useful discussion," Summers said.

The gold revaluation is the linchpin to the Heavily Indebted Poor Countries Initiative since it funds the IMF's obligations under the scheme. Many had feared that blocking the gold revaluation would cause the entire effort to collapse.

Coupled with debt relief from the Paris Club of creditor nations, the plan would cut the debts of 33 of the world's poorest nations to $45 billion from $90 billion.

But while a tentative deal appeared to be in place, Treasury officials were still working with lawmakers on details. Sources close to the talks said that the compromise would allow the IMF to revalue its gold in instalments, one or two million ounces at a time, rather than in one chunk.

"There's plenty of scepticism on the hill about the IMF," said one lobbyist for debt relief. "This compromise would allow Congress to keep the IMF on a shorter leash."

Sources said House Majority Leader Dick Armey told Summers a deal could be done, provided assurances were made that the money be used only for debt relief which was conditional on strong economic reforms.

Once a compromise is reached, House and Senate leaders will approve a final foreign aid bill in conference meetings. Sources said a deal could be struck as early as Wednesday.

Sources familiar with the talks said that Armey is also demanding that the IMF's gold authorisation be linked to assurances of greater transparency at the IMF.

Some US lawmakers have opposed the HIPC plan on fears that it gives the IMF a role in poverty reduction — an arena in which the organisation should not be involved. Others claimed funds should not be diverted overseas while problems remain at home.