

China ready to boost trade with Bangladesh

China is ready to expand trade and economic relations with Bangladesh and both the countries are working closely to this end, says UNB.

Ambassador Hu Qian Wen spoke of his country's willingness to expand the relationship when he called on Commerce Minister Abdul Jalil at his office in the city yesterday.

Referring to various steps taken by the present government for improving the condition of the commonman in Bangladesh, Chinese envoy said his country is keenly interested to cooperate for further improving bilateral relations.

Welcoming the Ambassador, the minister requested him to remove tariff and non-tariff barriers to the access of Bangladesh goods and thus help reduce the trade imbalance.

Jalil also urged him to encourage Chinese entrepreneurs to set up industries in Bangladesh under joint venture or on their own.

The ambassador informed the minister that a high-powered business delegation from China will arrive Dhaka soon to explore business prospects.

New Asia-Pacific chief of Starwood

Starwood Hotels & Resorts Worldwide Inc has named Miguel Ko as the President of Asia Pacific Starwood, says a press release of Dhaka Sheraton Hotel.

He replaces Robert C. Cotter, Starwood's Chief Operating Officer.

Currently Deputy Chairman and CEO of CDI Hotels, Ko formerly served as President of Asia Pacific for both Pepsi-Cola International and ITT Sheraton Corporation, says a press release.

As President of Asia Pacific for Starwood, Ko will assume responsibility for the strategic oversight of the operating and financial performance of 70 hotels and resorts with more than 26,000 rooms in 16 countries in Asia Pacific.

He will also oversee the growth and development of Starwood's six hotel brands (St Regis, The Luxury Collection, Sheraton, Westin, Four Points and W Hotels) in the region.

Starwood currently has 13 other hotels under development in the region.

A native of Hong Kong, fluent in Chinese and English, Ko received BA in economics from the University of Massachusetts and Masters of Business Administration from Suffolk University.

He served as a director in several listed companies including Millennium & Copthorne plc, UK; Amarin Plaza Ltd, Thailand; and until recently Serni Suk Company Ltd, Thailand.

High oil, tobacco prices hike NZ inflation

WELLINGTON, Oct 16: Higher oil and tobacco prices made their presence felt in New Zealand's inflation rate over the third quarter, taking the consumer price index up 3.0 per cent over the September year, Statistics NZ said today, reports Reuters.

The outcome compared with an average of economists' expectations of 2.8 per cent and was at the top end of the Reserve Bank's zero to three per cent range.

Over the quarter, inflation bumped up to 1.4 per cent against 0.7 per cent in the June quarter.

But if oil and tobacco price hikes were excluded, inflation pressures were looking quite benign at a 1.4 per cent rise for the year, economists said.

The Reserve Bank, charge with keeping inflation within a zero to three per cent range, has said in the past it would "look through" the inflationary impact of one-offs like oil prices, but has warned it would tighten if the secondary effects of those price rises flowed into generalised inflation.

S'pore non-oil exports seen up 18 pc

SINGAPORE, Oct 16: Singapore's non-oil domestic exports are expected to grow 18 per cent in September against a year ago, continuing record trends in the third quarter, a Reuters poll of 10 economists showed today, reports Reuters.

Analysts said the healthy growth would ensure the trade dependent economy could coast towards meeting the government's economic expansion forecast of around nine per cent for the full year.

In August, non-oil exports soared a nominal 27.3 per cent to \$810.71 billion (\$6.12 billion), a record high for a month and far beyond the most bullish estimate.

July-Aug export earnings beat target by 17.90pc

All items save raw jute, handicrafts perform well

By Monjur Mahmud

Country's exports in the first two months of the current financial year fetched US\$ 1.24 billion. The earning is up by 17.90 per cent from the target and 27.10 per cent higher than that of last fiscal's same period.

The export target for the July-August period of FY 2001 was \$1,052 billion.

Except for raw jute and handicrafts, export of all the major export items including ready-made garments (RMG), knitwear, frozen foods, jute goods, leather, chemical products and tea rose significantly during the period, according to the Export Promotion Bureau (EPB).

The price index and export volume increased by 3 per cent and 24.10 per cent respectively

during the time under review.

RMG exports brought \$671.95 million, showing an increased performance by 22.17 per cent if compared to the target. This is again 16.89 per cent higher than last financial year's same time.

Knitwear worth \$272.98 million was exported till August, which shows a 10.67 per cent surge from the target and 32.25 per cent leap from the same period of the previous fiscal year.

During the said period, frozen foods valued at \$94.49 million were exported to international markets, posting a 61.99 per cent growth from the target. This is again a 66.12 per cent jump from last fiscal's corresponding period.

Leather export beat the target by 5.27 per cent by fetching \$37.72 million. This is again 59.56 per cent higher than last fiscal's same period.

Jute goods worth \$48.20 million were exported against a target of \$50 million. The earning is 3.6 per cent less than the goal and 16.57 per cent more than last fiscal's corresponding period. During the same period, chemical products worth \$24.67 million were exported against the \$16.67 million target.

Handicrafts failed to stay abreast the better-performing export items as products worth only \$0.94 million were exported during the period against the \$1.17 million target.

This shows a 19.66 per cent decline from the goal.

During the period under review, raw jute worth \$10.65 million was exported against its target of \$12.50 million, which also is 14.80 per cent short of the goal and shows a 16.34 per cent decline from last fiscal's same time.

Tea export amounted to 3.6 million kg and fetched \$4.79 million during the period against the \$5 million earning target. This is a 4.20 per cent fall from the goal.

The United States was the major market for Bangladesh exports during July-August period, accounting for \$533.77 million or 43.02 per cent of the total exports.

NGFF renovation tumbles on bureaucratic tangles

From Iqbal Siddiquee

SYLHET, Oct 16: Due to bureaucratic tangles and other factors renovation of the Natural Gas Fertiliser Factory (NGFF) has been delayed and could not be completed even 3 years after the scheduled time.

The renovation schedule for the factory was deferred several times. Non-availability of funds in time for the ECNEC-approved project mainly caused the delay, sources alleged, adding that it has also made the fate of the Tk 25 crore second phase renovation project totally uncertain.

However, officials are now hopeful of getting the rest of the sanctioned money within months and completing the works by the end of 2001.

The factory was previously renovated in 1978-79 at a cost of Tk 28.5 crore while another amount of Tk 9.62 crore was spent in 1986.

After that, the 18-month project was meant to start in January 1998 and complete by June 1999. Later, a Tk 20 crore

project for rehabilitation of the state-run NGFF was again provisionally approved at a meeting of the ECNEC on June 11, 1998. But, it could not be okayed in the December 23, 1998 ECNEC meeting due to non-availability of 'No Objection Certificate' (NOC) from the local government. However, it was arranged after several months and accordingly the project got its approval. This time, the project was scheduled to be completed by June 2000. But, it has again failed due to non-receipt of funds in time sources alleged.

Of the total sanctioned amount, the authorities have so far received Tk 15 crore and expect to get the rest within months. If everything goes well, it is expected that the renovation works will be completed by the end of 2001, sources said.

On completion of the renovation works, the factory will be able to continue production for another 3 years, an official informed.

NGFF, a concern of BCIC, was set up in 1961. In 1992, attempts were made to shut down the factory on the ground of its declining production performance.

However, in the face of protest by the local people, the government constituted a one-member committee for a feasibility study on the factory. As per recommendations of Professor Iqbal Mahmud, former VC of the BUET, the government decided to continue production at the factory. The committee also suggested the said renovation. It had also called for setting up a new fertiliser factory, 'Shahjalal Fertiliser Factory', on the lands attached to NGFF. Some initial works for the same were also done. Establishment of the new factory under joint venture would raise the production capacity to 1750 tonnes per day. Gas consumption for producing one tonne of fertiliser will also come down to 22 MCF from 59 MCF now.

BUILDING TECHNOLOGY & IDEAS LTD.
PRE-HANDOVER MEETING
OF
Serenity APARTMENTS
OCTOBER 14, 2000

Picture shows the pre-handover meeting of the BTI project Serenity, which was held at its Gulshan project premises recently. -- BTI photo

US Congress heads for skimpy tax cuts, big spending

WASHINGTON, Oct 16: The 106th congress heads into what may be its last week with Republicans setting for skimpy tax cuts and big spending increases while President Clinton hammers on themes helpful to Vice President Al Gore and other Democrats, says Reuters.

Top Republicans said that by next week-end they could complete the \$1.8 trillion federal budget, a 10-year tax cut package they hope will total some \$300 billion, and other issues such as raising the minimum wage and overhauling the bankruptcy code.

Eager to adjourn to campaign for the Nov 7 elections, Republicans are pouring money into budget bills to meet Clinton's demands and their own priorities.

But they are sparring with Clinton in his push for politically potent issues such as expanding hate crimes laws, reducing school class sizes, and a Latino community backed drive to grant amnesty to some long-term illegal aliens.

This just shows you the power of the president to define how the issues are viewed by the public," said Robert Reischauer of the nonpartisan

Urban Institute. "The Republicans can give the president 99 per cent of what he wants, and he will make that 1 per cent sound like the most crucial part for the country," he said.

Most of the final battles between the Republican Congress and Clinton are being fought in the fiscal 2001 budget, which was due Oct 1 but will not be finished before Oct 20.

Congress has passed stop-gap funding bills to keep the government going and avoid the shutdowns that marked past budget battles.

Senate Republican Leader Trent Lott of Mississippi said on Sunday there would be no government shutdown this time and the Congress would continue passing short-term funding bills if necessary.

There's no need for a government shutdown; we'll keep passing (continuing resolutions), he said on NBC's "Meet the Press" programme.

The budget bills are on target to swell \$45 billion or more above the plan Republicans approved in the spring, and some \$20 billion above Clinton's plan, as lawmakers add billions for projects for

colleagues in tight races. "Republican elected officials are basically running on pork," said Kevin Hassett of the American Enterprise Institute.

"Conservatives are saying, 'Let's not have these big spending programmes that reflect somebody else's priorities, but let's have little programmes that reflect mine,'" Reischauer added.

The budget and tax cut fight also highlights Congress' divergence with Republican presidential nominee, Texas Gov. George W. Bush.

In a backdoor way, analysts said congressional Republicans may help Bush by reinforcing his key argument for tax cuts - money that is not promptly returned to taxpayers gets spent.

With their broad tax reduction plan thwarted by Clinton, congressional Republicans tried to focus on using the surplus to pay down the debt. But the last-minute spending frenzy may defeat that as well.

From their failed plan for more than \$1 trillion in broad tax cuts over 10 years, Republicans are making a last effort to pass a modest \$300 billion package to help boost retire-

ECB head plays down euro intervention prospects

FRANKFURT, Oct 16: European Central Bank (ECB) President Wim Duisenberg was reported today as signalling that the Group of Seven would not intervene if a severe Middle East crisis sparks a sharp fall in the euro's value, says Reuters.

The Times quoted Duisenberg as saying in an interview that it would be inappropriate for the G7 to step into markets when external events led to extreme exchange rate volatility.

Asked whether intervention would be appropriate if extreme market volatility were caused by an external event, such as war in the Middle East, not anticipated at the time of last month's G7 agreement, he said it would not.

Pre-handover meet of BTI project held

Building Technology & Ideas Ltd, an ISO 9001-certified real estate developers, held a pre-handover meeting of one of their Gulshan project Serenity, at the project premises recently, says a press release.

The meeting was attended by all the clients of the project who discussed various aspects of the project, as it is about to be completed. This is a unique scheme of BTI to build excellent rapport with their clients, assuring total customer care services and commitment.

From BTI, the meeting was attended by deputy Managing Director Engineer FR Khan, Director-Marketing Sadat Hossain Salim, Director-Construction Engineer JA Patwary, Manager-Finance Imam Hasan, Project Co-ordinator Abdul Latif Khan, Senior Executive-sales and Marketing Kazi Zubaid, Executive-Customer Service Md Manikuzzaman Khan and other officials of BTI.

SB may restart England operation by March

By Shahriar Karim

The Sonali Bank (SB) authorities are upbeat about restarting the operation of its England branch by March 2001 following fruitful discussions of a Bank of England (BOE) delegation with the Finance Ministry and Bangladesh Bank officials.

However, banking sources said the decision would depend on the report of the BOE delegation, which came to Dhaka to see for itself the financial health of SB. The team will decide whether it is possible for Sonali Bank to operate its branch in England, according to banking sources.

The sources also said the BOE has put some conditions before the SB authorities for resuming the banking the England operations. These conditions include reducing the defaulted loans, expediting default loan cases and writing off those defaulted loans that have the least chances to be realised even after pursuing the cases.

A three-member team of Financial Services Authority (FSA) of BOE, which supervises banking activities in England, discussed the matter with the central bank governor and finance secretary yesterday. The team will sit with SB officials today to talk the issue.

The SB management will place a short-term business plan to the BOE delegation. However, the FSA delegation asked the SB authorities to submit a 3-5 year business plan for its operations in England, according to sources. They also said that SB was supposed to hire a consultant in England to prepare its business plans.

SB's England branch is expected to resume its operation under a new name Sonali UK Ltd, with license from BOE. The bank branch will work as a subsidiary company of the nationalised commercial bank.

Earlier in early 1999, SB was forced to close the opera-

tion of its branch, used to work under license from Bangladesh Bank, in England and convert its status into a representative office following an instruction from the FSA.

The bank's England operation faced closure following operational mismanagement. At that time, the SB branch had 59 million pound sterling in deposits and 3.3 million pound sterling in advances. About 80 per cent of the advances amounting to 2.7 million pound sterling was classified.

After this, the UK operation of SB under British law has been registered as Sonali Finance Company for sending remittances and carrying out small-scale trade and finance operations.

During the time of its closure, SB had six branches in Britain - two in London including the head office and one each in Luton, Manchester, Birmingham and Bradford.



A South Korean hotel employee displays traditional dolls of the 25 countries attending the 3rd Asia-Europe Meeting (ASEM) in the lobby of a hotel in Seoul yesterday. The 3rd Asia-Europe Meeting will be held on October 19-21. -- AFP photo

Import of foodgrains down, capital machinery up

Foodgrain imports showed a downturn in the first two months of the current fiscal year as the country proceeds towards food autarky, reports UNB.

Imports of capital machinery and other inputs, however, marked a significant rise as a proof of increased productive activities.

Analysing the import LCs opened by authorised dealer banks during the July-August period of 2000-2001 financial year, the central bank said LCs for foodgrains declined 30.16 per cent in terms of taka over the last year's corresponding period.

On the other hand, LCs for import of intermediary goods, industrial raw material, petroleum and petroleum products

and capital machinery rose 35.65 per cent from the level of the same period of last fiscal year.

Overall imports increased 31.92 per cent compared to that of the same period of the previous year. Import letters of credit opened in July-August period this year were worth Tk 7759.59 crore (US\$ 1494.53 million).

Opening of import LCs in August this year was, however, slightly lower.

Import LCs opened in July-August period for rice were worth Tk 85.63 crore, wheat Tk 76.59 crore, pulses Tk 53.86 crore and milk foods Tk 37.77 crore.

Some Tk 38.40 crore worth of LCs were opened for the import of sugar, Tk 109.65 crore

for edible oil both in crude and refined forms and Tk 74.46 crore for oil seeds.

Textile and garment sector shares 29.53 per cent of the import figures as LCs for cotton, yarn, fabric and accessories accounted for Tk 2292.05 crore.

The imports of raw cotton and synthetic fibre accounted for Tk 307.16 crore, yarn 145.75 crore and textile fabrics and accessories for garments Tk 1839.14 crore.

Chemicals and chemical products for pharmaceutical, fertiliser and others cost Tk 619.79 crore.

Import LCs opened for coal and coke were worth Tk 18.90 crore, cement Tk 32.05 crore, and clinker and limestone Tk 110.45 crore.

India shrugs off concern over oil price rise

Sinha tells economic editors' confce

NEW DELHI, Oct 16: India's finance minister shrugged off concern today about the sharply higher price of petroleum products and said government spending was under control and revenues were buoyant, says Reuters.

Opening an economic editors' conference in New Delhi, Yashwant Sinha said the downgrade of India's credit rating outlook to stable from positive by Standard and Poor's (S&P) was not a cause for concern.

Last week S&P revised its outlook on India's long-term foreign currency issuer rating. It cited concern over the fiscal deficit, which has been aggravated by the rising cost of oil product subsidies.

But Sinha said there was no sign of any slippage in the fiscal situation, and he was hopeful the government could achieve its target of capping the fiscal deficit at 5.1 per cent of gross domestic product (GDP) in 2000-01 (April-March).

"This downgrade in outlook by credit rating agency S&P is not something which can be a cause for concern," the minister

said, noting that S&P had not revised its rating and Moody's Investor Services had maintained its March 2000 outlook and credit rating.

"We are fully in control of the fiscal situation both as a result of strict expenditure control and also buoyant revenues, particularly direct taxes," he said.

Sinha said the government would stick to its 2000/01 borrowing programme despite buoyant tax revenues.

The government has so far completed slightly over 60 per cent of its budgeted gross borrowing programme of 1.17 trillion rupees (\$25.3 billion).

Sinha also sought to play down concern over a sharp rise in inflation following the increase in domestic petroleum product prices.

India's inflation rate, as measured by the wholesale price index, leapt to 7.56 per cent in the week that ended on September 30 from 6.06 per cent a week earlier.

It was the first time since April that the annual rate has risen above seven per cent. "I am confident inflation will

come down to reasonable levels once the impact of high oil prices taper off," Sinha said.

"The challenge is on the inflation front. The revision in petroleum prices has led to an increase in the cost of fuel, power, light and lubricants which has pushed up inflation."

"When we see core inflation, which includes primary and manufactured products, it is still very much under control less than three per cent."

Sinha said he was hopeful the current account deficit would remain below two per cent of GDP in fiscal 2000/01, and said the recent increase in global oil prices would not put any pressure on the balance of payments situation.

India's current account deficit was around 1.5 per cent of GDP in 1999/2000.

Some analysts expect India to have a negative balance of payments in 2000/01 after four years of surplus.

The finance minister said the coalition government, which marked its first anniversary last week, was not reducing the pace of economic reform.