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BATEXPO wins $48m spot orders

More demand worth $525m likely in next three months

Star Business Report

The three-day 11th annual Bangladesh Apparel and Textile Exposition (BATEXPO) has received a total of US$ 48.30 million spot orders.

"We are expecting more export orders amounting to $525 million from visitors within next three months," said Anisur Rahman Sinha, President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), at the post-BATEXPO press conference held at Sonargaon Hotel in the city yesterday.

Around 125 foreign buyers and 635 local agents of different foreign companies and buying houses also visited this year's exposition, he added.

Sinha mentioned that the buyers from the US, Canada, UK, Germany, Denmark, France, Spain, the Netherlands, Belgium, Italy, Austria, India, Pakistan, Sri Lanka, Japan, Hong Kong, Thailand, Singapore, Taiwan and Dubai visited the fair directly.

BGMEA also organised a separate show for ready stock apparel sales for export where 32 garment manufacturers participated and received spot orders worth $5.20 million.

A total of 39 garment manufacturers, 20 local fabric and accessories suppliers, 12 foreign fabric and accessories suppliers, five garment-based service organisations and three garment-related computer and engineering firms participated in the BATEXPO, which concluded on Thursday.

Shafiul Islam, Coordinator of BATEXPO Committee, and Benazir Ahmed, BGMEA Vice-president, were also present at the conference.

The BGMEA president said the main target of this year's exhibition was to expand the existing RMG market as well as exploring new avenues and attracting foreign investment in the potential textile sector. Some new and fashionable garment items were put on display at the fair, he added.

BATEXPO received tremendous response from foreign buyers this year, as there was no political agitation, Sinha said, mentioning that the RMG sector's growth till date of the current financial year is around 25 per cent, thanks to political stability.

Sinha, however, felt that weak infrastructure always increases the cost of production and called for direct intervention of the Prime Minister in improving port management.

"Steps should be taken to unload a part of the imported goods at Mongla Port, which would help reduce congestion at Chittagong," the BGMEA president suggested.

Anisur Rahman Sinha, President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), speaks at the post-BATEXPO press conference at Sonargaon Hotel in the city yesterday.
– Star photo

Incepta to launch new drug for treatment of Hepatitis B

Star Business Report

Incepta Pharmaceutical Limited is expected to introduce a new antiviral drug for treatment of chronic Hepatitis B patients in the country.

The drug will enable physicians to treat Hepatitis B patient with more confidence, as there is no definite treatment of patients infected by the virus, said an Incepta press release.

The drug, named Lamivir, has fewer side effects and is more effective. It can be used safely in the cases of patients with advanced liver disease.

The company is already a pioneer in introducing new effective molecules of different therapeutic classes.

Incepta is a newly-established medicine manufacturing company having its state-of-art manufacturing facility at Zirabo, Savar.

WB pledges assistance to KCC projects

KHULNA, Nov 24: World Bank representatives have assured Khulna City Corporation (KCC) of providing assistance for its various development projects, reports BSS.

The assurance came when a five-member team of the bank led by Sector Director Vinset Coran yesterday called on Khulna City Mayor Shaikh Tayebur Rahman and exchanged views with him.

Ward commissioners and officers of the KCC attended the meeting, which was presided over by Mayor Sheikh Tayebur Rahman.

The meeting discussed various development projects of KCC including mobile hospital, cleaning of household wastes, welfare of the distressed children and development of Collegiate Girls Scholl.

The meeting was addressed, among others, by ward commissioners Mia Mujibur Rahman, Moniruzzaman Moni and Habibur Rahman Kamil.

The delegation visited some project areas of the City Corporation and saw for themselves the progress of the work.

Nepalese central bank reforms financial bodies

KATHMANDI, Nov 24: Nepal's central bank has worked out a reform programme to speed up the reformation of the 121 financial institutions in Nepal that are mired in managerial problems, according to the bank's statement issued on Friday, reports Xinhua.

The 18-point reform programme will help financial institutions to enhance the security to depositors, encourage private-sectors' investment, facilitate flow of financial information, promote the transparency in transaction, adopt a modern and well-managed auditing system, develop money market and encourage the flow of export credit, said the statement issued by the Nepal Rastra Bank (NRB), the central bank.

In order to solve the present problems of capital ownership, the central bank will make the necessary arrangements to check the possession of shares by a single person or a group of institutions, the statement said.

The central bank will also establish the Asset Reconstruction Company to reduce the ratio of bad loans and upgrade central banking research and financial monitoring mechanism.

Taiwan offers incentives for bank mergers

TAIPEI, Nov 24: Taiwanese lawmakers passed a bill Friday that offers incentives for bank mergers, a major step toward badly needed financial reform, reports UNB.

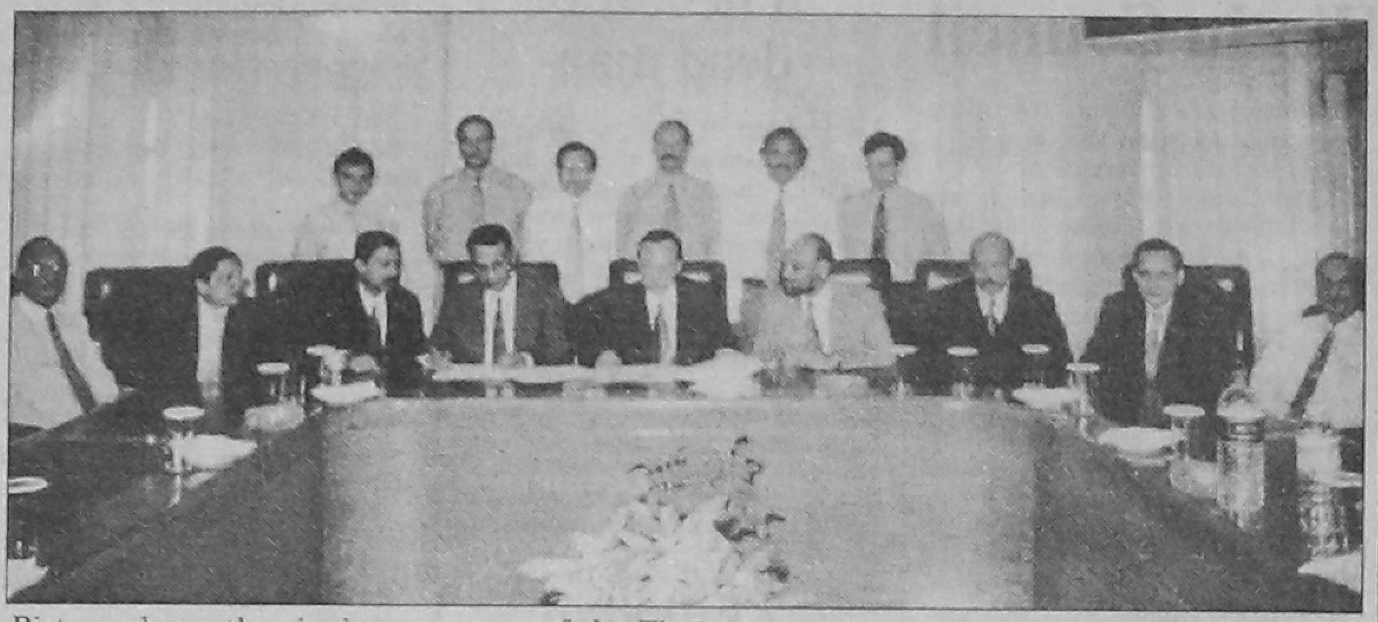
The law allows local banks to merge with foreign banks. The government can also order the takeover of troubled cooperatives and other financial institutions.

The law also legalizes the establishment of local and foreign-owned asset management companies, which can dispose of banks' overdue loans, bad debts and collateralized assets, making financial mergers possible.

The law's passage came amid increasing worries that a record high number of overdue loans could spark a financial crisis.

To help them write off bad debts, the government exempted a 2 per cent business tax levied on banks last month. A government fund was also set up to guarantee bank loans to industries hurt by Taiwan's soaring wages.

Hsu Tien-tsai, a lawmaker with the ruling Democratic Progressive Party, said without government support, one-third of Taiwan's local banks might have to fold.



Picture shows the signing ceremony of the Tk 5 crore credit line deal between United Commercial Bank Ltd (UCBL) and National Housing Finance and Investments Ltd in the city on Thursday.
– UCBL photo

UCBL signs Tk5cr credit deal with Nat'l Housing

United Commercial bank Ltd (UCBL) has signed an agreement with National Housing Finance and Investments Limited under which NHFIL will receive Tk 5 crore as term loan for financing housing projects, says a press release of the bank.

Hamidul Huq, Managing Director (Current Charge) of UCBL and MH Samad, Managing Director of NHFIL, signed the agreement on behalf of their respective sides at UCBL Board Room Thursday. Senior executives and officials of both sides were present on the occasion.

The credit line will be utilised to extend loan facilities for construction of buildings, purchase of flats and any other areas relating to housing development.

Speaking on the occasion, Hamidul Huq, highlighting the policy of the Bank, said that UCBL will continue to expand its investment portfolio in various sectors for contributing to the socio-economic growth and development of the country.

M H Samad, Managing Director of National Housing pledged to utilise the funds for financing viable projects in the housing sector to improve the living standard.

Weekly Currency Roundup

Nov 19-23, 2000

Local Market

The local foreign exchange market was in general dull throughout the week. Public holidays in the US on the occasion of the Thanks Giving also slowed activities in the local forex market. Demand for foreign currencies was low. Despite the increase in import-related L/Cs, dollar demand has not escalated as most of the L/C retirements would take place next year. Corporate clients showed interest in short-term forward cover contracts to hedge their exchange risks due to low premium. The prevailing sluggish scenario in the foreign exchange market is expected to linger till the end of the month. in the interbank market, US dollar traded between BDT 53.88 and 53.90.

According to Bangladesh Foreign Exchange Dealers' Association (BAFEDA), the daily average foreign exchange turnover was over USD 260 million. The average USD selling rate against import letter of credits was BDT 54.2698 and the average USD buying rate against inward remittance was BDT 53.8405.

Overnight interest rate at call for taka dropped on Thursday. The call rate varied between 7 and 9 per cent during the week. Bangladesh bank accepted treasury bills worth of BDT 1.620 crore against the maturity of BDT 1.630 crore. – Standard Chartered Bank

Pak cell phone operators to make incoming calls free by Nov 30

ISLAMABAD, Nov 24: All cellular phone operators in Pakistan will make incoming calls free by November 30 this year under the CPP (Calling Party Pays) regime, Associated Press of Pakistan (APP) reported on Thursday, reports Xinhua.

The Chairman of Pakistan Telecommunication Authority, Mian Muhammad Javed, told APP here that inter-connect agreements between the cell phone operators and PTCL (Pakistan Telecommunication Company Ltd) have been finalized and one of the operators has already announced its CPP package.

The Calling Party Pays (CPP) regime will benefit both the users and mobile phone companies as it will accelerate the growth of cell phone market in the country while at the same time off load the burden of incoming calls on mobile phone users, the official said.

The demand for CPP, he said, came from the three cell phone operators whose market was not expanding beyond 0.3 million users. The charge on incoming calls was a big deterrent and hampering the growth of the number of mobile phone users in the country.

Javed said those countries who adopted CPP regime experienced a growth of 82 to 100 per cent in their mobile phone subscribers' base.

Even developing countries like Vietnam, Cambodia, Thailand, Botswana, South Africa, Tanzania, Mexico and India have experienced a phenomenal growth of cell phone industry after adopting the CPP regime, he said.

OPEC to create new benchmark to challenge market speculation

CARACAS, Nov 24: OPEC President Ali Rodriguez said yesterday the exporters' cartel has agreed to create a new global oil benchmark to challenge speculation on futures markets, which he blamed for distorting prices, reports Reuters.

However, oil industry analysts poured cold water on the idea, accusing the 11-member group of trying to turn back the clock on a huge financial derivatives market.

The crude oils now used as a reference price for the world's market of 76 million barrels per day (bpd) – Brent Blend, West Texas Intermediate (WTI) and Dubai – represent just 1 million bpd of output, Rodriguez told a university forum.

"We want to create a new basket (of crude oils) to be used as a global benchmark in order to reduce the very high levels of speculation," said Rodriguez, who is also Venezuelan Energy and Mines Minister.

"The idea has already been accepted unanimously in OPEC and we are talking to some consumers, who welcome it," he added.

OPEC this year set a price target of $22 to $28 per barrel, but has been unable to push prices down into this range despite four output hikes this year.

The cartel blames speculation for keeping prices consistently above $30 per barrel, while futures traders say the high prices reflect concern about possible shortages of some refined products in the United States this winter, and the Arab-Israeli conflict.

Rodriguez said he would make the benchmark a priority once he becomes OPEC Secretary-General on Jan. 1

The new basket could include OPEC crudes and oil from countries outside the cartel, he added.

Industry analysts were skeptical, saying any new benchmark must be based on a single type of freely-traded crude oil. Some OPEC countries do not allow trading of their crude oil on open markets.

The aging cartel would find it hard to generate sufficient liquidity in any new benchmark, they added, to compete with a multibillion dollar market in financial derivatives where prices are now decided by means of futures, swaps and options.

OPEC gave up the power to set the price of its exports during the oil shocks of the 1970s when it adopted new benchmarks produced outside the cartel to take advantage of high prices.

Since then, "Price discovery" has shifted from physical markets to forward contracts and futures because these instruments permit higher levels of liquidity and credibility.

China's GDP to reach 8pc this year, hopes govt

BEIJING, Nov 24: China's gross domestic product growth will reach eight per cent this year, the official China Daily quoted a government think-tank today as saying, reports Reuters.

China's GDP was forecast to rise around 7.5 per cent next year, supported by state spending and domestic consumption, the State Development Planning Commission's Macroeconomic Research Institute said in a recent report.

Aquamarine Distributions Limited, an enterprise of MGH Group, was awarded with the Kodak Distributor of the year 2000 trophy for outstanding performance in quality monitoring system and market growth in Bangladesh. The trophy was handed over to Anis Ahmed, Managing Director of Kodak Aquamarine Distributions Limited, by Richard Fleming, General Manager, Eastman Kodak Company for the Distributor Market, greater Asia region, at the annual conference held at Bali in Indonesia. Shafiul Azam, Country Business Manager (CI), Eastman Kodak Company, and K M G Ferdous, Manager (CI), Aquamarine Distributions Limited, were also present.
– Adcomm photo

Sarah Mitchell, a member of Naturewatch, campaigns about animal testing pictured outside L'Oreal headquarters in Hammersmith west London yesterday. L'Oreal uses animals to develop new consumer products although these experiments are now banned in the UK.
– AFP photo

OECD, Commonwealth cool tempers on tax havens

LONDON, Nov 24: Officials from the OECD, Commonwealth and Barbados said yesterday they had had constructive talks on the vexed issue of tax havens after a hit-list of offender countries sparked anger in June, reports Reuters.

They said high-level talks would also be held in Barbados on January 8-9 and in Tokyo in February.

The Organisation of Economic Cooperation and Development (OECD) in June released a list of 35 states it judged to be guilty of "harmful tax practices" and threatened to slap sanctions on them if they did not clean up their acts within a year.

Many of the countries listed reacted angrily, accusing the OECD of hypocrisy and double standards. But since then tempers have cooled and the sides have made efforts to discuss their differences, including at Thursday's talks.

"We have had discussions aimed at getting a better understanding of everyone's wishes, taking into account the concerns of the small states," Commonwealth Secretary General Don McKinnon told Reuters in an exclusive briefing after the talks, which were kept under wraps until the last minute.

The OECD considers a tax haven to be a country which has nominal or no taxes and which either openly or implicitly sell themselves as a place where foreigners can avoid awkward questions or risk of information on their investments being disclosed.

Tax havens have responded that the International Monetary Fund calculates that of a global offshore financial industry worth $5-6 trillion a year, around 60 per cent is located in London, the United States and Japan.

They also say they were actively encouraged in the 1980s and 1990s to expand their financial services industries to counter declining incomes from commodities. Thus, they complain, rich countries are now shifting the goalposts.

Fifteen members of the Commonwealth of mainly former British colonies were on the OECD's hit list.

Following Thursday's talks, officials said they had not found any solutions but had put the dialogue process onto a stable footing.

"We all want a well-regulated global economy, not a war of words," said Barbados Prime Minister Owen Arthur. "I believe this problem can be solved by a process of constructive engagement – the war of words has ended."

EU lifts ban on Kenyan fish products

NAIROBI, Nov 24: The European Union (EU) has lifted a two-year ban on fish products from Kenya, reported the East African Standard newspaper on Friday, says Xinhua.

EU's standing veterinary committee has recommended the lift after noting that Kenya has met the sanitary standards required for exporting fish to Europe, Peter Nkuraiyia, Kenya's Ambassador to the EU, was quoted as saying in Brussels, Belgium.

Nkuraiyia welcomed the decision, saying Kenya will start exporting fish to Europe as soon as possible.

EU suspended fish imports from Kenya, Tanzania and Uganda, which share Lake Victoria, the largest lake in Africa, in 1998 claiming that the fish in the lake was contaminated by pesticides.

Tanzania and Uganda have already been permitted to resume fish exports to the European economic bloc.

The ban has cost Kenya an estimated income of 4.2 billion shillings (about 53 million US dollars) annually.

India plans bill to cut fiscal deficit

NEW DELHI, Nov 24: The Indian government will introduce legislation this winter to cut the fiscal deficit by 0.5 per cent to one per cent annually over the next five years, a senior finance minister official said today, reports Reuters.

Analysts have long warned that India's fiscal deficit is too high and threatens sustained economic growth.

"We are planning to introduce a fiscal responsibility bill in this session of parliament," Finance Secretary Ajit Kumar told a seminar on fiscal reforms.

He gave no further details about the legislation which the government said last August had already been drafted.

Analysts have said they expect the proposed law to set caps on the federal government's fiscal and revenue deficits and to set a medium-term target for the fiscal deficit.

New calculation shows stronger Japanese growth in '99

TOKYO, Nov 24: Putting a rosier glow on the Japanese recovery, a recalculation using newer international standards showed the economy grew 1.4 per cent last year, nearly three times the 0.5 per cent announced previously, the government said Friday.

The numbers – based on standards issued in 1993 by the US Statistical Commission – also showed the economy shrank 0.6 per cent in the 1998 fiscal year, compared to 2 per cent shrinkage under the old rules.

The figures measure gross domestic product, the total value of a country's goods and services produced within its borders. The 1.4 per cent growth was logged in the fiscal year that ended March 31, 2000.

The Japanese Economic Planning Agency is switching to the newer standards – the so-called 93 SNA – for economic statistics in the July-September quarter the first time it has made major changes in methodology since 1978. It previously used the 68 SNA.

The new method takes a broader look at the economy. For example, it classifies computer software-development outsource by companies as business investment and adds the depreciation costs of infrastructure such as dams to government spending.

That is certain to boost growth statistics in Japan, which has gone on a decade-long public works spending binge to pull its troubled economy out of its worst slowdown since World War II.

"Activities that are increasing in Japan are included," said EPA official Atsutame Kamata.

The EPA's move to revamp the way it calculates GDP comes amid widespread dissatisfaction with the reliability of the data and reflects the government's efforts to improve its methods.

The EPA came under criticism earlier this year when it left out data on capital spending while revising the country's dismal growth numbers for the October-December period. The omitted data would have made the situation look even worse.

The disclosure caused a brief scandal and prompted some analysts to publicly speculate that economic statistics in the world's second-largest economy were unreliable.

So far, however, the new methodology is making things look even better in Japan, which will has not launched itself into full-blown economic recovery.

Last fiscal year, the addition of software spending boosted business investment by slightly less than 0.1 percentage point. Changes to government spending to take account of depreciation costs added a little more than 0.1 percentage point to growth, according to another EPA official.

The upward revision to last fiscal year's GDP growth also reflected a revision in the GDP deflator, which is used to account for inflation. The EPA revised the GDP deflator to minus 1.5 per cent from minus 1.1 per cent, mainly because of a change to the import-price deflator, the official said on condition of anonymity.

The revision to the GDP deflator boosted real GDP growth by 0.4 percentage point last fiscal year, the official said.

According to the revised figures, the economy grew 0.2 per cent in the fiscal year ending March 31, 1998 – compared to shrinkage of 0.4 per cent calculated previously.

Analysts welcomed the EPA's move to iron out some of the wrinkles in the GDP data, but many point out that the changes will entail growing pains.

July-September GDP data – due out in early December – will be the first set of quarterly figures to be released by the agency using the new standards.

However, since the EPA hasn't released a set of revised data for the April-June quarter, analysts say it will be difficult to estimate growth in the July-September quarter – increasing the margin of error in their calculations.