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Star BUSINESS

DHAKA WEDNESDAY FEBRUARY 28, 2001

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Country's first travel fair next year

The three-day first-ever travel fair 'Dhaka Travel Mart-2002' will begin in the country from February next year.

The fair will be held at the Winter Garden of Dhaka Sheraton Hotel, says a press release.

The Bangladesh Monitor, the country's premier travel trade journal, has taken the initiative to hold the three-day fair which will showcase the wide range of tour and travel related products of Bangladesh now on offer by organisations in the private and public sectors.

The names of leading cosponsors will be announced soon.

A large number of organisations from home and abroad - National Tourist Organisations (NTO), Travel Agents, Private Tour and Cruise Operators, Airlines, Hotels/Restaurants, Resorts, Car Rental Companies, Credit Card Companies, GDS Companies and Shopping Centres will take part in the fair.

Hewlett Packard Spring Festival concludes

The closing event of Hewlett Packard Spring Festival 2001 was held at BCS Computer City at Agargaon in the city on Saturday, says a press release.

The draw was held in presence of wholesalers, resellers, customers and press.

Mahfuz Rahman, Managing Director of Multilink Int'l Co. Ltd, conducted the Mega Draw and the Lucky Draw.

Deputy Product Manager (HP) of Flora Distributions Limited, Sarwar Hossain, and Convener of BCS Computer City, Ahmed Hasan Jewel, were, among others, also present on the occasion.

The Mega Prize Winners are: 1st prize: Refrigerator, Masud, coupon no 0110, 2nd prize: Washing Machine, Omar, coupon no 1170 and 3rd prize: Microwave Oven, Md Abdus Salam, coupon no 1267.

The Lucky Prize Winners are: (4th draw) 1st prize: Toaster, Md Arifur Rahman, coupon no 0506, 2nd prize: Hair Drier, Monwara Begum, coupon no 0538, and 3rd prize: Pendulum Clock, Shah Alam, coupon no 0063.

The Lucky Prize Winners of 1st, 2nd and 3rd draws are: February 11: 1st prize, coupon no 0079, 2nd prize, coupon no 0116, 3rd prize, coupon no 0097, and February 18: 1st prize, coupon no 0211, 2nd prize, coupon no 0678, 3rd prize, coupon no 0168, and February 20: 1st prize, coupon no 0682, 2nd prize, coupon no 0048, 3rd prize, coupon no 0710.

Winners are asked to collect their prizes from Multilink Show Room at IDB Bhaban, BCS Computer City producing valid purchase receipt and the counter foil of the coupon at 7:00 pm on Thursday.

TCB to import 50,000 MT of cement soon

BSS, Dhaka

Trading Corporation of Bangladesh (TCB) will import 50,000 metric tons of cement within the next one month in view of the demand for the item in the country, an official handout said here Tuesday.

TCB has taken the step at the directive of the government to ensure smooth supply and fair price of cement in the market.

International tender has already been invited for the import, the handout added.

Taiwan-China trade rises 25.8 pc in 2000

AFP, Taipei

Taiwan-China trade increased 25.8 percent to 32.39 billion US dollars in 2000, according to the economic ministry on Tuesday.

The island posted a trade surplus with China of 19.94 billion dollars in the year, up 19.4 percent from 1999, the ministry said.

Taiwan exports to China in 2000 totalled 26.16 billion dollars, up 23.3 percent, and its imports from China grew 37.5 percent to 6.22 billion dollars, the ministry said.

In December alone, bilateral trade totalled 2.59 billion dollars, up 11.0 percent year-on-year, it said.

Taiwan posted a trade surplus with China in December of 1.64 billion dollars, up 12.1 percent from a year earlier, the ministry said.

Excess spending, increasing fiscal deficits worry ADB

Bank launches Quarterly Economic Update

STAR BUSINESS REPORT

Despite positive trends in some of the indicators of the economy, the Asian Development Bank (ADB) has expressed its concern over the country's weak fiscal management which it said is threatening the macroeconomic stability.

"While the overall growth prospects are encouraging, the sustainability of growth rate critically depends on prudent fiscal management and maintaining a sustainable balance of payments position. We are particularly concerned about the increasing fiscal deficits and it is important that the growth rate of revenue collection is maintained along with prioritisation of government expenditure to reduce the fiscal deficit," Phiphi Suphaphat, Resident Representative of ADB, said yesterday in the city.

Suphaphat was speaking on the launching of the Quarterly Economic Update (QEU) prepared by the ADB. ADB will release QEU each year in March, June, September and December. Deputy Res-

ident Representative Omkar Shrestha and Senior Economist Narahari Rao also spoke on the occasion.

The ADB also said the fiscal deficit is unlikely to be lower than the budgeted estimate of 6.1 per cent of GDP despite relatively good revenue performance in the first half of the current fiscal. The ADB also said government borrowing from the banking system has not come down due to expenditure in excess of the budgeted amount.

"Part of the increase in expenditure is flood related, but it is also likely that locally-funded Annual Development Programme (ADP) expenditures are higher than anticipated in the budget," the economic update said.

Admitting that the overall revenue performance in the first half of this fiscal year is impressive, the ADB said the growth rate has been declining in recent months. "Growth in revenue collection peaked in October, 2000 and has fallen over the next two months."

"With the growth in revenue collection declining, an increase in expenditure in excess of the budgeted amount will increase the fiscal deficit further, straining the fragile macroeconomic stability," the ADB economic update said.

According to the ADB economic update, the year-on-year government borrowing from the banking system increased by 22.2 per cent on December 20, 2000, and since the beginning of FY 2001, government borrowing from the banking system has increased by 13 per cent.

Although the ADB suggested to 'strictly prioritise' expenditure for macroeconomic stability, it feels that in the remaining part of the current fiscal, the aggregate expenditure is likely to escalate as the country approaches the general election.

The ADB also expressed its concern over the 'weak' balance of payment situation despite strong growth in exports and overseas workers' remittance.

However, the ADB resident representative said the country's

economy has been doing reasonably well with manufacturing sector growth picking up and indications of another bumper harvest.

"With agriculture and manufacturing sector expected to perform well this year, the service sector should also maintain the recent growth momentum. Our current forecast is that the economy should grow at about 5-5.5 per cent this fiscal at about the same rate as last year," Suphaphat said.

According to QEU, industrial production increased by 13.8 per cent in the first quarter of the current fiscal compared with the corresponding period of FY2000. The manufacturing sector would attain a normal growth rate 7-8 per cent in the current fiscal.

"Growth of the manufacturing sector in Bangladesh appears to be linked closely to the performance of the export sector. Most sectors, displaying robust growth were either directly involved in exports or provided intermediate inputs to export industries," the ADB economic update said.

Tough budget test for Indian finance minister today

Growth slowing, inflation rising

AFP, Bombay

Indian Finance Minister Yashwant Sinha faces a stern test Wednesday when he delivers the national budget against a backdrop of slowing economic growth and rising inflation.

The budget for the year to March 2002 is expected to focus on reining in the fiscal deficit, speeding up privatisation and sharpening the competitive edge of domestic industry as import barriers are lifted.

The deficit is expected to reach around 5.6 per cent of gross domestic product in the current year to March 31, against the initial estimate of 5.1 per cent.

"The economic situation is very, very depressing. I hope Sinha will come up with something innovative," said Rajkumar Pitamber, director at the industrial house Mahindra and Mahindra.

The government's annual economic review released on Friday forecast economic growth for fiscal 2000-01 of 6.0 per cent, down from 6.4 per cent the previous year and well short of the 7.0 per cent target.

The index of industrial pro-

duction was expected for fall to 5.7 per cent from 6.5 per cent.

The surge in global oil prices had pushed up the year-on-year inflation rate to 8.2 per cent by the end of January compared to 3.6 per cent the year before.

The only bright spots in the economic review were exports which grew 20 per cent and the country's rising foreign exchange reserves which are currently at a "healthy" 41 billion dollars.

Pitamber urged the finance minister to make a bold break from his three previous budgets and give some real impetus to growth.

"We have been stagnating the past few years. There has been nothing innovative in the budgets. This has to change radically if we have to post GDP growth of seven or eight per cent."

India launched pro-market reforms in 1991 to counter a balance of payments crisis, but the pace of reform slackened in subsequent years under a series of unstable coalition governments.

Devesh Kumar, at ICICI Securities, said the economic review had listed "the medicines" needed to nurse the ailing economy back

to health. "The big question is: will the medicine be administered given the vested interests and multitude of political parties that the finance minister has to keep in good humour?" Kumar said.

The review had suggested labour law reforms, public spending cuts, lower customs duties, fine-tuning subsidies, cutting pension and provident fund interest rates, and deregulating the fertiliser, coal, oil and sugar sectors.

"There are no soft options for the government. It has to announce a hard budget or else we will see GDP growth slowing down further," said Kumar, who identified one key area as infrastructure investment.

Vijay Kalantri, president of the All India Association of Industries, called for a "paradigm shift" in the mindset of bureaucrats, financial institutions and banks to pull the economy out of the slowdown.

Kalantri pointed out that the economic review had seconded industry's grievance that real interest rates in India were, at between 8.0 and 10 per cent, among the highest in the world.

Boao Forum for Asia launched

Bangladesh along with 24 nations takes part

AFP, Beijing

China Tuesday called for closer ties among Asian nations at the opening of the Boao Forum for Asia (BFA), a forum to expand cooperation among countries in the region.

President Jiang Zemin told delegates gathered on the Chinese island of Hainan that Asian countries should join hands and work towards the common development of all Asian nations and for enhanced exchanges between Asia and the rest of the world, the official Chinese news agency Xinhua said.

"We Asian countries, though with different national conditions, are faced with the common task of seizing the opportunity, standing

up to the challenges and working for a steady economic and social development," Jiang said.

The forum, officially launched Tuesday in the town of Boao in Hainan, is slated to become Asia's first non-governmental, non-profit organisation whose sole purpose is to enhance dialogue, coordination and cooperation among Asian countries, Xinhua said Monday.

The forum is structured along the lines of the World Economic Forum, an organization based in Davos, Switzerland, which annually gathers the world's top political leaders and economies to discuss and exchange ideas on global economic trends.

The Boao Forum will also serve as a venue for entrepreneurs and

academics from industrial, commercial and academic circles to exchange views and gain mutual understanding on the development of Asia, Xinhua said.

Delegates from 25 countries, including Bangladesh, India, Japan, Mongolia, Thailand, Singapore and Australia are attending the forum.

Gathered in Boao are current and former world leaders including Malaysian Prime Minister Mahathir Mohamad, former Australian Prime Minister Robert Hawke, former Japanese Prime Minister Yasuhiro Nakasone, former Filipino president Fidel Ramos and Vietnamese Deputy Prime Minister Nguyen Manh Cam.

Issues concerning regional

economic development, population and the environment in Asia will be addressed at Boao forums, according to Xinhua.

China has been chosen to be a permanent venue for the forum, Xinhua said.

The declaration on the Boao Forum, which advocates a more prosperous and stable Asia in harmony within itself and the rest of the world, was formally endorsed by delegates from the 25 Asian countries Monday.

Jiang said the forum will be a useful complement to inter-governmental cooperation organisations such as the Asia Pacific Economic Cooperation (APEC) Forum and the Association for Southeast Asian Nations (ASEAN).



The closing event of HP Spring Festival-2001 was held at BCS computer city at IDB Bhaban in the city recently. Md Kamrul Ahsan, Managing Director, Inpace Communications, Sarwar Hossain, Deputy Product Manager (HP), Flora Distributions Ltd, Ahmed Hasan Jewel, Convener, BCS Computer City, Mahfuz Rahman, Managing Director, Multilink Int'l Co Ltd, Matiur Rahman Bakul, In-Charge, IDB Branch, Multilink Int'l Co. Ltd, and Moshir Rahman, General Manager, Multilink Int'l Co Ltd, were present at the function.

Putin offers investment in DPRK railway

AFP, Seoul

President Vladimir Putin offered Russian investment Tuesday to make sure that a proposed new inter-Korean railway links up to the Trans-Siberian railroad.

"Russia is willing to invest a few hundred million dollars in improving North Korea's railroad," Putin told a lunch with business leaders ahead of a summit with South Korean President Kim Dae-jung.

Putin said North Korea's supreme leader Kim Jong-Il expressed interest in his idea during the Russian leader's state visit to Pyongyang last year.

North and South Korea agreed to reconnect a railway across their heavily fortified border after a historic summit in June last year.

New DMD of Al-Arafah Bank



Syed Abu Nasr has joined Al-Arafah Islamic Bank as Deputy Managing Director recently, says a press release.

He started his banking career as a trainee in State Bank of Pakistan Officers' training scheme and absorbed in the former Muslim Commercial Bank Ltd. (Now Rupali Bank Ltd.) in 1966.

He joined Islami Bank Bangladesh Ltd. in 1983 and served as senior vice president.

He joined Social Investment Bank Ltd. as Executive Vice President in 1995. He is a widely travelled person.

Pakistan cuts GDP growth forecast

PPI, Karachi

State Bank of Pakistan (SBP) has revised its forecast of GDP growth in the country in fiscal 2000-2001 to slightly below 4 per cent compared to 4.5 per cent projected in its last Annual Report, in view of certain developments.

Recent fiscal data suggests that CBR has achieved 95% of the six-month target, and is short by just Rs. 7.9 billion. The Government expenditures have been curtailed by 1 per cent of GDP, which means fiscal deficit in the first half of this year (2000-2001) is 2.2 per cent of GDP less than last year.

If this trend continues, the fiscal deficit target of 5.2 per cent for the full year (2000-2001) should be within reach, "said the SBP's second quarterly report for fiscal 2000-2001 on the state of Pakistan's economy, released by the Central Board of SBP in Karachi on Monday.

The trade-off between harsh measures that seek to rectify deep-rooted structural problems in the economy and resumption of high aggregate growth is clear. These measures are painful but necessary to improve the country's productive capacity in the medium term.

Unfortunately, past implementation of structural reforms has been piecemeal and incomplete, and this unpleasant experience is still fresh in the minds of economic agents.

The current challenge facing the government is how to convince the public at large (and important opinion makers in the country) that these pains will, in fact, be compensated by better living conditions in the near future. Promises of such gains have not borne fruit during the last decade, while building up a track record and delivering results takes time," the report noted.

Indian garment exports fall

XINHUA, New Delhi

Indian exports of ready-made garments witnessed a 16 per cent decline in January, 2001 in value terms at 22,5187 billion rupees (489.54 million US dollars) as against 25,2254 billion rupees (548.38 million dollars) in the same month last year.

According to the Apparel Export Promotion Council, the decrease in exports was mainly due to non-endorsement of outside-the-bilateral-agreement items which declined by some 46 per cent.

In quantitative terms, exports of ready-made garments declined by 13.75 per cent at 133.6 million pieces as against 154.9 million pieces in the same month in 2000.

However, exports of ready-made garments during the April 2000-January 2001 period increased by 3.43 per cent in value terms at 202,962 billion rupees (4.41 billion dollars) and 3.79 per cent in terms of quantity at 1,162.9 million pieces.

Oil loses ground again as OPEC hesitates on output policy

REUTERS, Singapore

World oil prices lost ground Tuesday amid hesitation in OPEC over the cartel's next move on production.

US light crude in electronic trade dipped another 22 cents to \$28.20 a barrel after a 62-cent slump on Monday. London Brent blend fell 41 cents to \$26.10 Monday.

OPEC officials appear uncertain now whether another round of supply cuts will be required in March to keep prices afloat at their target of \$25 a barrel for a basket of cartel crudes.

With OPEC's January output cuts only now being felt in the market, cartel officials are having difficulty in assessing the outlook for the second quarter when demand slows after the northern

hemisphere winter.

Organisation of the Petroleum Exporting Countries (OPEC) Secretary-General Ali Rodriguez said yesterday if oil prices, now just under \$25 for the OPEC basket, remained steady, producers would not need to slice export quotas.

"Everyone is waiting to see how the second quarter turns out there are different forecasts about demand this year and we are studying those scenarios in the secretariat," he told Reuters.

"If the price remains stable there shouldn't be a cut, but it all depends on the forecasts for the rest of the year and particularly for the second quarter."

That lent support to prices which were under pressure since mid-January because of worries about the impact of a slowing world economy on petroleum demand growth.

OPEC will want to wait for March data from the United States to measure the economic slowdown in the World's biggest oil-consuming nation.

Oil dealers today were also waiting to see if last week's heavy draw in US crude stocks would be reversed. Crude inventories fell heavily after fog delayed shipments into US Gulf coast refineries.