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# Star BUSINESS

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## Govt won't be a silent executor of donor prescriptions

### Kibria tells second SAPRI forum inauguration

STAR BUSINESS REPORT

Finance Minister Shah AMS Kibria has said it would be very wrong to think that the government would silently carry out the prescriptions prepared by global experts.

"We need reforms. But we do not want to do it in a haste. We have to first create public opinion for reforms," he said while inaugurating the Second National Forum of the Structural Adjustment Participatory Review Initiative (SAPRI) which began at CIRDAP auditorium in the city yesterday.

With Professor Rehman Sobhan, Chairman of the National Steering Committee of SAPRI Bangladesh, in the chair, the inaugural ceremony was attended, among others, by Qazi Faruque Ahmed, President of Proshika, Prof. Wahiduddin Mahmud, Convener of SAPRI-Bangladesh Technical Committee, Frederick T Temple, Country Director of the World Bank and Stephanie Weinberg, SAPRI Secretariat, the global civil society network.

Commenting on the widespread criticism about slow privatisation, the finance minister termed it as unfair and ignorant criticism.

"The ruling party is committed to protect public interest and in

the name of encouraging the private sector, the government cannot ignore the interest of the workers," Kibria said.

"We are creating public opinion. Political leaders who were not familiar with reforms now understand the process which is also a sign of progress," Kibria said.

Expressing his reaction to some press reports on the World Bank's country assistance strategy (CAS) comments about the coming general election, Kibria said the Bank has no business about politics and political future of the country.

However, a World Bank press release issued yesterday mentioned that several newspaper stories (not The Daily Star one) about the WB's updated Country Assistance Strategy (CAS) for Bangladesh mistakenly reported that the Bank 'expects' a weak coalition government after the elections.

"We are not predicting any particular election outcome, but rather pointing to factors that could affect the implementation of the assistance strategy in different situations," the release said.

Prof Wahiduddin Mahmud said one prime objective of SAPRI is to inform public about the logic and rationale of economic reforms so as to promote transparency,

accountability and indigenous ownership of the reform process.

"This would, in effect, require finding ways of bridging the gap between expert and layman's opinion on economic policy issues which is by no means an easy task," he said, observing that the reform process in Bangladesh is already past the stage of removing large market distortions.

It remains a curious aspect of the political economy of reforms in Bangladesh that in spite of huge popular support for measures to deal with such rent-seeking activities, the political obstacles in their implementation remain insurmountable, Mahmud said.

In his speech, Frederick T Temple said Bangladesh is the only Asian country and the largest low-income country participating in SAPRI. He mentioned that the participation of some key stakeholder groups has been inadequate.

"Most importantly, inputs from the government, the policy makers, owners and executors of reforms are key to understanding the impacts of adjustment policies. Unfortunately, the participation of the government institutions directly involved in policy formulation and implementation in the SAPRI process has been

minimal," he said.

Given Bangladesh's low resource base, improved policies are essential for the efficient allocation and use of scarce resources devoted to development, he added.

Rehman Sobhan said finance ministers all over the third world had to accept the reforms under pressure of conditional loans from donors.

"Today street protests over the outcome of reforms or against the unfair incidences of globalisation are acceptable companion events at every major global economic event and the president of the World Bank would like to engage in dialogues with these street protesters," he added.

Professor Sobhan mentioned that in reviewing the lessons from Bangladesh's reform experience, 'we have to not just judge the academic standards of the research, but we must respect the concerns of ordinary people, which are reflected in the study.'

Stephanie Weinberg of SAPRI Secretariat, the global civil society network, said social exclusion and poverty are obstacles to building sustainable development and can lead to social conflict—as has been witnessed in many countries.

The objective of economic policy should be human develop-

ment and not simply economic growth, and therefore the knowledge and perspectives of civil society need to be fully taken into account in order to design effective national economic policy, she added.

Weinberg said macroeconomic policies promoted by the international financial institutions have failed to address the problems of social exclusion and a change in rhetoric has not been accompanied by a meaningful change in policy.

She mentioned SAPRI was formally launched at the global level at a public forum in Washington in July, 1997 with the participation of eight countries in four continents.

In addition to Bangladesh, these countries include Ecuador and El Salvador in Latin America, Hungary in Central Europe, and Ghana, Mali, Uganda and Zimbabwe in Africa, she added.

Qazi Faruque Ahmed, President of Proshika, the lead organisation of SAPRI Bangladesh, said military budget should be reduced, which should be viewed as a part of structural adjustment. "We cannot allocate money for schools and colleges. So, why are we spending money for MIGs and frigates?" he asked.

## Classified loans drop by 6pc BB supervision, monitoring yield results

SHAHRIAR KARIM

The classified loans of the country's banking system have decreased by six percentage points from December, 1999 to December, 2000 as a result of vigorous supervision and monitoring by the Bangladesh Bank, according to banking sources.

The banking system's classified loans as of December, 2000 stands at Tk 22857 crore or 34.93 per cent of the total loan portfolio, down from Tk 23723 crore in December, 1999, according to banking sources.

The four nationalised commercial banks (NCBs), which have been crippled with huge non-performing assets for years, have marked a considerable improve-

ment during that period, reducing their classified loans to 38.56 per cent in 2000 from as high as 45.62 per cent in 1999.

The classified loans of the NCBs came down to Tk 11733 crore from Tk 12892 crore in 1999.

However, the situation of the specialised banks, private commercial banks and foreign banks has shown conflicting results.

The total classified loans of the specialised banks increased by Tk 174 crore to Tk 6366 crore in December, 2000 from Tk 6192 crore in the previous year. However, their classified loan portfolio has come down by 3.83 percentage point to 62.56 per cent.

Similarly, the total classified loans of the private commercial banks (PCBs) marked an increase despite a decline in percentage

point. The classified loans of the PCBs stood at Tk 4620 crore in December, 2000, marking an increase of Tk 110 crore. However, in percentage point, the total classified loan portfolio of the PCBs during that period has declined to 22.01 per cent from 25.42 per cent.

The foreign commercial banks (FCBs) have also succeeded in reducing their classified loan portfolio in percentage point despite an increase of Tk nine crore in absolute amount. The classified loans of the FCBs stood at Tk 136 crore in December, 2000, up from Tk 127 crore in December, 1999.

However, the FCBs have succeeded in reducing the classified loan portfolio as a percentage of total loan to 3.55 per cent from 3.92 per cent during that period.



Ziaul Hasan Siddiqui, Executive Director of Bangladesh Bank, and Anwar Ahmed, Managing Director of National Credit and Commerce Bank Ltd, exchange the documents of a signed agreement on Equity and Entrepreneurship Fund (EEF) at the central bank office on Monday.



## Folliet new president of CCIFB

Michel Folliet, Managing Director of Lafarge Surma Cement Ltd, has become the president of the France-Bangladesh Chamber of Commerce and Industry (CCIFB), says a press release.

He was elected president of the chamber at a meeting of its executive committee held in the city recently.

The election was held after the position fell vacant prematurely as the incumbent president Francis Dubus, Country Manager of Credit Agricole Indosuez, is leaving the country on transfer.

Michel Folliet who heads Lafarge Surma Cement, the biggest French investment in Bangladesh and a subsidiary of the world leader in building materials Lafarge Group, also has the distinction of being the Foreign Trade Counsellor for France.

He has been involved in cement business operations for the last 20 years.

Folliet (43) is an engineer from Ecole Centrale de Lyon in France and MBA from George Washington University in the USA.

## NCCBL, BB sign deal on EEF

National Credit and Commerce Bank Ltd (NCCBL) has signed a co-operation agreement with Bangladesh Bank on Equity & Entrepreneurship Fund (EEF) on Monday at the central bank office, says a press release.

The Fund has been created by the Bangladesh government with an amount of Tk 100 crore and appointed Bangladesh Bank the agent of the government to administer the EEF.

The Fund will be managed by the scheduled commercial banks and development financial institutions (DFIs).

Ziaul Hasan Siddiqui, Executive Director of Bangladesh Bank, and Anwar Ahmed, Managing Director of NCCBL signed the agreement on behalf of their respective side.

## Jalil asks India for immediate market access of 25 items

### Confce on South Asian Growth Quadrangle opens in Delhi

BSS, New Delhi

The Commerce Minister, Abdul Jalil, here Tuesday renewed Bangladesh's request to India to immediately grant duty-free market access of 25 Bangladeshi export commodities to reduce the existing huge trade gap between the two countries.

This large and widening trade deficit which is heavily in favour of India is a concern for Bangladesh, the minister said while inaugurating a two-day conference on 'South Asian Growth Quadrangle (SAGQ) - emerging opportunities for economic partnership.'

Organised by Federation of Indian Chambers of Commerce and Industry (FICCI) in cooperation with the External Affairs Ministry, the inaugural function was addressed by Indian Minister of State for Commerce and Industry, Omar Abdullah, Bangladesh High Commissioner to India, Mustafa Faruque Mohammed, President of Federation of Bangladesh Chambers of Commerce and Industry, Yusuf Abdullah Harun, Senior Vice-President of FICCI, R S Lodha, President of Nepalese Chambers of Commerce and Industry P K Shrestha, and Ambassadors of Nepal and Bhutan.

The proposed South Asian Growth Quadrangle (SAGQ) region consists of Bangladesh, Bhutan, Nepal and India.

Jalil said Bangladesh in the past had submitted a list of 25 export commodities seeking duty-free access to Indian market. He said granting of this duty-free access of Bangladeshi goods would go a long way in strengthening the foundation of the South Asian Growth Quadrangle.

He noted that unrestrained access to the markets of relatively more developed partner countries was a pre-condition for equitable sharing of benefits by least devel-

oped member countries in the economic group.

"Smaller economic partners, such as Bhutan, Nepal and Bangladesh deserve to be treated more liberally for their smooth integration into the proposed sub-regional cooperation," the minister asserted.

Jalil visualised large opportunities in the proposed SAGQ and said, if properly harnessed, it could open up for spectacular economic development.

He said two opportunities were clearly visible and those were water resources and minerals. He said it was apparent that the vast water resources of the sub-region offered a great opportunity for the generation of the hydropower, flood control and irrigation.

Similarly, the minister said "the rich mineral resources like coal, limestone hard-rock and others hold out a bright opportunity for their exploitation and industrial processing for serving domestic regional and global markets particularly the fast growing markets in South East Asia, East Asia and Australia."

Speaking on the occasion, Indian Minister of State for Commerce and Industry, Omar Abdullah said the SAGQ aims at the integration of economies for efficient utilization of available resources like manpower infrastructure, trade and investment opportunities and other economic endowments.



East-West Infotech and Tata Infotech signed an agreement on information technology course and software development in the city yesterday. Among others, State Minister for Information Prof Abu Sayeed was present.

## Pakistan seeks help from donors to achieve strong economy

REUTERS, Islamabad

Cash-strapped Pakistan sought help from donors Monday to become an economically stronger country.

Finance Minister Shaukat Aziz told a meeting of donor countries and multilateral financial institutions that Pakistan faced a long list of daunting challenges that the country's military-led government was trying to overcome.

"Your continuous support to our efforts in making Pakistan moderate, democratic and economically stronger will be vital," he told a three-day meeting of the Pakistan Development Forum.

Delegates from 17 countries and 12 international agencies are attending the Forum meeting in which Pakistan would tell them about the economic problems it faces and how the government of

General Pervez Musharraf plans to tackle them.

Pakistan's fragile economy is under threat from falling water levels at major dams. The government has already scaled down the 2001 gross domestic product growth rate target to 3.8 per cent from a target of 4.5 per cent.

"If this dry spell persists, there is a danger that the next year's crops will also be impacted which could affect our efforts to revive economic growth and reduce poverty," Aziz said.

Aziz said mistakes made by past governments had made the economy prone to crisis and damaged Pakistan's credibility with the international donor community.

"Indeed, we have witnessed economic growth slowing down, debt burden reaching alarming proportions, more and more peo-

ple slipping below the poverty line..." he said.

"Almost one-third of the country's population has slipped below the poverty line, the number was only 17 per cent some 13 years ago," he added.

Aziz said the debt burden was Pakistan's major challenge for which the government was preparing a long-term strategy that would be announced later this week.

"Pakistan's external debt and foreign exchange obligations, including those to residents, stood at \$37 billion by the end of 2000. External debt was 200 per cent of our foreign exchange earnings in 1980; by May 1998 it reached to an unsustainable level of 364 per cent," he said.

"Only 20 per cent of government revenue was used for debt-

servicing, and today, 60 per cent of our revenue is used for servicing domestic debt, constraining government's ability to spend on key development activities," he added.

Pakistan has distributed to the 155 delegates attending the forum meeting, a report on debt reduction and management strategy of the government that would be publicly announced on Thursday.

Mieko Nishimizu, World Bank's vice-president for South Asia region, told the meeting that the bank was encouraged by the policies and steps taken by Pakistan.

She said she had initially doubted whether Pakistan would be able to overcome the various crises it was facing when Musharraf took power through a bloodless coup in October '99 but she was quite optimistic now.

## OPEC likely to cut output by 500,000-10,00000 bpd

REUTERS, Dubai

Venezuela's Oil Minister Alvaro Silva indicated Tuesday OPEC was likely to cut oil output by between 500,000 to one million barrels per day and the cartel's meeting this week would decide the final level.

Asked if the Organisation of the Petroleum Exporting Countries cut would be between 500,000 and one million bpd, Silva told Reuters: "That might well be the right range, but we will decide at the conference the final level of the cut."

"We need to consider supply and demand. Our ultimate aim is to stabilise the market," he said the telephone from the Saudi capital, Riyadh, where he met Saudi Arabia's Oil Minister Ali al-

Naimi and Mexico's Ernesto Martens on Monday night.

He would not say what level to cut Venezuela preferred, but said Caracas fully supported an OPEC reduction, which would be decided at the March 16 meeting in Vienna.

Oil dealers are expecting OPEC to agree at the Vienna meeting to an output cut of between 500,000 and one million bpd.

Also on Tuesday, Indonesia's Mines and Energy Minister Purnomo said he would press for that size of cut.

"There is a surplus of between 500,000 to one million bpd of oil. Indonesia will propose cuts of that amount to strengthen oil prices," he told reporters.

"It is in the interest of Indone-

sia to have higher oil prices," he added.

Prices end lower

Another report from London says: Oil prices ended lower after rising when Saudi Arabia's influential oil minister said the expected OPEC to cut production later this week.

Benchmark Brent Blend last traded 43 cents lower at 25.90 a barrel. US light crude stood one cent weaker at the close.

The biggest market news of the day came after Saudi Oil Minister Ali al-Naimi held talks with his Venezuelan and Mexican counterparts in Riyadh and said the Organisation of the Petroleum Exporting Countries would trim supplies.



Dermot Mannon (4th right), Emirates' Chief Director-Finance, IT and Services, is seen with Lindsay Town (3rd left), Managing Director of Halifax Asset Finance Limited, and representatives of the other banks involved in the landmark sterling financing deal for two of Emirates' new aircraft.

## EU still unhappy with Japan's telecom deregulation pledge

AFP, Tokyo

The European Union is still not satisfied with Japan's assurances on the deregulation of its telecommunications market and is threatening to take Tokyo to the World Trade Organisation if new laws do not meet its demands, a senior EU official said Tuesday.

"I am rather unsatisfied -- the discussions have not been very clear," said Roderick Abbott, the European Commission's deputy director general for trade.

His comments came at the end of a two-day visit to Tokyo to follow up on points put to the Japanese authorities by EU trade commissioner Pascal Lamy during his visit here in February.

"We did not receive specific answers to our questions -- we have not been given a great deal of information. It is an unhappy situation after these three years of discussions," Abbott said at a

press conference.

He bemoaned the fact that the EU side had "obtained virtually no information" about the new telecoms deregulation law which has to be voted upon by the Diet (parliament) in a matter of weeks.

Abbott had earlier taken part in a special session of the regulatory reform dialogue committee with Hitoshi Tanaka, director general of the economic bureau of the ministry of foreign affairs.

On February 16, Lamy warned that the EU would take Tokyo to the WTO's dispute settlement panel if the new deregulation law did not address European concerns, in particular, establishing competitive conditions allowing domestic telecom giant NTT Corp.'s virtual monopoly to be challenged.

Abbott indicated the EU's stance was unchanged, but its

patience was wearing thin.

"We are going to wait for the new law but we are not going to wait forever," before resorting to the WTO, he said.

## Japan Airlines warns of more job cuts

AFP, Tokyo

Japan Airlines Co. Ltd. (JAL) warned Tuesday it might further reduce its workforce to stay competitive after already unveiling thousands of job cuts.

Japan's leading airline said a year ago it would axe an extra 700 workers under a tougher medium-term business plan, bringing the total reduction by March 2003 to 4,200 ground staff.