

Business community seeks urgent govt steps to boost exports

Streamline port, give concessional export loans, chambers demand

STAR BUSINESS REPORT

On the back of falling exports in a recession global economy, the country's business community has suggested the new government to take specific measures to boost exports and address the infrastructure bottlenecks.

Delegations of three leading business bodies -- Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the Metropolitan Chamber of Commerce and Industry (MCCI), and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) -- separately met with Commerce Minister Amir Khusru Mahmud Chowdhury yesterday, and informed him about the business problems specially in external trade. They also handed over a set of suggestions to the minister.

The commerce minister assured them of specific measures to boost regional exports, especially to India, meeting sources said.

"Effective steps will be taken both at domestic and international levels on the basis of the recommendations of the private sector to tackle the situation," Amir Khusru Mahmud

Chowdhury told the business delegations. The FBCCI team was led by its president Yussuf Abdullah Harun, the MCCI delegation was led by its president Latifur Rahman, and the BGMEA was led by its President Kutubuddin Ahmed.

"In the ultimate analysis, the country's export prospects lie in regional trade, particularly with India," Latifur Rahman told the minister. "Indian government has not been very helpful in accepting our export products. In spite of two rounds of agreements under SAPTA, they continue to impose tariff and non-tariff barriers against our products. The sooner the issues are taken up at the highest political level, the better will it be for our balance of payments. The present government is in a unique position to take requisite political initiative in this regard."

As inefficient management of the Chittagong Port costs the country's economy about US\$ 600 million yearly, the MCCI also suggested the new government to take specific measures on immediate basis for improving the situation.

"On a conservative basis, it is estimated that the country's competitiveness is compro-

mitted so much by inefficiencies at the Chittagong Port that the costs to the economy now amount to about US\$ 600 million a year, which is 12 per cent of the government's annual budget," the MCCI president said at the meeting.

"The proposed SSA Port Project in Chittagong has caused immense concern and misunderstanding. Widespread unrest by the port workers caused serious operational problems. We strongly recommend that the government should make an announcement that final decision about the project will be taken in full consultation with all concerned," Latifur Rahman said.

The suggestions to improve operations at the Chittagong Port also include privatisation of the back-up services at the container terminal on immediate basis, recast of existing administrative set-up and formation of an 'Advisory Committee' for facilitating interactions between port authorities and users.

The business community also put forward recommendations seeking urgent steps from the government to help the country's economy overcome the possible fallout of global recession.

The BGMEA and FBCCI suggestions include hectic lobbying for duty and quota-free access to the US market, reduction of interest on export loans from 10 per cent to 5 per cent specially for exporters to the USA, cash incentives for export sector and also immediate implementation of BNP's election pledge to set up a 'Garment Ministry'.

Mentioning that the past step of currency devaluation yielded 'very little' improvement in the export competitiveness, the MCCI president said: "We strongly suggest that four teams be immediately formed under the chairmanship of the commerce secretary to make specific recommendations for some crash programmes to revive export of leather and leather products, frozen foods, tea, jute and jute goods."

The FBCCI delegation sought strong measures to check smuggling hitting hard the domestic industries and also urged the government to improve law and order situation.

The business delegations also urged the minister to take specific measures to invite more investments including FDI in the promising information technology (IT) and agro-processing sectors.



A delegation from Metropolitan Chamber of Commerce and Industry, Dhaka led by its President Latifur Rahman met Commerce Minister Amir Khusru M Chowdhury at the Secretariat yesterday. Barkat Ullah Bulu, State Minister for Commerce, is also seen in the picture.

CEMS Mega Expo begins tomorrow

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With the participation of Information Technology, electronics and construction-related companies, a gala exposition titled Mega Expo 2001 organised by Conference & Exhibition Management Services (CEMS) begins in the city tomorrow.

"A total of 46 local and multinational companies operating in Bangladesh will participate in the three-day show," said Meherun N. Islam, Chief Executive Officer of CEMS, at a press conference at Sonargaon Hotel in the city yesterday.

Mega Expo 2001 is basically divided into three parts -- Comteq 2001, Elexpo 2001 and ConExpo

2001. Comteq 2001 is represented by computer equipment, software, telecommunications and office equipment companies. Elexpo 2001 is represented by electronic equipment companies while ConExpo 2001 by construction material, equipment and real estate companies.

"We hope that the exposition will be successful despite present sluggish economic environment as most of the participants have confirmed their participation," Islam stated, hoping that the turnout will also be satisfactory.

The show to be organised at Sonargaon Hotel in the city will continue from 10 am to 8 pm everyday.

HK 2001 GDP growth seen negative

AFP, Hong Kong

Hong Kong will see negative economic growth of 0.2 per cent this year after the terrorist attacks in the US, compared to a previous forecast of 0.8 per cent. Credit Suisse First Boston chief regional economist Dong Tao said Wednesday.

"We have revised Hong Kong's full-year growth to a negative 0.2 per cent from a positive 0.8 per cent previously for 2001. Worse yet, it should not see much of a rebound next year as there is no visible impetus for growth," he said.

Dong forecast Hong Kong's GDP growth for 2002 would be 1.6 per cent.

Last month, the territory's government trimmed back its economic growth forecast for 2001 from 3.0 per cent to 1.0 per cent after second quarter growth slowed to 0.5 per cent from a year earlier.

Besides the cyclical downturn, the local economy was struggling with structural changes, he said.

"The stubbornly high operational costs are likely to reopen the discussion on de-pegging (the Hong Kong dollar). We believe devaluation may be necessary if Hong Kong is serious about deepening the economic integration with Guangdong," he said.

Dong added he was expecting the local prime lending rate to fall by an additional 100 basis points to five percent by the year-end, in line with the US.

The territory's budget deficit could rise to 50-70 billion dollars (6.41-8.99 billion US) for the year to March 2002, against the government's original estimate of three billion dollars.

Doosan hands over ScanCement factory

Doosan Heavy Industry & Construction Ltd, the builder of the ScanCement factory at Kanchpur in Narayanganj, formally handed over the ScanCement factory to ScanCement International Ltd recently on the factory premises, says a press release.

Nam Jo Huh, Senior Vice President of Doosan, and Ola Schippert, Managing Director of ScanCement International Ltd, signed the documents on behalf of their respective companies.

Abdul Awal Mintoo, Vice Chairman, Jahangir Khan, Director, Graham Bell, Vice President (Operations), and Christer Eriksson, Vice President of Marketing & Sales of ScanCement International Ltd were also present on the occasion.

Doosan, previously known as Hanjungk Korean Heavy Industry & Construction Co. Ltd, is a leading construction company in the world. Doosan's activities for building the ScanCement factory included design, supply, construction, installation, commissioning and delivery of the plant on Turn-Key basis.

The newly constructed ScanCement factory, considered a milestone in cement production in Bangladesh, is located between national high way on the east and the River Sitalakhyia on the west.

Some unique features of the plant include the country's largest single ball mills, water treatment plant, state-of-the-art laboratory, most comprehensive dust collection system, largest jetty for discharge of clinker and gypsum and fully computerised production process.

ScanCement International Ltd, is a number of the Heidelberg Cement Group, one of the leading groups in the world of manufacture and trade of cement and building materials. The group operates in 1600 locations in 50 different countries with a total work force of about 40,000 and an annual turnover of 8 billion US dollars.

France unveils stimulus package

REUTERS, Paris

France announced a stimulus package of corporate tax breaks, support for poor households and state aid to struggling sectors Tuesday in a bid to stave off recession after last month's attacks on the United States.

In his 2002 budget speech to parliament, Finance Minister Laurent Fabius made a direct call to the European Central Bank to support European economies by slashing its rates further.

"This is a plan to consolidate growth," Fabius told deputies in the National Assembly, urging French consumers and companies to resist what he said was a campaign by "terrorists to disturb our behaviour and deform our vision of reality."

"I am convinced there is room for manoeuvre on monetary policy," he added, reaffirming similar calls emerging from a meeting of euro zone finance ministers in Luxembourg on Monday.

"Easing of monetary policy is an urgent tool to prompt more dynamic investment. Of course, it is up to the ECB council of governors to decide on that," he said.

India sticks to 12pc export growth target

REUTERS, New Delhi

India on Wednesday stuck by its forecast that exports would grow 12 per cent this year despite the attacks on the United States, its biggest trading partner.

"At present, there is no need to reduce the target," Commerce and Industry Minister Murasoli Maran told a conference of economic editors.

His comments came in the face of figures showing a declining export trend and forecasts by economists that the fall would accelerate because of an expected further slowing of the US economy as a result of the turmoil generated by the attacks.

The United States accounts for a quarter of India's merchandise trade.

Maran said exports which grew at around 20 per cent in 2000/01 would pick up because US companies now were likely to outsource

from cheaper sources.

At the same time, Maran said, "The present industrial picture is not very happy. The Indian economy slowing down is a reflection of the downturn in the global economic scenario."

Gross domestic product growth slipped to 5.2 per cent in 2000/2001 (April-March) from 6.4 per cent a year earlier, mainly due to lack of overall demand.

But Maran said the relatively closed nature of the economy in comparison with other Southeast Asian countries has put India on a stronger wicket, and he was confident India would overcome the current turbulence.

"Despite the slowdown, India will continue to be one of the five fastest-growing economies in the world. We can't be complacent about it but at the same time we needn't be alarmed about the slowdown," Maran said.

He said foreign direct investment (FDI) jumped 33 per cent to \$3.19

billion between January and August from a year earlier and forecast the same trend would continue for the rest of the year.

"FDI inflows during the current year have been encouraging in spite of the global slowdown," he said.

He added there was no visible sign of a decline in FDI in India after the attacks on the United States, despite economists' concerns expressed that flows would slow, further hurting the already weak economy.

Maran added the growth in imports of 300 sensitive items monitored by the government since the lifting of quota curbs in April shrank by 12 per cent between April and August over the same period last year.

Textile exports, which accounted for 27 per cent of the \$44.2 billion exports for the past year to March, were worst hit in the slowdown and also exhibited negative growth, a commerce ministry official said.

AP STRONG 500 now in market

The R&D department of AP (Dhaka) Ltd has developed STRONG 500, a herbal energy drink, for the first time in Bangladesh, which is now available all over the country, says a press release.

This is totally a new concept in the field of available drinks," it said.

STRONG 500 is prepared from the fresh juice of amloki and other vitamin enriched fruit juices.

STRONG 500 will improve the mouth feeling and provide the total requirement of Vitamin-C and energy, the release added..

Bangladeshi farmer gets Y S Rao Award

BSS, Dhaka

A Bangladeshi Carp and cat fish breeder, cultivator and hatchery owner from Jessore, Hafez Sheikh Mesbahuddin, received the Y S Rao Award as one of the four outstanding farmers in Asia Pacific region from Thai Princess Maha Chakri Sirindhorn in Bangkok Tuesday, a message said here said.

The award was presented as part of a programme organised by the Regional Office for Asia and the Pacific of the Food and Agriculture Organisation (FAO) in the Thai capital, marking the World Food Day.

This year's theme topic for the World Food Day is "Fight hunger to reduce poverty" and seeks to heighten public awareness of the nature and dimensions of the world problems of hunger, malnutrition and poverty and to develop further the sense of national and international solidarity.

Princess Maha Chakri Sirindhorn chaired the ceremony which was attended, among others, by Bangladesh Ambassador to Thailand Hamayettuddin and eminent Thai leaders and members of the diplomatic community.

The Thai leaders were full of praise for the outstanding performance of Mesbahuddin and said that his initiatives would be an inspiration to farmers of developing countries to fight poverty and improve their quality of life.

US 'aggressively' backing Russian WTO entry

AFP, Moscow

US Secretary of Commerce Donald Evans said on Wednesday that Washington would "aggressively" support Russia's application to join the World Trade Organisation (WTO) as part of a strengthening partnership in the wake of the September 11 attacks.

"This is a very important time in the development of the relationship between the United States and Russia, and indeed a very important time as all civilised nations unite in this world," Evans told journalists at the end of a four-day visit here.

"In terms of what Russia will gain," Evans predicted "a continuation of the strengthening partnership" forged by Presidents George W. Bush and Vladimir Putin at summits in Ljubljana and Genoa in June and July.

Debate over Qatar as WTO meet venue intensifies

AFP, Shanghai

Debate among Pacific-rim countries intensified Wednesday over whether to move a World Trade Organisation meeting from Qatar next month owing to security fears arising from the US attacks on Afghanistan.

The Qatari government was to decide Thursday whether to go ahead with hosting the November 9-13 WTO gathering, a senior official in the Gulf emirate said.

"Up to now there has been no change, we will decide our position tomorrow," the official told AFP in Doha, refusing to give any further details.

A senior Latin American delegate attending the Asia-Pacific Economic Cooperation (APEC) forum said Singapore was being discussed informally here as a

possible new venue.

"Officials and ministers are mentioning the possibility of holding the WTO summit in Singapore instead of Doha," he told AFP in Shanghai.

"Besides Singapore, I haven't heard of any other country being considered as an alternative to Qatar in the APEC meetings," he said.

Other APEC delegates said a possible venue switch was being discussed during breaks in talks among the 21-member grouping's trade and foreign ministers.

An official at Singapore's ministry of trade and industry said no decision had been made to shift the venue.

"The issue of venue is one for the WTO General Council to address and decide," the official said.

Speculation of a switch to Singapore has intensified as protestors take to the streets in Muslim-majority nations to denounce the US-British air raids on Afghanistan, launched in retaliation for the September 11 terrorist attacks in the US.

WTO trade ministers met in Singapore last weekend, and Singaporean Trade Minister George Yeo acknowledged that a number of countries including his own had been informally sounded out over stepping in.

However, Canadian Minister of International Trade Pierre Pettigrew said Doha remained the planned venue for the ministerial talks, which will attempt to revive a trade liberalisation drive abandoned at Seattle in 1999.

Rich nations must settle pending issues before new WTO talks:India

AFP, New Delhi

India Wednesday said a new round of global trade talks, due to be held next month, should happen only after long-standing World Trade Organisation (WTO) policy issues have been implemented.

Trade ministers from around the world are scheduled to meet in Doha, Qatar in November aiming to launch a new round of WTO talks.

India has relentlessly lobbied on behalf of developing nations, arguing that rich countries have failed to keep their pledges to open up their markets to goods from developing countries.

"These issues should be resolved before the WTO ministerial talks next month," India's

Commerce and Industries Minister Murasoli Maran told reporters at an annual economic meeting.

"Some of the issues which can not be resolved immediately should be put on a fast track mechanism for redressal."

The United States and the European Union are keen on a new round of trade talks, while countries such as India, Pakistan and Malaysia have reservations over whether they would stand to gain.

"Developing countries have a millstone hanging around their necks," Maran said, adding that the balance of power in the global negotiations was very much with the developed countries because of their clout in the markets.

"The US, the European Union and Japan are setting the agenda (in WTO trade talks) because they have the market power," he added.

Maran said developing countries comprise up to two-thirds of the members of the WTO and they should effectively utilise their collective bargaining power on the global stage.

He added that, despite opposition from developing countries, the WTO was a "necessary evil" for trade as otherwise each would have to individually enter into contracts every year.

"So we have to negotiate, negotiate. The power of the market is with them. So we have to fight another kind of battle," he said.



Ola Schippert, Managing Director of ScanCement International Ltd, handing over a crest to Nam Jo Huh, Senior Vice President of Doosan, at a function organised recently to mark the handover of ScanCement factory at Kanchpur in Narayanganj to ScanCement International Ltd authority. Abdul Awal Mintoo, Vice Chairman of ScanCement International Ltd, is also seen.

World Bank says attacks in US to prolong Asian slump

AFP, Manila

East Asia's economic slump is likely to last well into next year with the terrorist attacks in the United States slowing efforts to reduce the region's sprawling poverty, the World Bank said Wednesday.

The bank's half-yearly regional update predicts real gross domestic product (GDP) growth in developing East Asia would fall to 4.6 per cent this year from 7.3 per cent in 2000.

Output in the industrializing economies of Hong Kong, South Korea, Singapore, and Taiwan as a group would contract by 0.6 per cent, having grown 8.0 per cent last year. Japan's economy is seen to slip by 0.8 per cent from 1.5 per cent growth last year.

The attacks, at a time when East Asia was already suffering from the

sudden end of the technology boom, will slow investment decisions, dampen consumer confidence in export markets, and reduce tourism, the World Bank's Manila office said in a statement.

"The recovery is at least six months further off, perhaps nine months," said Homi Kharas, the World Bank's chief economist for East Asia and the Pacific.

"This delay will mean fewer jobs and less household income," he said. "The outcome will certainly be bad news for the region's poor."

In a separate report Wednesday, Moody's Investors Service warned a US recession "will most likely drag down exports and thus slow GDP growth across the region."

But it said the credit rating

outlook for most East Asian economies remains steady, owing to the regional drive to improve economic conditions ever since the 1997 Asian financial crisis.

The World Bank said East Asia will recover only mildly to about 5.0 per cent next year in what would be the region's weakest year since it recorded zero growth during the Asian financial crisis in 1998.

Japan's GDP would grow only 0.1 per cent while East Asian tigers would expand by 3.6 per cent.

"The past year was already shaping up to be a difficult one for the region, with cyclical downturn in the IT sector hurting a number of countries across the region, pushing some to recession and others below levels of growth which would maintain employment," Kharas said.