

Bangladesh to get Tk 137.7cr grant aid for debt relief from Japan

Bangladesh will receive Tk 137.7 crore in grant aid for debt relief from Japan, says a press release.

An agreement to this effect was signed yesterday in the city.

Jiro Kobayashi, Ambassador of Japan to Bangladesh, and Ayub Quadri, Secretary of Economic Relations Division, signed the exchange of notes on behalf of their respective governments.

Under the exchange of notes, Japan will provide Bangladesh with a grant assistance of the amount with the intention of producing the same effect as cancelling the debt.

For least less developed countries, Japan instead of reducing the debt, offers grant aid which is the same amount of the debt repayment. In this aspect, the grant will enable the recipient country to purchase commodities and equipment from all the developing countries and territories covered by the Statistical Reporting Directives of the DAC except Bangladesh and all member countries of the Organisation for Economic Cooperation and Development (OECD).

This grant is to be utilised by Bangladesh for import of commodities except the weapon, luxurious commodities as well as banned and restricted items.

EBL reduces interest rates

Eastern Bank Limited has announced cuts in interest rates by 1-3 per cent in line with the government initiative to boost investment and strengthening the economy, says a press release.

EBL has also refixed its interest rate on export credit at 7 per cent as against 10 per cent previously.

Interest rate on agro-based industries has also been reduced by two per cent.

The bank has also reduced interest on various other categories of loans/working capital in response to the recent government directive.

The new rates will be effective from December 1, 2001 for all new loans.

BB T-bill auction held

UNB, Dhaka

The 168th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held here yesterday.

Taka 397 crore, Tk 2 crore, Tk 62 crore, Tk 219.50 crore and Tk 6 crore were offered respectively for the 28-day, 182-day, 364-day, 2-year and 5-year bills.

Of these, Tk 132 crore, Tk 22 crore and Tk 57.50 crore of 28-day, 364-day and 2-year bills were accepted respectively.

The range of the implicit yields were 3.99-4.50 per cent, 5.54-5.85 per cent and 6.94-6.95 per cent per annum respectively.

No bid was offered for the 182-day bill and bids offered for the 91-day and 5-year bills were not accepted.

Due to maturity of the bills, an amount of Tk 63 crore will retire this week. So the net amount of the issuing bills will stand at Tk 148.50 (Tk 211.50 crore-Tk 63 crore) during this week, said a Bangladesh Bank press release.

Brown to cut British growth forecast

AFP, London

Britain's finance minister Gordon Brown will reduce his forecasts for economic growth in his official pre-Budget report this week, Sunday newspapers reported.

The Sunday Times said that Brown would Tuesday announce the slowdown had not affected his spending plans and that he would press ahead with tax cuts for businesses as well as offering more cash for key public services.

The paper added that the slowdown would push up public borrowing by up to 10 billion pounds (14 billion dollars, 16 billion euros) over the next two years compared with government forecasts in March.

The Observer said that the chancellor of the exchequer, as the finance minister is known, was expected to downgrade his growth forecast to between 1.75 and 2.25 per cent, compared with a projection last March of 2.25 to 2.75 per cent.

Time to focus on potential sectors

Meeting on export diversification told

STAR BUSINESS REPORT

The country's exporters have asked the government to devise a home-grown policy for widening the export base and give more attention to the nascent but prospective sectors.

The business leaders conveyed the message yesterday at a meeting with the commerce ministry. The meeting was mainly convened to discuss how to utilise the European Union's (EU) technical assistance for diversification of export items.

The EU last week offered Bangladesh about 50 million euro in technical assistance for diversification programme at the first meeting of the EU-Bangladesh Joint Commission. EU Trade Commissioner Pascal Lamy, who also visited Dhaka last week, said that the EU would send a programming mission here for suggesting actions to be taken.

Most of the trade associations yesterday said successive governments

gave more and more incentives to the readymade garment sector, but failed to focus on other potential sectors.

The leaders of the Agro-processing association at the meeting said the agro sector considered as the most promising one could not deliver according to its potential due to lack of focus by the policy planners.

Although the EU offered duty and quota-free market access to all the LDCs including Bangladesh under its Everything-But Arms (EBA) deal, the country is yet to get the benefit due to supply side constraints.

In this context, exporters at yesterday's meeting suggested the government to go for local technical support instead of depending on outside help alone. They said intensive focus has to be given on the potential items to add more value.

Apart from the leaders of export related trade bodies and other business bodies, Commerce Secretary Suhel Ahmed and the country's envoy to Belgium, the headquarters of the EU, were also present at the meeting.

Molasses sweeter than sugar

BSFIC mills not operating in full capacity as sugarcane supply dwindles

RAZIUR RAHMAN

Molasses are edging out sugar. The 15 sugar mills of the country have been running at around half their capacity for the last few years due to sugarcane dearth.

Officials concerned said sugarcane farmers are not interested to sell their produces to sugar factories as they get much higher prices from commercial molasses producers who illegally use power crushers to extract juice.

As a result, the sugar mills are not getting enough raw materials to operate in full capacity.

A large number of farmers in the sugar mill zones are selling sugarcanes to the molasses producers. According to a top official of the Bangladesh Sugar and Food Industries Corporation (BSFIC), about 60 per cent of the total sugarcanes are consumed by the molasses producers.

Earlier, the authorities had to close two sugar mills in Narsingdi

and Kisoreganj in 1994 due to supply shortage that resulted in huge loss of the factories.

The total annual capacity of the existing 15 sugar mills of the country is about 2.10 lakh tons. But the mills could produce only 98,000 tons in fiscal 2000-2001 against a target of 1.5 lakh tons due to raw material scarcity.

According to BSFIC officials, the average sugar demand of the country is around four lakh tons per year. Last year the government imported around two lakh tons of sugar. Besides, it is also smuggled into the country from India.

A 1956 ordinance to declare a certain area around the sugar mills as sugar mill zones strictly restricts use of power crusher or hand crusher to produce molasses in the zone.

"Although the district administrations are entitled to enforce the law, in most cases no step is taken against the molasses producers", the official said.

The government increased sugarcane price by Tk four per maund last year to Tk 41.50 at mill gates and Tk 41 for per maund at the offshore purchase points. But officials feel that the price should be further increased to encourage farmers to sell their produces to the mills.

While talking to The Daily Star Mafzal Hossain, Chairman of BSFIC, admitted that scarcity of raw material has appeared as a major threat to the industry.

He however said different initiatives have been taken to motivate the farmers. Other than increasing price, credit to farmers in the form of seeds, fertiliser and technical assistance have been increased.

The BSFIC chairman said this year's target for sugar production has been fixed at 1.83 lakh tons. Of the 15 mills, 12 have already gone into production this month and the rest three are likely to start production within a week.

Taiwan co keen to invest in Bangladesh textile sector

UNB, Dhaka

HWA Well Industry Company Ltd. of Taiwan has showed keen interest to invest in the textile sector of Bangladesh.

Jack Yang, a representative of HWA, met with BOI Executive Chairman Mahmudur Rahman in his office yesterday and expressed his intention of investment.

Considering the infrastructural facilities and other advantages, Yang viewed that Bangladesh has attracted them to set up their venture here.

Jack Yang proposed to set a spinning mill of 50,000 spindles to produce 1.5 million kilograms of knit-fabrics with solid and yarn dying facilities.

Seeking infrastructure facility and procedural support from BOI, he expected to go for production by March next year.

Welcoming the Taiwanese investment especially in the field of textile having direct contribution to backward linkage industry, the BOI executive chairman assured the Taiwanese investor of fullest support for setting up the project.



Prospective buyers bargain with a shopkeeper over the price of windbreakers yesterday in city's Bangabazar Market, a popular bazaar among the country's middle and low income groups. With winter just round the corner, warm-clothes are in great demand in garment stores. The jackets sell between Tk 200 and Tk 250 a piece.

Anwar for balanced globalisation of rich, poor countries

UNB, Dhaka

Industries Minister MK Anwar said lavish and imbalance implementation of globalisation process without considering socio-economic condition of the countries would impair the spirit of globalisation.

Implementation of globalisation by rich and poor countries alike will create bad impact on weaker economies as well as employees and employers, he said.

The minister was inaugurating a daylong roundtable on Impact of Economic Globalisation on the Interest of Industry and Labourer in Bangladesh at CIRDP auditorium here yesterday.

Bangladesh Institute of Labour Studies (BILS) organised the discussion with Whip Ashraf Hossain in the chair. BILS Secretary General Nazrul Islam Khan and ILO representative Lee also addressed the inaugural function, which was

attended by prominent labour leaders, economists and trade analysts of the country.

Dhaka University Professor M M Akash and BILS Vice Chairman Mujibur Rahman Bhuiyan placed two key-note papers on the subject.

The minister said impact of globalisation is different in different countries and its initiators are taking a fresh plan to accrue benefits of globalization equally by all members.

He suggested for ensuring free movement of people from one country to the other, like commodities as compensation to countries affected by the free trade.

The minister said globalisation and liberalisation is the order of the day. But the implementation of the twin processes should be in line with economic situation of the country.

He said liberalisation of trade should be in phases so that the weaker economies like Bangladesh

could get time to cope with open competition.

Globalisation without safety net for low-income group including labourers would make the poor poorer. Not only private investment, state-owned industries also can earn profit having a good impact on the society if industry-friendly environment prevails, added the minister.

Anwar said industrialisation process should be continued to maintain the interest of labourers. Congenial owner-employee relationship and peaceful law and order situation are the precondition for earning profit in any enterprise.

Ashraf Hossain said globalisation is the new way to exploit the poor countries. Few people and a few countries initiated globalisation and liberalisation policies to maximise profits at the cost of the poor.



New Chairman of Union Capital

Nasir A Choudhury has been elected Chairman of Union Capital Ltd, says a press release.

The election was held at the 37th meeting of the company's Board of Directors held in the city on Thursday.

Choudhury is also the Chairman of Bangladesh Insurance Association, sponsor-Director and Managing Director of Green Delta Insurance Co Ltd, Director of Ekushey Television Ltd, Director of Delta Brac Housing Finance Corp Ltd, Vice Chairman of Bangladesh German Business Forum, Counsellor of Dhaka Stock Exchange, and Chairman and Managing Director of NASCOM (Pvt) Ltd.

US recession likely to be announced formally today

AFP, Washington

A leading economic researcher with access to federal fiscal data is expected to announce Monday that the US economy is in recession, US media reported Saturday.

On the heels of a less-than-explosive start to the holiday shopping season, ushering in a month of sales expected to be less than three per cent greater than 2000, the National Bureau of Economic Research was expected Monday to state that the recession began in March and was compounded by September 11 suicide attacks.

Around 4,000 people were killed when four commercial aircraft were hijacked and crashed into US targets, which led to US military action against suspected terrorist leaders in Afghanistan, and the ruling Taliban who sheltered them.



A loan agreement between National Bank Limited (NBL) and Bangladesh Finance & Investment Co. Ltd (BFICL) was signed recently at the bank's head office. Picture shows SU Chowdhury, EVP and In-charge of NBL Dilkusha Branch and M Hafizur Rahman, MD of BFICL, exchanging the agreement documents. Rafiqul Islam Khan, Managing Director of NBL, and BFICL DMD Badruddoza, among others, were also present at the signing ceremony.

Thai PM due in India today to discuss regional highway

AFP, Bangkok

Thai Prime Minister Thaksin Shinawatra is due to visit India this week for talks on the construction of a regional highway and strengthening economic ties, an official said Sunday.

Thai government spokesman Yongyuth Tiypairath said Thaksin would travel to India from November 26-29 to map out new avenues for

cooperation, particularly in the international rice trade.

"They will discuss economic cooperation, their competition in the rice trade and also the construction of a regional highway linking three countries -- Thailand, Myanmar and India," he told AFP.

Yongyuth said the highway would run between the northern Thai district of Mae Sot and India's

northeastern Assam region.

The Thai premier also plans to make preparations for a visit to India in February by Thai Queen Sirikit Adulyadej.

Next month, Thaksin will pay an official visit to the United States from December 13-17 for meetings with President George W. Bush and a tour of the World Trade Center remains.