

ADB suggests BOP support loan if govt opts for trade, industrial reforms

M SHAMSUR RAHMAN

The Asian Development Bank (ADB) has suggested that donors could provide trade and industry programme loans as balance of payments support if the new government formulates reform agenda in this regard.

"A series of relatively small loans may be appropriate. Each one could either emphasise respectively trade, tax, privatisation etc., or combine several such issues in multi-theme reforms with rather short duration," said an ADB paper on strategic issues and potential response initiatives in the trade and industrial sector in Bangladesh.

It said that the policy matrix on trade policy for such programme could be removing quantitative restrictions (QRs), tariff and other import tax structure rationalisation.

In tax administration, a further phase of revenue administration modernisation programme was suggested for speeding import and import clearance, streamlining VAT and income tax assessment and reorganising NBR to ensure sustainability.

In privatisation, ADB suggested completion of the disposal of public equity in all manufacturing SOEs. In anti-corruption field, a well specified programme could be taken to continuously monitor performance of service delivery by public agencies.

The ADB has organised a workshop on Wednesday to highlight the reform issues and explore policy and institutional initiatives to address these. It will outline the potential areas of intervention for the donor community.

Finance and Planning Minister M Saifur Rahman, Commerce Minister Amir Khosro

Mahmud Chowdhury and Industries Minister M K Anwar are expected to attend the workshop.

The ADB also felt that as foreign aid dwindled because of lack of reforms in vital areas such as trade, privatisation and financial sector, the new government having a substantial majority in the parliament has the opportunity to resume and accelerate the unfinished tasks.

"Bangladesh appears to have become a fairly open economy, largely as a result of the trade policy liberalisation between 1987 and 1994 as well as the parallel and subsequently sustained dynamic growth of ready made garment and knitwear exports," the ADB paper said.

Regarding foreign direct investment, ADB said the country has so far not enjoyed bene-

fits of FDI in spite of liberal regulation and consistent economic growth of around five per cent a year in the 90s.

During the six years through FY00, the total investment inflow totaled only a little over \$10 billion, less than 19 per cent of the total gross investment for the period and only \$ 1.3 billion more than foreign aid disbursements.

The ADB said small-micro industries dominate the economy and satisfy most consumer demands, but generally produce low quality goods with little export potential and a persistent hardcore of enterprises remain owned and heavily subsidised by taxpayers as well as by consumers.

In rather sharp contrast, readymade garments and knitwear have grown fast, replacing the economy's previous export dependence on jute.

Saifur blasts performance of chartered accountants

5 cos get awards for best published accounts and reports

STAR BUSINESS REPORT

Finance and Planning Minister M Saifur Rahman yesterday blasted the members of the Institute of Chartered Accountants (ICAB), saying the government would stop all kinds of financial support to the organisation if the chartered accountants do not improve their performances.

"I am not satisfied with the performance of ICAB members. The chartered accountants are preparing absurd and inaccurate reports. You cannot survive unless there is ethics and morality in your profession," he said.

The minister was speaking as chief guest at the 'ICAB National Awards 2000 for Best Published Accounts and Reports' at Sonargaon Hotel in the city. State Minister for Energy and Mineral Resources AKM Mosharraf Hossain attended the function as special guest.

National Bank Ltd and Arab Bangladesh Bank Ltd were awarded

first and second prizes for the year 2000 in the financial sector for the best published accounts and reports while Beximco Pharmaceuticals Ltd, Padma Textiles Mills Ltd and Glaxo Wellcome Bangladesh Ltd became first, second and third respectively in non-financial sector.

"People always want transparent and accurate financial reports. If the chartered accountants (CAs) don't prepare accurate reports, it is impossible to improve the scenario," Saifur mentioned.

He also asked the ICAB president to take action against its members who are not maintaining professional ethics. "Otherwise, I would stop financial support to the institute," he warned.

"CA is the only profession linked to real life business because a CA knows how to run an enterprise. But I am criticising the lack of discipline among our CA professionals," the minister went on.

Criticising the immediate past government's expansionary monetary policy and heavy borrowing from the country's banking system,

he said: "I don't have options to borrow even Tk 1000 crore from banks. There is nothing left in the country's foreign reserves and banking system. The new government has inherited a broken economy."

"We are not in a comfortable situation. But I hope we would be able to recover from this," Saifur stated.

The finance minister also came down heavily on the business community and the garment exporters and said the exporters open back to back letters of credit (L/Cs) of inflated amount than the actual order's.

Citing an example, he said when the price of one yard fabric is US\$2 in the international market, they show it at \$3 in the L/C documents. As a result, some \$300 million export proceeds remain not repatriated.

Turning to the banking sector, Saifur reiterated that new borrowers cannot be punished for the previous default loans. The minister also held bank managers responsible for default loans.

RAKUB reduces interest rates

Rajshahi Krishi Unnayan Bank (RAKUB) has reduced interest rates on short, medium and long term loans by 1 to 3 per cent (depending on sectors of lending) in pursuance of government policy, says a press release.

The decision was taken at the 213th meeting of the Board of Directors of the bank held in Rajshahi recently.

The revised interest rates are expected to contribute to the bank's poverty alleviation credit programmes aimed at socio-economic development.

RAKUB reduced 3 per cent interest rates on export loan, 2 per cent on electrification loan and 1 per cent on all kinds of crops loan, BADC's contract growers, water body management and fish harvesting, banana, silk and garden-based crops cultivation and rural transportation loans.

Besides 2 per cent interest rebate would be allowed to agricultural loanees for repayment as per schedule.

Reduction by 1 per cent has taken place in respect of medium term loans which includes small-scale agro-based industries, betel-leaf cultivation, purchasing of bullocks and buffalo and agriculture and irrigation machinery, poultry farms, fruit garden, nursery and mulberry cultivation and fish cultivation in ponds.

The bank has also decided to reduce interest rate by 1 per cent on long term-loan against purchasing of irrigation equipment & farm machinery, establishment of medium and large scale agro-based industries.

Following the reduction of bank rate, RAKUB has also decided to reschedule the interest rates on all kinds of deposits.

Rupali Bank holds Dhaka, N'ganj managers' confce

The two-day conference of Rupali Bank branch managers of Dhaka and Narayanganj zones ended in the city recently.

Md Shamsul Alam, General Manager of the bank, presided over the meeting, says a press release.

Speaking on the occasion as chief guest Md Yeasin Ali, Managing Director of the bank, called upon the Branch Managers to put in their relentless efforts to achieve the overall business targets for the current year including recovery, deposit & profit.

The Managing Director reminded the Branch Managers about the recent reduction of various interest rates by the bank yielding salutary effects on the businessmen and entrepreneurs. He advised the Branch Managers to create positive response among the prospective loanees.

General Managers Md Selim Khan, Md Ashraf Ali and Md Zahurul Haque attended the meeting.

They reviewed the performance of the branches achieved so far and gave the policy directives to achieve the business targets for the current year.

Eighty one Branch Managers took part in the conference and exchanged views on the performances of their respective branches.

Indonesia sees current account surplus falling

AFP, Jakarta

The Indonesian government expects the country's current account surplus to fall significantly this year mainly due to lower oil prices, and to narrow further in 2002 with exports likely to remain weak, a document showed Monday.

In a draft letter of intent to the International Monetary Fund (IMF), the government blamed poor exports on the difficult world economic outlook. Some pickup in imports is projected with a strengthening in domestic activity.



PHOTO: MUTUAL TRUST BANK

Mutual Trust Bank Ltd opened its 7th branch at 15/5 Progati Sarani in Dhaka on Sunday. The branch was inaugurated by Vice Chairman of the bank Samson H Chowdhury. The inaugural function was attended by former MP AKM Rahmatullah, the bank's Managing Director Mosharraf Hossain, members of the Board of Directors, senior executives and businessmen.

UK outperforms most other leading economies: OECD

Sterling well placed to participate in euro zone

AFP, Paris

The British economy has outperformed most other leading economies and is set for 2.3-per cent growth this year, an OECD report said on Monday, signalling that sterling is well placed to participate in the euro zone.

The report skirted the issue of Britain and the euro in diplomatic terms, but noted that in many ways the British economy is closer to the core of the euro zone than some euro-zone members.

Sterling moves more closely in line with the euro than the dollar, the report said while taking a hypothesis of a 10-per cent depreciation of sterling against the euro in the medium term and a rise against the dollar, implying thereby that the dollar might be set for a heavy fall.

The report highlighted urgent

need for investment, including state investment, in public services such as transportation and education, and that two thirds of growth in the last five years has come from transportation, communications and financial services.

Employment remains high and inflation low, while services take over from manufacturing as engines of growth, expected to reach 2.3 per cent this year, the Organisation for Economic Cooperation and Development said.

Strength of the pound against the euro, however, has increased the trade deficit.

"Overall, the United Kingdom's macroeconomic performance has been robust," it resumed, while noting that weakened activity since late 2000 would suffer from the September 11 terrorist attacks against the United States.

Although British growth has slowed since the summer of 2000, it "held up better than in the other major OECD economies," said the report, singling out the "dynamism of transport and communications services, as well as business services and finance".

Gross domestic product (GDP) is expected to grow by 2.3 per cent in 2001, by 1.7 per cent in 2002, and by 2.5 per cent in 2003, the survey found.

For the OECD as a whole, the economic growth forecast is for 1.0, 1.0 and 3.2 per cent over the same period.

Unemployment has fallen more than expected, and domestic shocks such as an outbreak of foot-and-mouth disease and rail disruptions, "do not appear to have had much adverse effect on overall economic activity".



PHOTO: GLOBAL BEVERAGE

Global Beverage Company Ltd organised a conference on Sunday at Dhaka Sheraton Hotel. Abul Quasem Haider, Chairman, Firoz Alam, Managing Director, Tariq-uz-Zaman, General Manager, Syed Mizanur Rahman, Deputy General Manager, and Quamrul Hassan, Group Brand Manager, were present at the conference.

Japan PM orders extra budget, emergency economic plan

AFP, Tokyo

Prime Minister Junichiro Koizumi told his government Monday to put together a second supplementary budget and draw up an emergency economic programme to boost Japan's ailing economy.

Officials said the government would spend 2.5 trillion yen (20.1 billion dollars) on the budget which in its entirety, including expenditure by local governments, would amount to 4.0 trillion yen.

"After the multiple terrorist attacks in the United States, and as the risk of a simultaneous global recession increases, our economy is worsening further," Koizumi said during a cabinet meeting Monday, according to Chief Cabinet

Secretary Yasuo Fukuda.

"With the current tough economic situation in mind, we will draw up an emergency program and compile a second supplementary budget for fiscal 2001 to avoid falling into a deflationary spiral while promoting structural reforms further," Koizumi said in the meeting, according to Fukuda.

Koizumi instructed his government to formulate the second extra budget to finance projects contributing to the promotion of his structural reform agenda, create jobs and have an immediate effect on propping up the economy, according to Finance Minister Masajuro Shiokawa.

"The projects would also have to be in the seven priority areas of

(Koizumi's) structural reforms, which are the environment, falling birth rate/aging society, regional revitalization, urban development, science and technology, human resources development, and information technology," Shiokawa said.

The government would use reserves from past sales of shares in telecommunications giant Nippon Telegraph and Telephone Corp. (NTT) to fund the budget.

The decision to use the fund would allow Koizumi's earlier pledge to keep government bond issuance under 30 trillion yen.

On November 16, the Japanese parliament gave final approval to a 25 billion-dollar extra budget aimed at fighting record high unemployment.

BFFEA team leaves to attend S'pore seafood exhibition

A six-member team of Bangladesh Frozen Food Exporters' Association (BFFEA) left the city Sunday to attend three-day Singapore Seafood Exhibition that begins today, says a press release.

The team led by BFFEA President Salahuddin Ahmed will make interactions with seafood producers, processors, importers, seafood processing equipment and machinery suppliers. Besides, the team will also hold a meeting with the Singapore Seafood Industries Association for mutual interest.

New MD of BASIC Bank

Md. Nurul Huda has joined BASIC Bank Limited as its Managing Director, says a press release.

After obtaining B.A. (Hons.) M.A. degree from Dhaka University in the year 1966, he started his banking career in the then Habib Bank as an Officer in 1967. In 1969, he joined as Manager in the then Agriculture Development Bank of Pakistan. In the year 1996, he was promoted to the rank of General Manager and posted in Sonali Bank. In Sonali Bank he worked in different important positions in Branches and Head Office.

He participated in many foreign training programmes on Banking in the United Kingdom, Thailand and Indonesia.

Global Beverage holds confce

Global Beverage Company Ltd organised a conference to discuss its distribution in the current year 2001 at a city hotel on Sunday, says a press release.

Abul Quasem Haider, Chairman, Firoz Alam, Managing Director, Tariq-uz-Zaman, General Manager, Syed Mizanur Rahman, Deputy General Manager, and Quamrul Hassan, Group Brand Manager, were present at the conference.

The officials participated in the discussion on different aspects of distribution of this year and of the distribution plan for next year.

China hopes to solve row with Japan without WTO involvement

AFP, Beijing

China said Monday it hoped that it would be able to solve a trade dispute with Japan without having to resort to World Trade Organization (WTO) mechanisms.

The statement came only days after negotiators from the countries failed in their most recent attempt to resolve the row over Japanese curbs on agricultural imports from China and tough Chinese counter-measures.

"Of course we are going to fully utilize the dispute settlement mechanisms at the WTO," Zhang Yuqing, head of the Chinese foreign trade ministry's law and treaties department, told journalists.

"But... we are hopeful that the (dispute with Japan) can be resolved through bilateral consultations and negotiations so that we can push forward bilateral trade," he said.

China is scheduled to formally become a WTO member on December 11, prompting speculation about the extent to which China will seek to make use of the organization's processes for solving disputes.

Negotiators from China and Japan met Thursday in Beijing, without making any "concrete" progress, according to the Chinese foreign ministry.