

## ADB workshop lists long-term plans for trade, industry, finance

### Corruption, law and order, export diversification top agenda

#### STAR BUSINESS REPORT

The business community, government officials and development partners yesterday called for speeding up privatisation process, diversify exports, initiate long term financial reform, reducing corruption and improving the law and order situation.

Their suggestions came at a workshop on "strategic issues and potential response initiatives in the finance, industry and trade sectors" organised by the Asian Development Bank (ADB). Commerce Minister Amir Khosru Mahmud Chowdhury and Industries Minister MK Anwar also attended the workshop.

The ADB organised the workshop to incorporate views of the stakeholders prior to initiating development programmes.

"No reform should take place without consultation with the affected stakeholders. They need to understand the importance of reforms," said ADB Industry and Finance Division Manager West Thomas Crouch.

ADB Bangladesh Resident Mission Director Phiphit Suphaphit said such consultations are necessary as the country is now more vulnerable due to global recession.

Charles Draper and Najmul Hossain presented the executive summary on trade and industry while Victor S Borris and Yawer Sayeed made a presentation on financial sector.

Speaking as one of the main speakers in panel discussion Metropolitan Chamber of Commerce and Industry (MCCI) President Latifur Rahman said Bangladesh drastically liberalised its tariff structure apparently due to pressure from the donors.

"But such liberalisation was not synchronised with the regional countries, resulting in a dysfunctional situation as they did not equally liberalise," Rahman said, adding that many local industries were put into a very difficult situation as foreign goods flooded the country.

The MCCI president said that he was not

advocating for protective environment, but wanted the donors to play an effective role in ensuring regional harmony on such trade issues.

He also called for access to regional markets for bridging the huge trade gaps between countries.

Rahman said the ADB should focus on supporting infrastructure projects like those of telecommunication.

Kamrul Islam Siddique, Member, Privatisation Commission, said different ministries are working on a list of enterprises to be privatised.

SEC Chairman Maniruddin Ahmed said the \$80 million capital market development programme has helped in the development of the capital market.

Commerce secretary Suhel Ahmed Chowdhury, IBA Professor Dr Shamsul Haque, central bank economic advisor Habib Ullah Bahar, BRAC Executive Director Abdul Mueyed Chowdhury, Dhaka Stock Exchange

Chairman Shahiq Khan, Chittagong Stock Exchange Chief Executive Officer Maroof Matin IDLC Managing Director Aminul Islam, CDBL Chairman AKM Shamsuddin, President of Women Chamber of Commerce and Industry Selina Ahmed, President of Women Entrepreneur Association Rokia A Rahman, Women Entrepreneur Association of Bangladesh Nasreen Awal Mintoo also addressed the workshop among others.

Speaking on the occasion, Commerce Minister Amir Khosru Mahmud Chowdhury suggested immediate offloading of profit making SOEs to add vigor to the capital market.

Bringing in profit making public sector concerns can increase the depth of the market. All other SOEs must also be offloaded as soon as possible to stop wastage.

Industries Minister MK Anwar said privatisation is needed, but it is not easy to sell SOEs at throwaway prices and put the workers on the streets.

## Saifur tells Parliament Govt won't borrow money for unproductive sectors

#### UNB, Sangsad Bhaban

Finance Minister Saifur Rahman yesterday pledged that the present government would not borrow any money from domestic sources or foreign countries for unproductive sectors.

"We don't want to increase the load of loan... The last government only increased the burden of loan, but did not use those in productive sectors," he told the House replying to a question from Dildar Hossain Selim (BNP-Sylhet).

He said the per capita loan in the country now stands at \$123.86 or Tk 7,129.29. The total unpaid foreign loan of the country is \$16,658.95 million or Tk 95,888.92 crore.

The finance minister said, the government borrowed Tk 2,093 crore from foreign countries during 1990-91 which stands at Tk 7,000 crore in 2001.

Replying to a supplementary from Mohammad Kalimuddin about the utilisation of the foreign loan taken by the last government, Saifur said the loans were not used properly during the rule of last government. There were no progress in exports and industrial sector.

He said the loan taken from

foreign and domestic sources could only be used through generating employment opportunities, increasing revenue and growing export and industries, which was not done in the last five years.

The finance minister said that for the sake of employment generation and economic activities it is necessary to take loan, but it must be utilised in the interest of the nation.

He assured the House that the present government will utilise every farthing of loans for the development of the people, employment generation and economic progress.

"We will take up a five-year project on poverty alleviation and increase the local resources utilising the loans," he said adding that during the rule of BNP in 1991 the money was not wasted and it will not be wasted this time also.

Replying to another question from Gazi Mohammad Shajahan (BNP-Chittagong), the finance minister said the number of tax payers in the country is 11,73,396 and yearly earning from the income tax is Tk 3500.82 crore (2000-2001).

Responding to a question from Allama Delwar Hossain Sayeedi, he said the per capita income in this fiscal is Tk 20,357 against Tk 14,028

in 1995-96.

Saifur said steps have been taken to increase the foreign exchange reserve by enhancing export earnings and discouraging import in unproductive sectors.

"The government is also trying for quick disbursement of aid by development partners by accelerating the utilisation of project aid," he told the parliament.

Replying to a question from Mohammad Alamgir Haider Khan, he said on October 28, 2001, the forex reserve was \$1060.75 million while on June 30 in 1996, it was \$2038.56 million.

To increase the foreign exchange reserve, Saifur said, the government has also given attention to the issue of sending remittances by Bangladesh expatriates.

He said the process of sending remittances is being simplified and faster and steps have been taken against hundi business. Bangladesh expatriates are being encouraged to send their earnings home.

Saifur Rahman said the past government permitted the operation of 13 new private banks without considering the extent of banking business.

## Build capacity for effective trade deals

Prof Sobhan at workshop on WTO

#### STAR BUSINESS REPORT

Professor Rehman Sobhan has urged the government to build its institutional capacity for effective participation in negotiations in the World Trade Organisation (WTO).

"I urge you to build expertise within the commerce and foreign ministries which would help you participate in the trade negotiation process," he said.

The CPD chairman made the call at the certificate awarding ceremony of the second policy appreciation workshop on 'WTO and Bangladesh' organised by CPD in collaboration with the Centre for Trade Policy and Law (CTPL) at CIRDP auditorium in the city yesterday.

Reaz Rahman, State Minister for Foreign Affairs, attended the function as chief guest while Commerce Secretary Suhel Ahmed Chowdhury and Canadian High Commissioner in Dhaka David Preston were present as special guests.

The Canadian envoy said foreign missions are playing a significant role in a country's economic development and economic diplomacy is now getting more attention.

Ramesh Chaitoo, senior trade policy analyst and Programme Director, and Donald McClatchy, an associate of CTPL, Ottawa, Maryse Robert, a senior trade specialist in the trade unit of the Organisation of American States (OAS) in Washington, Debapriya Bhattacharya, Executive Director and Mustafizur Rahman, Research Director of CPD were key presenters at the three-day workshop.

## GMG resumes flights to Cox's Bazar

GMG Airlines, the largest private airlines in the country, has resumed its flights to Cox's Bazar, says a press release.

The flights are scheduled on every Thursday and Saturday leaving Dhaka at 1215 hrs and reaching Cox's Bazar via Chittagong at 1340 hrs. The flights will depart Cox's Bazar at 1400 hrs and arrive in Dhaka at 1530 hrs via Chittagong.

## US consumer confidence hits 7-year low

AFP, Washington

Fragile US consumer confidence, battered by job fears in the depths of recession, fell to a new seven-year low in November, a survey by the Conference Board showed Tuesday.

The closely watched consumer confidence index dropped 3.1 points to 82.2, the lowest figure since February 1994, the private economic research group said in a statement.

It was the fifth consecutive monthly decline. "Rising unemployment and continuing layoff announcements are dampening confidence," said Conference Board consumer researcher Lynn Franco.

"A turnaround in confidence is not likely before year's end, nor are retailers like to enjoy a blockbuster



Picture shows (from L-R) Golam Mostafa, Partner, A & N Properties, Rapa Plaza, Zahir Ahmed, Chairman, ETN, Yussuf Abdullah Harun, President, FBCCI and Chairman, Southeast Bank Ltd (SBL), Khandker Fazle Rashid, Executive Vice President, SBL, and Syed Imtiaz Hasib, EVP, SBL, at the inauguration of ATM of Electronic Transactions Network Ltd (ETN) at Rapa Plaza on Monday.

## WTO chief hopeful of ending global trade talks in 3 years

AFP, Hong Kong

WTO director general Mike Moore is confident of finishing a new round of global trade talks within three years, he told a conference Wednesday.

"I think they can be concluded in three years," he told a press conference here, outlining his "roadmap to success".

Moore was bristling with confidence following the successful World Trade Organization (WTO) ministerial conference in Doha, Qatar earlier this month.

The conference, where ministers approved the accession of China and Taiwan and hammered out key agreements on agriculture, public health, labour rights, investment and dumping, was seen as a giant step forward for the WTO after its

disastrous riot- and disagreement-plagued 1999 meeting in Seattle.

The former New Zealand premier, who has headed the WTO for two years, said he hoped the next talks venue would be decided by end of December.

"Before Christmas I will redeploy our divisions inside the WTO," he told the Pacific Economic Cooperation Council here.

"We will, I hope, this year decide on who our next host will be and who our next chairperson will be and by January 28 I hope we will put in place our new trade management mechanism and their time-frames.

"We have maintained the momentum and we have maintained ministerial involvement (since Doha)."

He added: "If we stick to the time-

frame we can have a successful fifth (ministerial conference)."

Hong Kong's Commerce and Industry Secretary Chau Tak Hay told the meeting the success in Doha was partly due to the September 11 terrorist attacks in the US.

"It was this unfavourable development which actually galvanised many members of the WTO into action," he said, adding that he expected the next round of talks to be far tougher than the down-to-the-wire meeting in Qatar.

"Those who want to block progress in the next round will be able to do so," he warned.

Moore's three-year stint as WTO head comes to an end next September, when he will be replaced by Thailand's Supachai Panitchpakdi.

## Fed official sees solid US economic growth in 2002

AFP, Washington

The US economy is likely to show a further deterioration in the fourth quarter but is likely to return to "more solid" growth in 2002, Federal Reserve Board Member Laurence Meyer said Tuesday.

"The economy contracted in the third quarter and appears to be contracting again in the current quarter," Meyer said in remarks prepared for delivery in St. Louis, Missouri.

Meyer said "a coincidence of forces," including the September 11 attacks, caused the economy to slow "much more steeply than the Fed expected or intended."

But he added that "all the natural forces we expected to contribute to recovery before the events of September 11, while perhaps delayed, are likely to become part of the recovery in 2002."

He said the end of the retrenchment in high-tech investment, the likely return of consumer confidence and other factors "suggest the

potential of a return to more solid rates of growth next year."

Meyer said that in "times of high uncertainty, the signals are typically mixed. So they are today." But he maintained that there are "some signs of quite remarkable resilience" in the economy.

"For the moment, the risks continue to be on the downside," Meyer said.

But the aggressive easing by the Fed "has already made an important contribution to countering the further adverse shock and, in addition, has provided some insurance against downside risks," Meyer said.

In the near term, Meyer said there is little to be done to stem the disruption to the economy from September 11.

"Policy makers can do very little over this time frame to affect the outcome, other than to bolster consumer and business confidence by what they do and say," Meyer said.

Meyer also noted that the low federal funds rate at present did not

limit the Federal Open Market Committee from making further rate cuts.

"Does this (2.0 per cent Fed funds rate) mean that the Fed should 'keep its powder dry,' as some have argued, holding back from further easing in case the downturn turns out to be more serious or in case there are additional adverse shocks? I believe such a strategy would be misguided -- indeed the reverse of what would be appropriate," he said.

Meyer said starting with a low interest rate, the best policy is "not to go slowly but to more aggressively respond to any adverse shock."

He suggested that the rate-cutting cycle may end soon, but only when it becomes clear that growth is returning.

"Once the economy shows signs of moving to a rate of growth above trend, the Fed will have to reassess the appropriate degree of stimulus and, at some point, begin the return to a more neutral policy," Meyer said.

## ETN opens its 15th ATM at Rapa Plaza

Electronic Transactions Network Ltd (ETN) inaugurated its 15th ATM Rapa Plaza Shopping Centre in the city Tuesday, says a press release.

Yussuf Abdullah Harun, President of FBCCI and Chairman of Southeast Bank Ltd, was chief guest at the inauguration.

Dhanmondi Branch of Southeast Bank will carry out cash management of the ATM.

The ETN is a joint-venture company between IFS International Inc, USA and United Group, Bangladesh, which set up a network of ATMs. At present, its member banks are Al Baraka Bank Bangladesh Ltd., Bank Asia Ltd., Credit Agricole Indosuez Ltd., Dhaka Bank Ltd., Islami Bank Bangladesh Ltd., National Bank Ltd., National Credit and Commerce Bank Ltd. and Southeast Bank Ltd.

The primary objective of ETN is to provide valued accountholders of these eight banks with debit cards against their existing account for 24 hrs ATM usage.

## BSB earns Tk 67cr profit in 2000-01

UNB, Dhaka

Bangladesh Shilpa Bank (BSB) earned a net profit of Tk 67.57 crore in fiscal 2000-2001.

This was disclosed at the 15th annual general meeting of the bank held yesterday at its head office with M Shafiqul Islam, Vice-Chairman, Export Promotion Bureau, in the chair.

ASM Rezaul Quddus, Managing Director (in charge) of the bank, highlighted the salient features of the activities of the bank during FY 2000-2001 before the shareholders.

The meeting was informed that the bank recovered Tk 140 crore, besides earning a net profit of Tk 67.57 crores in that year.

During the period, the BSB sanctioned Tk 30.27 crore to 10 projects. At the same time, 32 BSB-financed projects have liquidated their loan accounts with the bank.

## US faces tepid growth next year: OECD

AFP, Washington

The US economy, gripped in recession, faces paltry growth of 0.75 per cent next year before consumers and companies spend again to spark a rebound, the OECD predicted Tuesday.

The Paris-based Organization for Economic Cooperation and Development said a recession gripping the country "should prove short-lived" in a climate of low inflation and sustained productivity growth.

In its latest 230-page analysis of the US economy, it said a sharp contraction in output brought on by the September 11 suicide attacks would likely limit growth to just one per cent this year and 0.75 per cent in 2002.

But the report added that an "acceleration to the 3.5 to 4.0 per cent range is expected in 2003 as pent-up consumer demand is unleashed and the overhang in the capital stock is overcome."

## Dhaka to get Tk 167cr German aid

BSB, Dhaka

Bangladesh will get Taka 167.64 crore from Germany in development assistance to fund uplift activities in some key areas, a German embassy press release said here yesterday.

Of the amount, Taka 133.35 crore will be allocated as fresh funds and Taka 34.29 crore will be reprogrammed from previous commitments.

Taka 118.88 crore of the total amount will be used for the development of the energy sector and Taka 48.76 crore for a range of activities including improving working environment, health and safety in the ready-made garments sector, promoting the private sector, empowering women, preventing HIV/AIDS and developing markets in Netrakona district.

In the energy sector, Taka 117.61

crore will be bankrolled for the Baghabari-Bogra transmission line that will contribute to the development of the western region of the country and completion of the ADB-supported "West Zone Power Transmission System."

The rest Taka 1.27 crore in the sector will be spent for a special programme on dissemination of renewable energy in remote areas.

The commitments of assistance stemmed from the annual bilateral negotiations between Bangladesh and Germany held in Bonn from November 20 to 22 in continuation of the long-standing development cooperation between the two countries.

With the new commitments, the total volume of German development assistance to Bangladesh since its independence amounts to Taka 20,320 crore.

## EC gives EU economy roller coaster review

AFP, Brussels

The European Commission on Wednesday gave the EU economy a roller coaster review for 2001, saying essentially that nothing is to be gained in crying over spilled milk and that investment in the future is the name of the new game.

The economic slowdown for the current year has been "sharper than previously expected," it said, blaming the "sudden change in cyclical conditions in the euro area... on two factors."

"Firstly, the euro area economy has been knocked off course by an unfortunate accumulation of adverse supply and demand shocks, many of them operating at a global scale and triggering a synchronized global slowdown."

"Secondly," it said, "the resilience of domestic demand has proven to be insufficient, although the economy is structurally more sound than a decade ago."

Last week, the commission painted a bitter-sweet forecast for

the EU over the next three years, with up-and-down GDP growth, mounting unemployment, falling inflation but seasoned with cautious optimism for recovery.

"Economic growth in the EU has been decelerating in 2001, but will rebound in 2002," it said in its autumn economic forecast.

"The euro area is likely to face a very weak year-end, and to grow at only 1.6 per cent this year on average," it said.

"Next year's growth performance is not expected to be better on average, notwithstanding a gradual recovery... which will gain steam throughout 2003."

In Wednesday's review, the commission said 2001 had "witnessed a 'hiccup' pattern in consumer price inflation in the euro area," adding that in the medium term outlook seems to be on a lower Philips curve than 8-10 years ago," a reference to the inverse relationship between inflation and unemployment.

## S & P cuts Japan's long-term rating

AFP, Tokyo

Global risk evaluator Standard and Poor's cut Japan's long-term sovereign rating Wednesday, citing a failure by Tokyo to implement reforms amid ballooning national debt and a crippled banking system.

The US agency downgraded Japan's long-term local and foreign currency sovereign credit ratings to AA from AA-plus and said the outlook remained negative. It affirmed the short-term local and foreign-currency sovereign ratings at A1-plus.

Analysts described the cut as conservative. "The impact will be significant only when and if the

rating falls another two notches to single A status," said HSBC senior economist Peter Morgan.

Prime Minister Junichiro Koizumi's slow progress in implementing structural reforms triggered the downgrade, S and P said in a statement.

"Standard and Poor's expects further significant weakening of both the Japanese economy and the government's fiscal position before more radical action is taken," it said.

But a government source challenged S and P's argument. "The Koizumi cabinet has been carrying out reforms swiftly so it's inappropriate the rating was cut because of a delay in reforms," the source said, declining to be named.

## MK Anwar seeks more Chinese investment

UNB, Dhaka

Industries Minister MK Anwar has sought more Chinese investment in Bangladesh for expediting the economic ties between the two countries.

"Bangladesh expects more investment from China as it will help us learn from China about its industrialisation and social development," he said during a meeting with Chinese Ambassador Hu Qianwen at his ministry office yesterday.

The Chinese Ambassador said both the countries have much scope of cooperation for mutual benefits. "China has emerged as an industrialised country in the world. So, it has wider scope to share the industrialisation process in Bangladesh," he added.

Hu Qianwen sought government's help to implement the projects taken so far by the Chinese companies in Bangladesh including the DAP plant in Chittagong.

The minister told the Chinese envoy that the government is reviewing some of the projects taken by the past government. "We are not abandoning those projects but in some cases renegotiations may be needed," he added.

The Industries Minister highly appreciated China's spectacular progress in all fields including industry sector.

He said Bangladesh has been maintaining close cooperation with China since the regime of late President Ziaur Rahman and the present government would strengthen the relationship by expediting mutual trade and investment links.

Reciprocating the sentiment, the Chinese Ambassador said his government is very sincere to improve the relationship with neighbouring countries including Bangladesh.

## Bank of Canada cuts interest rates again

AFP, Ottawa

The Bank of Canada Tuesday cut key interest rates for the ninth time this year in an effort to stimulate the flagging economy and avoid following the United States into recession.

The central bank said it lowered its target for the overnight rate by one-half of one per cent age point to 2.25 per cent.

Another key rate, the bank rate, was cut by the same amount to 2.5 per cent.

The bank said the move is aimed at stimulating lagging growth in Canada.

"Today's interest rate reduction provides additional support for growth in domestic demand, consistent with returning inflation to the bank's two-per cent inflation target over the medium term," it said in a statement.

The overnight rate, which began the year at 5.75 per cent, was trimmed for the ninth time this year as the central bank followed the lead of the US Federal Reserve.

Analysts say Canada will have a difficult time avoiding the same fate as its neighbor, because it depends on the US economy for 40 to 45 per cent of its gross domestic product and 85 per cent of its exports.