

Saifur hints at substantial ADP cut

UNB, Dhaka

The Tk 19000 crore annual development outlay will be cut down substantially during the revision of the current fiscal year's budget in May as the finance minister found previous government's budgetary reckoning "imaginary".

The "jumbo-jet-size" annual development programme (ADP) for fiscal year 2001-02 may be downsized to "Tk 15000 crore or 12000 crore or even Tk 11000," Finance and Planning Minister M Saifur Rahman indicated while speaking on the economic trend to an audience of overseas correspondents at Press Club today (Sunday).

International Monetary Fund (IMF) has wanted the current development budget to be slashed straight to Tk 12,700 crore, but he is yet to decide about it, the minister informed. But he said he would not have any other option but to go for the cuts in the revised budget, "because we can't go beyond the revenue income."

He termed the current fiscal year's ADP an "extravagant" exercise and inconsistent to the actual revenue incomes. The then Awami League government formulated this election budget in its terminal year ignoring

the suggestion of the resource committee that advised the figure should be around Tk 15-16,000 crore, given the available resource packet, he pointed out.

Referring to his negotiations for assistance with World Bank and several IMF missions, the finance minister said the multi-lateral donor agencies had pointed to poor revenue, unabated expenditures and questioned the justification of incorporating so many unproductive projects in the ADP.

Independence monument, Bangabandhu planetarium and NAM buildings are a few of those "unproductive" projects he named.

IMF also talked about good governance, fiscal and monetary reforms, institutional reforms, administrative reforms and supervisory reforms.

"And we've agreed on everything of it," he said, briefly stating the steps already initiated to accelerate privatisation, appointing ombudsman, strengthening revenue and accounting institutions, establishing an independent anti-corruption commission.

IMF also suggested a market-based determination of exchange rates, Saifur said, but the government could not opt for it because a sufficient amount of foreign exchange is not in hand to meet any exigencies.

Internal resource mobilisation would be the focus of the new budget and employment-oriented projects would be prioritised. Saifur told a questioner, giving a broad hint at the vision of the next fiscal year's budget, this government's first, stitches on which have already started.

"We will focus on export promotion and diversification. An incentive package in terms of reduced interest rate will be there and selected sectors may have some sort of subsidies even," he said.

The finance minister cursed his luck for inheriting a "very fragile" economy with unfavourable features like depleted foreign exchange reserve, "imaginary" ADP, widening expenditure and mounting government internal borrowings.

Due to decline in revenue growth and non-disbursement of external assistance, the then government was obliged to borrow heavily from internal sources, leading to a deficit financing that is feared to be 8 per cent of GDP at the end of this fiscal year, he observed.

Hinting at a major policy shift about deficit financing -- be it from internal or external sources -- the finance minister said internal

financing, if not come from budget surplus, is very expensive. Whereas, external finance is concessional or in some cases without interest and enjoys a long repayment period, he said, in fact favouring borrowing from external sources.

Committed but undisciplined external assistance now lying in the pipeline would be about US\$6 billion, because disbursement of those funds was conditional to fiscal and other reforms which the past government could not do.

External fund utilisation came down to US\$ 1200-1300 million which was 1800 million annually during his previous term as finance minister (1991-96), Saifur told the newsmen.

Bangladesh also had the fallout of post-September 11 global recession and her exports and remittances dropped, prompting the new government to go for a downward adjustment of taka to discourage less necessary import.

Strong drives initiated to encourage remittance in official channel and check hundi transactions also yielded good results. Saifur said hoping that remittances would be US\$ 2.4 billion this year in an upturn compared to 1.9 billion last year.



Michel Lummaux, French Ambassador in Dhaka, inaugurates Servier's operation in Bangladesh. Latifur Rahman, Chairman and Managing Director of Transcom Bangladesh, the local agent of the French pharmaceutical company, Pinaki Bhattacharya, Manager Sales and Promotion of Servier Bangladesh, and Alain Belly of Servier are also seen.

Proper strategy needed for sustainable tea export

Commerce minister tells seminar

BSS, Dhaka

Commerce Minister Amir Khosru Mahmood Chowdhury yesterday underscored the need for evolving an appropriate strategy for qualitative and quantitative improvement of tea for both internal consumption and for making room for export to earn much needed foreign currency.

"If the present level of production (of tea) continues, we won't have enough to meet the domestic requirement -- leave aside surplus for export," the Minister said while inaugurating national seminar on "Strategic Plan for Bangladesh Tea Industry Vision 2002-2021".

Held at CIRDAP auditorium under the auspices of Bangladesh Tea Board, the inaugural session of the day-long seminar was also addressed by State Minister for Commerce Barkat Ullah Bhulu and Commerce Secretary Suhel Ahmed.

Brig Gen. S.A. H. Tauhid NDC, Chairman, BTB, Firoz Ahmed, Chairman, Bangladesh Tea Traders Association and Wahidul Haq,

Chairman, Bangladesh Tea Association also spoke on the occasion.

Describing tea as the biggest agro industry in the country, the Commerce Minister said there is great potential to develop this sector provided right amount of attention, funding and labour were put into it. Being a labour intensive industry, tea can also provide jobs to many if land used (for cultivation) be expanded horizontally, he added.

He said tea being a natural drink that lowers blood cholesterol and blood pressure, its consumption would go up in future.

Khosru, who termed the seminar a timely exercise to revitalize and rejuvenate the tea industry, expressed hope that donors would also come forward to extend necessary financial assistance to this sector. The Minister was also confident that with the involvement of all players and support of the government, the industry would be able to meet the challenge.

Barkatullah Bhulu stressed on expansion of cultivable area to meet

increased demand both at home and abroad adding that an additional 10 hectares would produce 10 million kg of tea.

The Commerce Secretary informed that assistance are being provided by the government to set up small scale tea plantation and added that already some garden are taking shape in Panchagarh and Chittagang Hill Tracts to meet increased demand.

With over 113,000 hectares of land in Bangladesh under tea cultivation, per capita yield though almost doubled since independence is still much below that of those of major producers. It is envisaged in the strategic plan to raise per hectare yield to 1,748 kg from the present level of 1,170 kg by 2021.

It is planned that over taka 636 crore will be needed for implementing the strategic development plan over a period of twenty years under the fourth Five Year Plan.

Bangladesh, which ranks 9th in terms of area and production, holds 8th position in export quantum, a document presented at the seminar

said.

Once a major earner of foreign currency, income from tea has fallen last year from the previous year and it is feared the trend would continue if quantum and quality were not raised, one speaker said.

According to a paper distributed at the seminar, while production of tea increased by 1 per cent per annum, the consumption at home rose by 3.5 per cent.

Tea industry directly employs 1.5 lakh people (almost entirely ethnic minority), half of whom are women and that another 10 lakh are involved with it (tea industry) in different form, industry leaders said.

The technical session of the seminar has been split into several sub-sessions to deal with export, production and employment. It will eventually come out with necessary recommendations for implementation of the vision for the overall improvement of the tea industry.

This is the second seminar on Tea in Bangladesh. The first one was held in early eighties in Sylhet.

Servier launches products in Bangladesh

A French pharmaceutical company, Servier, has formally launched its products in Bangladesh, says a press release.

Michel Lummaux, French Ambassador in Bangladesh, inaugurated the operation of the company at its office in Purana Palitan in the city on yesterday at a simple ceremony by unveiling the name plaque of the company.

Servier is a French multinational research based fastest growing pharmaceutical company which sells its products to over 140 countries. It has more than 30 medical products for treatment of diseases like diabetes, cardiovascular, central nervous system and cancer.

Servier is promoting, anti-diabetic drug (Diamicon MR), anti-hypertensive (Coversyl & Natrilix SR), and drug indicated for cerebral insufficiency (Duxil-CV). It is also promoting a first pharmacological treatment of a Hemorrhoidal (Dafon 500) disease.

Transcom Distribution Company Ltd is the official distributor of Servier products in Bangladesh.

Present on the occasion were Latifur Rahman, Chairman and Managing Director of Transcom, Bangladesh, France Trade Commissioner, Pierre Boedoz, Dr. Alain Belly, Director Central & Northern Asia Zone, Jacques Chevallet, Operations Manager-Central & Northern Asia, Christopher Clarke, Head of International Human Resources, Desmond Murphy, Operations Officer, Central & Northern Asia, all four from Servier International France and Dr Preeti Modi from Servier India and some distinguished physicians were also present. Dr Pinaki Bhattacharya, Sales & Promotion Manager, in-charge of Bangladesh office was present.

Islamic banks, institutions can help reduce poverty

President tells inaugural ceremony of IFIL

STAR BUSINESS REPORT

President AQM Badruddoza Chowdhury yesterday said Islamic banks and financial institutions have significant role to play in the economic development of the country that can help reduce poverty and develop infrastructure.

"Islamic financial system is basically the propagator of an interest free economy. As Islamic banks, insurance and financial institutions are based on Islamic shariah, people of the country have special interest in these," he said.

The President was speaking as the chief guest at the inaugural

ceremony of the Islamic Finance and Investment Limited (IFIL) at Hotel Sheraton in the city yesterday.

The President said political independence is also meaningless if the economic benefits cannot be shared with the mass population.

Abul Quasem Haider, Chairman, M Azizul Huq, Advisor of IFIL, among others, spoke on the occasion.

Abul Quasem Haider said the IFIL is the first financial institution based on Islamic shariah in the country. Welfare of the people will be the main focus of the company, he maintained.

M Azizul Huq said the company

has plans to open branches in Chittagong and Sylhet soon. "Our economy is basically trade oriented. If we want to make it development oriented, financial institutions have to play an important role."

Total bank deposit of the country was Tk 200 crore in 1947 and the number of landless was 13 per cent but the deposit rose to Tk 2000 crore in 1971 and 21 per cent people became landless, Huq mentioned. "Today bank deposit is Tk 80,000 crore and 45 per cent people are landless, meaning that the number of people without asset has increased significantly."

Toshiba launches eSTUDIO in local market

STAR BUSINESS REPORT

Toshiba Singapore Pte Ltd yesterday formally launched a new product eSTUDIO in the local market.

The eSTUDIO series of Digital Multi Function systems copies, prints, faxes, scans and as well as work as Internet Fax.

Deputy General Manager of Electronic Imaging Division of Toshiba Isao Sugehara at a press conference in the city announced the launching of the systems in Bangladesh market.

Addressing the press conference Isao Sugehara said the machines of eSTUDIO can print with speed ranging 12 to 80 copies per minute, can be customised to meet the most challenging demands of any modern offices.

He said the new machine can reduce copying cost by half.

Md. Azhar Ali, Managing Director of IOM, which is the distributor of the Machines in Bangladesh said Toshiba has launched four kinds of machines for Bangladesh market and the cost of each machine will be Tk one lakh to five lakhs.

Among others Jimmy Lim, country manager of Toshiba Singapore Pte Ltd, Rezaul Karim, director of IOM were present at the press conference.

US manufacturing breaks out of 18-month decline

AFP, Washington

US manufacturers finally broke out of a painful 18-month contraction in February, a key industry survey showed Friday, intoning the last rites on the recession.

Stocks raced ahead as analysts cheered the news that the Institute for Supply Management (ISM) purchasing managers index leapt 4.8 points to 54.7 points.

It was the index's first break above 50 points -- the theoretical dividing line between expansion and contraction in the manufacturing sector -- since July 2000.

Manufacturers have suffered the worst tortures of the recession, which officially began in March last year. Factories have shed 1.2 million full-time and about 600,000 part-time workers in 18 months.

"What we are finally seeing is the turn in the sector," said Naroff Economic Advisors president and chief economist Joel Naroff.

"It almost seems to have come with a vengeance because there

was such a large jump in things such as orders," Naroff said.

"To me, it does not matter when they put the final date for the end of this recession," he added. "It is over."

The bright news put in place one of the final pieces in the puzzle of a US recovery as businesses stepped up new orders to manufacturers to restock still-dwindling inventories.

"Overall, these numbers clearly signal a turnaround in the manufacturing sector and set the stage for healthy growth in the coming quarters," Barclays Capital economist Henry Willmore said.

Government data meanwhile showed consumer spending -- accounting for two-thirds of US activity -- and household income each rising a solid 0.4 per cent in January.

"The consumer is showing no signs of letting up and with income rising as well we should expect that to continue," Naroff said.

Other figures showed spending on construction jumped 1.5 per cent in January from the previous month,

the steepest rise in a year.

Investors celebrated. Wall Street's blue chip barometer, the Dow Jones industrials average, surged 167.52 points, or 1.66 per cent, to 10,273.65 in early afternoon trade.

In manufacturing, the ISM index of new orders leapt 7.5 points to 62.8 and the production index advanced 9.2 points to 61.2. The employment index edged up 1.2 points to 43.8 -- below 50 for the 17th month.

"The latest ISM index confirms our prediction that the long, painful recession in manufacturing is over and a moderate recovery has begun," said Dan Meckstroth, economist for the Manufacturers Alliance.

"After a year-long period of inventory liquidation we are at a point where production has to rebound because there are no excess inventory left to cut," he added.

FBCCI, BEPZA agree to sign MOU for investment

Bangladesh Export Processing Zones Authority (BEPZA) and the Federation of Chambers of Commerce and Industries (FBCCI) have agreed to work in close co-operation for attracting investment in EPZs, says a press release.

The consensus in this regard came during a meeting in the city on Saturday between the Executive Chairman of BEPZA Brig. Gen (Retd) M. Mofizur Rahman, and the President of the FBCCI Mr. Youssuf A. Harun.

Both FBCCI and BEPZA have agreed in principle to sign a Memorandum of Understanding (MOU) for close co-operation in the field of industrial investment.

During the meeting, BEPZA Executive Chairman apprised the FBCCI Chief of the present status of the EPZs in Bangladesh and sought for Federation's co-operation in attracting foreign and local private sector investment in the country's EPZs particularly in the newly established 4 zones in Mongla, Comilla, Ishurdi, and Nilphamari (named Uttara EPZ).

Harun said BEPZA, being a promotional organisation, can play a pivotal role for inviting local and foreign investors in Bangladesh. Among others Enayet Hossain Chowdhury, Director of FBCCI, and Md. Azmal Chowdhury, Member (Investment Promotion) of BEPZA, were present.



Mahmudur Rahman, Executive Chairman of the Board of Investment, inaugurates the new corporate office of Cemex in the city on Thursday. Santiago Ortiz Nogami, Cemex Bangladesh Country Manager, and Jose Luis Saenz De Miera, President of Cemex Europe, Africa and Asia, are also seen in the picture.

Gulf states have option to join 'new economy'

Saudi economic chief says

AFP, Dubai

Oil-rich Gulf Arab states still have a lot to do to increase the productivity and competitiveness of their economies and be able to "join the new economy," the top Saudi economic chief said Saturday.

"We need to improve the functioning of governments, streamline procedures, cut red tape, improve education and training, and increase the resources available for research and development," said Abdulrahman al-Tuwajri.

Governments have a major role to play in the process, chiefly by creating "a hospitable environment for new investment," the secretary general of Saudi Arabia's Supreme Economic Council (SEC) told the "New Economy Future" conference.

Tuwajri said the SEC had "moved boldly" to implement economic reforms, introducing a new foreign investment law, reducing the tax rate on foreign investors, allowing non-Saudis to own real estate and slashing customs tariffs from 12 per cent to five per cent.

"Privatization ... is making headway. The latest development in this regard is the restructuring of the Saudi telecom company and electricity companies and the creation of the Telecom and Electricity

Regulatory Boards," he said.

Tuwajri said Saudi Arabia's partners in the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates) were also striving to "implement deep and lasting structural economic reforms."

Dubai, with its "outstanding performance in terms of economic growth and prosperity," was a place where the effects of the new economy, "characterised by an increase in potential growth with low inflationary pressures," were more apparent than in any other part of the region, he said.

The conference, the ninth of its kind hosted by the Emirates International Forum, heard a call for GCC states to learn from the experience of East Asia while avoiding the mistakes that had "derailed the Asian economic miracles."

Gulf states need to establish "a single economic region that encourages investment ... and a highly diversified regional economy where inter-regional trade and investment is increased dramatically," said Robert Lees, outgoing secretary general of the Pacific Basin Economic Council.

New Cemex corporate office opens

The new corporate office of Cemex Cement Bangladesh has been inaugurated in the city.

The Executive Chairman of the Board of Investment Mahmudur Rahman, inaugurated the new premises as chief guest on Thursday, says a press release.

The inauguration programme was also attended by the special guests A.K.M. Muhituddin, Founder President of the Bangladesh Cement Manufacturers Association, President of Cemex Europe, Africa, and Asia, Jose Luis Saenz de Miera; Director of Cemex Asia, Fernando Gonzalez, and Cemex Bangladesh Country Manager, Santiago Ortiz Nogami.

In his welcome speech, the country manager of Cemex Bangladesh, Nogami restated Cemex's commitment to the development of Bangladesh and its faith in the Bangladeshi market.

In his speech, A.K.M. Muhituddin, highlighted Cemex Bangladesh's presence in the country as a remarkable example of foreign investors' faith in the country's market.

The Chief Guest, Mahmudur Rahman, Executive Chairman of BOI, extended all support of the Bangladesh Government to all foreign investments, enhancing a positive image around the world.

DBBL managers' confce held

The 2nd meeting of the managers of Dutch-Bangla Bank Limited was held at its Training Centre in the city recently, says a press release.

Bazle Mawla, President and Managing Director of the Bank was chief guest at the meeting.

Senior Executives of head office and Branch Managers of the bank were present in the meeting.

Speaking on the occasion, the chief guest called upon the branch managers to put in their relentless efforts for achieving the overall business targets for the current year including business, deposit and profit.



Bazle Mawla, President and Managing Director of Dutch-Bangla Bank Limited, speaks at the 2nd meeting of managers of the bank held recently at its training centre in the city.