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Bangladesh Festival in Myanmar aims at increased trade
Weeklong marketing extravaganza begins March 26

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In a major thrust to boost trade and economic ties and attract more business, Bangladesh will launch a weeklong marketing blitz in the Myanmar capital of Yangon on March 26.

Signing of a coastal shipping agreement between the two countries is expected to cap the event, billed as the Bangladesh Festival.

This is for the first time that the foreign and commerce ministries have joined hands to project the country's commodities in a neighbouring country towards increasing trade volume.

The festival, featuring a catalogue of events, is intended to explore alternative markets for different exportable items and also introduce several Bangladesh commodities to the local population.

Commerce Minister Amir Khasru Mahmud Chowdhury, due to leave Dhaka on March 24 at the head of a 60-member delegation, and his Myanmar counterpart Brigadier General Pyi Sone will jointly inaugurate the festival.

The Bangladesh delegation will comprise a large number of businessmen and representatives from both the public and private sectors.

The Bangladesh Festival will include a fair, where several stalls will be set up by manufacturers and exporters, a fashion show, a food festival, cultural events, and a business seminar on investment prospects.

A golf tournament involving members of the Bangladesh visitors and Myanmar officials and businessmen is likely to be held.

Earlier, a single country fair was planned to be organised, as Bangladesh occasionally does in some countries. Later, at the initiative of the commerce minister, it was decided to convert the event into an extravaganza and thus the concept of a Bangladesh Festival was worked upon.

"Unless we can whip up a lot of excitement and interest in Yangon about our country and people, a simple fair will not receive much attention," explained the minister.

Through a number of colourful events to display Bangladesh's culture and heritage, and cuisine; a fashion show and also the golf tournament, the Myanmar people will have a chance to be drawn into more 'participation and engagement' during the festival.

The delegation will fly from Dhaka two days ahead of the festival on board a Biman flight to Yangon.

Recently not only the disrupted Biman flights from Dhaka to Yangon have been restored, but also a new flight from Chittagong to the Myanmar capital has been commissioned providing greater scope for business exchange between the two neighbours.

Business entrepreneurs familiar with the Myanmar market like Syed Mahmudul Haque and Rashed Maksud Khan feel that through more projection of Bangladesh commodities, local exporters can expect to make further inroads into the Yangon markets.

Products ranging from cosmetics to toiletries and newsprint to fertiliser are due to receive a boost. Already the country's textile and pharmaceutical products have a good demand in Myanmar. There is also demand for cables, bottled juice, ceramic items, leather goods and tobacco.

The proposed agreement aims at establishing a coastal shipping line that will provide sea links between the Bangladesh ports of Chittagong, Cox's Bazar and Teknaf and the Myanmar ones of Yangon, Akyub and Maungdaw.

Once operational, the shipping line will enhance bulk movement of cargo and restore a very old trading route in the region.

According to available figures, Bangladesh exported goods worth 22.3 million US dollars to Myanmar while importing products worth 1.3 million dollars in the last fiscal.

A border trade agreement between Bangladesh and Myanmar is already in effect.

KOTRA to help BEPZA attract investment

Korean Trade Centre (KOTRA) is willing to assist Bangladesh Export Processing Zones Authority in arranging investment promotional seminars both in Korea and Bangladesh to attract more Korean investment in the Bangladesh EPZs especially in the newly established zones in Mongla, Comilla, Ishwardi and Nilphamari (known as Uttra EPZ), says a press release.

The Korean willingness was expressed by Resident Representative of the KOTRA Huei Ro Yoon during a meeting held in city recently with Executive Chairman of the Bangladesh Export Processing Zones Authority Brig. General (Retd) M Mofizur Rahman.

Huei Ro Yoon explained the KOTRA activities in Bangladesh and pledged to extend their co-operation to the BEPZA in attracting more Korean investment in the EPZs.

The BEPZA Executive Chairman apprised the KOTRA chief of the incentives and facilities offered by the BEPZA to its investors.

The meeting was also attended by Taewha Park, Deputy Trade Representative of the KOTRA, and Md. Azmal Chawdhury, Member (Investment Promotion) of BEPZA.

PHOTO: EBL

Latifur Rahman, Chairman and Managing Director of Transcom Beverages Ltd, and K Mahmood Sattar, Managing Director and CEO of Eastern Bank Limited, exchange documents of a loan deal signed in the city on Wednesday. Ghaziul Haque, Chairman, Sohail Hussain, Area Head- Corporate Banking of EBL, and OR Khan, Executive Director of Bangladesh Lamps Ltd, are also seen.

Japanese bank collapses

AFP, *Tokyo*

Medium-sized Chubu Bank collapsed under the weight of bad loans Friday in Japan's first bank failure this year, as the Bank of Japan stepped in with funds to protect depositors.

The troubled lender, based in Shuzuoka prefecture, central Japan, filed for insolvency with the Financial Services Agency (FSA).

Its liabilities were not immediately known but Chubu Bank had total assets of 530.8 billion yen (4.2 billion dollars) and 636 staff at 44 branches.

The failure follows government pressure on lenders to write off non-performing loans to help restore the health of the banking system.

Minister of Financial Affairs Hakuo Yanagisawa said Chubu Bank collapsed after people lost confidence in its financial stability and withdrew their deposits. The bank's capital-adequacy ratio was just over three per cent.

"This low capital was a result of the deteriorating Japanese economy, which led to sluggish lending," Yanagisawa told a news conference.

"Based on our order for the bank to improve its business last December, the bank continued to try to increase its capital, but the slowing improvement in its capital level seemed to cause an outflow of deposits," he said.

Chubu Bank had planned to raise some five billion yen through issuing new shares but was unable to attract the new capital.

Bank of Japan (BoJ) governor Masaru Hayami separately announced a special emergency financing scheme for Chubu in an effort to avoid a further run on the bank.

PHOTO: BEPZA

Executive Chairman of BEPZA Brig. Gen. (Rtd) M Mofizur Rahman called on KOTRA Country Representative Heui Ro Yoon in Dhaka recently to discuss more cooperation in attracting Korean investment in the Bangladesh EPZs.

IIFC Board reconstituted

The Board of Directors of Infrastructure Investment Facilitation Centre (IIFC)was reconstituted at the Board's 28th meeting at its conference room on Wednesday, says a press release.

Anisul Huq Chowdhury, Secretary of Economic Relations Division, Badiur Rahman, Secretary of Planning Division, Ministry of Planning, Omar Farooq, Secretary of the Ministry of Posts and Telecommunications, AKM Shamsuddin, Managing Director of Aventis Pharmaceuticals Limited, M Faizur Rahman, Managing Director of Asian Surveyor Limited, and Dr. Kaniz N Siddique, Associate Professor of the Department of Economics, North South University, have been appointed directors of the company.

Anisul Huq Chowdhury was elected Chairman of the Board of Directors of IIFC.

IPDC approves Tk 615m industrial investment

The Board of Directors of Industrial Promotion and Development Company of Bangladesh Limited (IPDC) approved Tk 615 million industrial investments on Wednesday, says a press release.

The Board considered the investments in sub-sectors like textile, 100 per cent export-oriented home textiles and ready-made garments, cement, dredging, specialised hospitals, amusement park, agro processing, mineral water processing, information technology and GP/CI sheet industries.

The total approved financial assistance comprises Tk 15 million equity, Tk 60 million redeemable preference shares and Tk 540.0 million in the form of loan, lease and guarantees.

The approval was given at the Board's 73rd meeting held in the city with Al-Ameen Chaudhury, Secretary of the Ministry of Industries.

IPDC Directors and alternates from the Government of Bangladesh, International Finance Corporation (IFC), Commonwealth Development Corporation (CDC), German Investment and Development Company (DEG) and Aga Khan Fund for Economic Development (AKFED) attended the meeting.

Transcom Beverage, Eastern Bank sign loan deal

A Tk 735 million loan agreement between Transcom Beverage Ltd (TBL) and Eastern Bank Ltd (EBL) was signed on Wednesday at TBL's corporate office in the city, says a press release.

Latifur Rahman, Chairman and Managing Director of Transcom Beverages Ltd, and K Mahmood Sattar, Managing Director and CEO of Eastern Bank Ltd, signed the deal on behalf of their respective sides.

M Ghaziul Haque, Chairman of EBL, was present in the signing ceremony. Atiqur Rahman, Director of TBL, and Sohail RK Hussain, Area Head- Corporate Banking of Eastern Bank Ltd, were also present on the occasion.

TBL is the manufacturer, bottler and marketeer of Pepsi, 7-up, Mirinda and Slice under and exclusive franchise and bottling agreement with Pepsi Co Inc, USA.

Weekly Currency Roundup

March 4-7, 2002

Trading in the local foreign exchange market was moderate. Demand for dollar was steady.

In the weekly treasury bill auction held on Monday, Bangladesh Bank accepted treasury bills worth BDT 31.905 billion. The government accepted BDT 30,505 million at 4.7 per cent for 28-day T bills, BDT 50 million at 5.5 per cent for 91-day T-bills, BDT 70 million at 5.74 per cent for 364-day T bills, BDT 610 million at 6.83 per cent for 2-year T-bills and BDT 670 million at 9.32 per cent for 5-year T-bills. Demand for BDT for overnight borrowing at call was steady throughout the week and the call money ranged between 11 and 15 per cent.

Yen started the week in the International market by gaining ground both against dollar and euro, comforted by a strong rise in Japan's primary stock Index Nikkei. However, caution prevailed among the traders as the greater economic stance of Japan remained unchanged. With US consumer spending and producer prices getting positive boost and Japan's monetary base increasing 27.5 per cent on-a-year basis, the market held the belief that the yen is bound to shed this gain in the longer-run.

In the middle of the week, dollar bounced back from a six-week low against yen on the backdrop of surge of service sector activity in February. The data boosted the markets hopes of US economic recovery. The Institute of Supply Management's non-manufacturing Index, which measures activity in the US service sector, jumped to 58.7 in February, its highest level since November 2000. Meanwhile, euro is holding ground against dollar, even through a Financial Times report speculated on a possible downgrading of Germany's credit rating. The news, however, had little impact on euro.

Later in the week, dollar was on the defensive against yen, having shed almost two yens overnight. Yen rise was supported by a 1.8 per cent rise in Tokyo's tock index, Nikkei.

At 1400 hrs on Thursday, euro traded at 0.8807/09 against dollar, pound sterling at 1.4289/94 and yen traded at 129.27/31 against US dollar.

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US Fed chief provides hope for export-reliant Asia

AFP, *Singapore*

Upbeat talk from US Federal Reserve chairman Alan Greenspan and positive signs for manufacturers put a spring in the step of Asian economies Friday, but analysts warned against expecting too much too soon.

In itself, Greenspan's testimony that the US recovery was under way was not unexpected but provided crucial reinforcement for a spate of figures in the past week signalling a revival of Asia's manufacturing engine room.

What Greenspan did not amplify when he addressed lawmakers on Thursday, however, was the magnitude of the turnaround and what it would mean for Asian economies heavily reliant on exports to the United States.

"We have seen encouraging signs in recent days that underlying trends in final demand are strengthening, although the dimensions of the pickup remain uncertain," he said.

His positive spin followed an estimate from the Semiconductor Industry Association which said that while worldwide sales fell 1.7 per cent year-on-year in January, double-digit growth was expected in the second half of the year.

Asia's over-reliance on exports -- particularly in electronics -- was cruelly exposed last year as demand slumped worldwide, particularly in the US, the biggest market for several economies in the region.

"The strength of Asian economies lies with manufacturing and manufacturing will lead the recovery," said Standard Chartered Bank economist Joseph Tan.

"The problem is, it will not be as strong as people think because of a lack of pent-up demand."

One glaring development from the slump in manufacturing fortunes saw Southeast Asia's economic powerhouse Singapore the first to fall into recession last July.

Japan, Asia's largest economy and the second biggest market for Southeast Asia behind the US, sank into its third recession in a decade in the September quarter.

Fresh data out Friday showed the Japanese economy shrank a further 1.2 per cent in the December quarter, marking the third straight quarter of decline in the worst nine month contraction on record, but the market took heart from Greenspan.

"Buying sentiment was strong as investors cheered Greenspan's comments on the state of the US economy," said Tatsuo Kurokawa, senior market analyst at Nomura Securities.

China to help ASEAN win foreign investment

AFP, *Kuala Lumpur*

Thai Prime Minister Thaksin Shinawatra predicted Friday that Southeast Asian nations could reverse a decline in foreign investment through closer links with China.

Thaksin said China's growing economic standing through its WTO membership and the proposed ASEAN-China free trade area would make the region "an attractive place for investment once again".

"Even as we speak, newer and more attractive markets are springing up in China and Eastern Europe. ASEAN is no longer the 'preferred investment darling' of the world, as it once used to be," he said in a videotaped speech during a two-day Asian economic conference here.

Global foreign direct investment (FDI) in Southeast Asia dropped sharply from a high of 30 billion dollars in 1996 to around 10 billion dollars last year, he said, adding that FDI into China was increasing and now stood at some 50 billion dollars a year.

Thaksin said increased relations between ASEAN and China, through the free trade area, would therefore provide enormous economic benefits and strengthen stability in East Asia.

US recovery well under way: Greenspan

AFP, *Washington*

US Federal Reserve chairman Alan Greenspan declared a gentle liftoff for the US economy Thursday in his most bullish assessment since the September 11 terror attacks.

"The recent evidence increasingly suggests that an economic expansion is already well under way, although an array of influences unique to this business cycle seems likely to moderate its speed," he said.

Greenspan, speaking to a Senate committee, was largely repeating a speech he had made eight days earlier.

But in a significant break with tradition, the new version contained some optimistic revisions to reflect a raft of strong economic data that has emerged in the meantime.

In his previous testimony, the powerful Federal Reserve boss had said the economy was close to turning. This time, he said it was already "moving through a turning point."

Greenspan repeated his prediction that businesses would have to order new goods when their stockpiles ran out but that the boost to activity would only last if final demand kicked in.

In the latest verdict, however, he appeared optimistic that demand was indeed improving.

"We have seen encouraging signs in recent days that underlying trends in final demand are strengthening, although the dimensions of the pickup remain uncertain," he told lawmakers.

The day after Greenspan's previous February 27 speech, the government released revised data showing the US economy expanded 1.4 per cent in the last quarter of 2001.

Then an industry survey by the Institute for Supply Management (ISM) showed US manufacturing activity grew in February, breaking loose from an 18-month contraction.

Consumer spending avanced 0.4 per cent in January, matching a 0.4-per cent increase in personal income.

Finally, latest revised data showed US businesses ramped up productivity at a rapid annual rate of 5.2 per cent in the last quarter of 2001 -- the steepest increase in 18 months.

US House passes 4th attempt at stimulus package

AFP, *Washington*

The House of Representatives Thursday passed its fourth attempt at an economic stimulus package, returning the bill to the Senate where divided political loyalties have sunk previous tries at jumpstarting the economy.

Representatives approved the measure in a bipartisan 417-3 vote, after the bill was stripped of contentious accelerated income tax breaks and corporate tax incentives.

It now contains language extending unemployment benefits by 13 weeks, and includes three-year accelerated depreciation on business pruchases, a five-year carry-back of net operating losses, special tax benefits for New York City, and a number of miscellaneous and technical provisions.

The bill, backed by President George W. Bush, is estimated to cost 42 billion dollars over the next 10 years.

"The president believes that the package that the House is taking up today represents a good compromise to getting the job done, to helping America's workers," White House spokesman Ari Fleischer said Thursday.

"There's been a lot of wrangling on this issue. The president hopes the wrangling has come to an end."

But the bill must first be approved by the Democratically-controlled Senate, whose amendment the House voted on was a stripped down version of the original economic stimulus package and focussed mainly on unemployment benefits.

China finds closing down state firms a difficult, costly task

AFP, *Beijing*

China's top state enterprises official admitted Friday that closing down inefficient government-owned companies is both difficult and costly.

This year Chinese authorities plan to spend 80 billion yuan (9.6 billion dollars) on writing off bad loans and helping laid-off workers as companies are shut down, said Li Rongrong, head of the State Economic and Trade Commission.

"As we move from a planned economy to a market economy, one of the biggest difficulties we face is to close down loss-making inefficient enterprises," Li said at a briefing on the sidelines of parliament's annual meeting in Beijing.

Anecdotal evidence suggests the problem is that many firms simply re-open once regulators look the other way, because of the short-term benefits in keeping the production going, even if it is backward, polluting or dangerous.

Despite the many obstacles China faces in cutting out the inefficient chunks of its state industries, Li claimed last year's efforts were a success.

A total of 700,000 workers were made redundant as the government closed down 460 enterprises, writing off 55.1 billion yuan in bad loans, according to Li.

The weeding-out drive in the state sector targets companies that use obsolete technology, waste resources, produce low-quality products, pollute the environment and fail to meet safety standards, he said.

Small paper mills and power plants are among businesses officials will put under keenest scrutiny because of their severe impact on the environment.

"They contaminate the water so heavily that there is no decent water for people to drink," Li said.

The government will also continue to crack down on small coal mines in particular because many fail to conform with basic safety standards, leading to a continual series of fatal accidents.

Many of these occur in mines which had previously been shut down over poor safety standards.

In January, 25 workers were killed in southwest China's Yunnan province when a gas explosion tore through a coal mine that was shut last year because of lax safety.

UK govt pledges more tax cuts for business

AFP, *London*

Britain's Labour government promised Friday to cut business tax further in an upcoming budget, in a bid to make Britain as business-friendly as the United States.

In a column in The Times, Chancellor of the Exchequer Gordon Brown said business could look forward to his April 17 budget, saying it was essential to encourage wealth creation to improve general standards of living.

"The 2002 Budget will do more to champion small businesses," Brown wrote, noting that Labour had already reduced corporation tax to 20 per cent from 23 per cent.

Worst of Japanese recession over
Takenaka says

AFP, *Tokyo*

Japan is unlikely to see a worse economic decline in the March quarter after a 1.2 per cent quarter-on-quarter contraction in the three months to December, a senior economic minister said Friday.

"I have a feeling that January-March GDP (gross domestic product) will not worsen further from the October-December result," state minister for economic and fiscal policy Heizo Takenaka told a news conference.

He said the government was "focusing on the timing of a bottoming in the economy, amid continuing weakness in production."

The government earlier confirmed Japan had recorded a third straight quarter of decline in the worst nine months of recession on record.

"We have to admit that the economic situation is in no way good," Chief Chief Cabinet Secretary Yasuo Fukuda told reporters.

"The point is whether supplementary budgets (for the current financial year ending in March) will have an effect on the economy from now," he said, referring to the two stimulatory packages announced for the current year.

Takenaka said the government did not need to further boost spending to prompt an economic recovery, adding that consumer spending was better than expected, up 1.9 per cent in the three months to December.

"We are now seeing some signs of life for future economic activity, so it would be the wrong time to decide to expand fiscal spending, because there is a lag before the effects of past measures will come through," he said.

But not all business leaders agreed with the government's optimistic view.

"I feel the real state of the economy is worse than the figures," Japan Chamber of Commerce and Industry chairman Nobuo Yamaguchi said in a statement.

"The real economy is not showing signs of a recovery."

"We strongly hope a prompt announcement will be made on tax cuts currently being considered by the government and ruling party, as well as additional fiscal spending," Yamaguchi said.