

DHAKA THURSDAY MARCH 21, 2002

**Bank holiday
on Mar 25, 26**

UNB, Dhaka

Bangladesh Bank and all scheduled banks will remain closed on March 25 and 26 on account of Ashura and Independence Day respectively, said a central bank press release.

**Malaysians
explore new
investment areas
in Bangladesh**

UNB, Dhaka

Malaysian investors are now exploring different avenues to increase their investment in Bangladesh, Malaysian High Commissioner Ahsaib bin Sani said here yesterday.

He said although the agro-based products showed a 16 per cent growth in the last four months, many farmers in northern Rajshahi region were not interested in harvesting crops in the absence of fair prices for their products.

Federation of Chambers of Commerce and Industry (FBCCI) organised the daylong seminar where, among others, Commerce Secretary Suhel Ahmed Chowdhury, FBCCI President Yussuf Abdullah Harun, Vice Chairman of Export Promotion Bureau Abu Saleh spoke.

The minister said although the agro-based products showed a 16 per cent growth in the last four months, many farmers in northern Rajshahi region were not interested in harvesting crops in the absence of fair prices for their products.

The commerce minister said the growth in export is the only way to lessen the country's dependency on donors. "Our strategy has to be export-led growth and this is the only way out," he said.

STAR BUSINESS REPORT

A new export processing zone (EPZ) is likely to be established in Rajshahi under private sector initiative.

The EPZ will mainly house agro-based companies, Commerce Minister Amir Khosru Mahmud Chowdhury said yesterday while speaking at the inauguration session of a seminar titled 'Export Diversification: Issue and Strategies for Future'.

He said although the agro-based products showed a 16 per cent growth in the last four months, many farmers in northern Rajshahi region were not interested in harvesting crops in the absence of fair prices for their products.

The minister said export-led economic growth has become essential for the country that can be achieved through export diversification and by exploring new markets for bettering export.

The commerce minister said the growth in export is the only way to lessen the country's dependency on donors. "Our strategy has to be export-led growth and this is the only way out," he said.

He also said the government has taken different steps to promote the country's export.

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The minister stressed the need for maintaining standard of products where in most of the cases the standard of products is not maintained.

"Low standard of products is not only damages the potential of export but it also tantamount to cheating of domestic consumer," Khosru observed.

He said the Bangladesh Standard and Testing Institute (BTSI) is not functioning properly and same is the case with consumer associations. "We need a strong consumer association to protect the rights of consumers."

Speaking on the occasion, Export Promotion Bureau Vice Chairman Abu Saleh termed Bangladesh export base to be very narrow. He said the country needs to diversify its export for sustainability and help broaden export base.

Commerce Secretary Suhel Ahmed said there is no breakthrough in the performance of thrust sectors. "We had earlier ignored smaller markets, but now we cannot afford to do so anymore," he said.

He urged the private sector entrepreneurs to explore export possibilities of processed vegetable, toys, silk fabric, cane furniture, electronics, software, data transmission and light engineering products.

Speaking on the occasion, FBCCI President Yussuf Abdullah Harun said the country's export has become dependent on RMG sector and called for a comprehensive strategy to stimulate backward linkage activities in an urgent basis.



**Int'l Assoc
for Takaful
Operators
formed**

International Association for Takaful Operators (IATO) was formed at the concluding session of a two-day international summit on Takaful at Sonargaon Hotel on Sunday, says a press release.

The concluding session was presided over by Shah Abdul Hannan, Chairman of Islami Bank Bangladesh Limited.

The new association comprises all "takaful" operators of the world to promote "takaful" business in the member countries.

An eleven-member adhoc committee was also formed with Dato' Mohd Fadzli Yusof, Chief Executive Officer of Takaful Malaysia, as Chairman and ABM Nurul Haq, Managing Director of Islamic Insurance Bangladesh Ltd, as Member-Secretary.

The central secretariat of IATO will be located in Kuala Lumpur.

**Pak fiscal
deficit falls
to 4.9pc**

AFP, Karachi

Pakistan's fiscal deficit fell to 4.9 per cent during the six months to December despite the fallout from the September 11 terror attacks but the central bank said Wednesday it remained pessimistic on the outlook for the rest of the year.

The fiscal deficit narrowed to 4.9 per cent during the first half of the 2001-2002 fiscal from 5.3 per cent in the corresponding period of 2000, the central State Bank of Pakistan said in its report for July-December 2001.

Pakistan recorded a historic surplus of 1.2 billion dollars on its balance of payments during the six months.

Nevertheless, the bank took a pessimistic view for the rest of the financial year as tensions with India might force higher defence spending.

"Expected higher defence expenditure due to tension on the border with India may cast a shadow on government outlay. The government has to revisit its budget deficit target," the bank said.

India and Pakistan have massed some 800,000 troops on their common border since the December attack on the Indian parliament, which New Delhi has blamed on Pakistan-linked militants.

Although foreign reserves have reached a record high and Pakistan has received increased aid and grants as a reward for its backing of the war on terror, the bank said the outlook remained gloomy.

**Lankan tea
prices fall**

REUTERS, Colombo

Sri Lanka tea prices slipped at Tuesday's weekly auction as buyers shunned the more expensive high grown.

The anticipated gross sales average was 160 rupees per kg against 162 rupees per kg last week.

Most of the high-grown Broken Orange Pekoes (BOP) and BOP fannings in the Western category declined by five to 15 rupees per kg, said Forbes & Walker Tea Brokers.

"Leafy teas met with good demand whilst high and medium grown small leaf sorts witnessed restricted demand," Forbes said in a statement.

A ten-member business delegation from the Confederation of Indian Industry (CII) headed by its Deputy Director General S Sen (Centre-left) called on President of Foreign Investors' Chamber of Commerce & Industry (FICCI) Waliur Rahman Bhuiyan (Centre-right) yesterday at the Chamber office and exchanged views on matters relating to promotion of bilateral trade and investment between India and Bangladesh and mutual cooperation between CII and FICCI. Chamber Secretary Jahangir Bin Alam (4th from right) was also present at the meeting.

Spiralling violence bodes ill for Pak economy

REUTERS, Karachi

Just as Pakistan's economy seemed to be finding its feet, a weekend attack on a church in the capital has dealt a major blow to efforts to attract scarce foreign investment.

Official figures show foreign investment in Pakistan, which had slowed to a trickle in recent years, picked up slightly in recent months as President Pervez Musharraf won much-needed foreign aid and debt rescheduling in return for his support to the US war on terror.

The attack came shortly after a sudden upsurge in sectarian violence in the volatile southern port city of Karachi and in central Punjab province.

Foreign direct investment in Pakistan rose to \$225.1 million in the first seven months of the current fiscal year (July/June) from \$170.4 million in the same period last year.

To some extent the cautious return of investors had been encouraged by Pakistan's rehabilitation on the international stage, after Musharraf lined up with the United States following the September 11 attacks on New York and Washington.

The country has restarted its ambitious but stalled privatisation programme, and hopes to sell a 51 per cent stake in Pakistan State Oil PSO by August or September.

But there has also been a price to pay for the way Musharraf has backed US President George W Bush. Most pundits believe Sunday's attack was part of a backlash by Islamic extremists opposed to Pakistan's support for the United States.

"To expect foreign investors to be comfortable after this incident, you must be living in utopia," he said.

Around 60 to 70 people, mostly foreigners, were listening to a

sermon on Sunday when a man burst into the Protestant church in Islamabad lobbing grenades. The dead included the wife and daughter of an American diplomat.

"Even if you have excellent business opportunities, if you don't satisfy their (investors') security concerns, the opportunity does not translate into reality," said a senior official at a multinational firm in Karachi.

Since September 11, many Western nations have advised their citizens to be cautious about visiting Pakistan and avoid travel to certain parts of the country.

Export orders were also cancelled in the wake of September 11, while insurance premiums rose. Partly as a result, economic growth is forecast at a modest 3.3 per cent in 2001/02.

The church attack will only further discourage tourists and investors. "The biggest fear in everybody's mind is if your life is not safe, obviously your capital will not be safe," Zahoor added.

In January, Musharraf announced a crackdown on Islamic extremists, banning five militant groups and rounding up more than 2,000 activists. Yet the violence has not stopped.

US reporter Daniel Pearl was kidnapped in Karachi in January and later brutally murdered.



Four newly elected DSE councilors -- (from L-R) Ahmad Iqbal Hassan, Mohammad Hanif Bhuiyan, Abdul Mannan MP and Abdul Haq-- pose for a photograph yesterday in the city.

Khosru talks tough on protectionism

UNB, Dhaka

instrument for promoting industrialisation, allowing such safekeeping is no longer a matter of independent choice to sovereign nations, he told his business audience.

"The widely-accepted concept of free and open market economy associated with a lot of global rules now limits the authority and choice of government to decide the extent to which protection can be given to local industries," Khosru said.

But, at this stage of globalisation and under the free economy, Bangladesh requires to have a strong Tariff Commission to monitor the workability of the country's trade policy in competing on the global market, he viewed, stressing restructuring of the Commission.

"Globalisation seems irreversible ... We should not ignore the

shaping realities," the minister said, feeling the urgency of coming up with new ideas and decisive actions to face global trade challenges.

Bangladesh Tariff Commission arranged the seminar on "Relative Protection-2002," a study of the World Bank-funded project named "Protection Analysis and Trade Cooperation (PATC)", at Hotel Purban.

State Minister for Commerce Barkatullah Bulu, acting chairman of Tariff Commission Qazi Humayun Baksh and PATC project director Abdul Quaiyum also spoke on the occasion.

Bangladesh Festival in Myanmar to foster geometrical trade growth'

STAR BUSINESS REPORT

Commerce Minister Amir Khosru Mahmud Chowdhury said the long-winded Bangladesh Festival in Myanmar beginning on March 26 will help foster 'geometrical' trade growth between the two neighbouring countries.

Addressing a briefing session with journalists on the eve of the festival, the minister said the trade growth between the two countries remains stagnant due to some unavoidable circumstances but this time Myanmar government is willing to open its markets to the world especially to neighbours.

"We will try to derive maximum returns from the festival and make it a productive one by displaying our best products and services," he said.

"Earlier planned as a simple trade fair, it has been extended to be a complete festival which will feature fashion show, food festival, cultural events, business seminar and a golf tournament to make the Myanmarese consumers aware of what Bangladesh can offer," Khosru said.

"We will take it as a test case and if it is successful, more festivals will follow in different countries to familiarise Bangladeshi products in foreign markets," he said.



Vietnamese Vice-Foreign Minister Le Cong Phung along with high officials of Vietnam is briefed about the production process of Square pharmaceutical goods at the company's plant at Kaliakoir in Gazipur on Monday.

Vietnam minister visits Square plant

Le Cong Phung, Vice-Foreign Minister of Vietnam, along with high officials of Vietnam visited the state-of-the-art plant of Square Pharmaceuticals Ltd at Kaliakoir in Gazipur on Monday, says a press release.

The minister was shown the process and technology involved in the pharmaceutical manufacturing plant, which meets the requirements of US FDA and UK MCA. He was highly impressed to see the level of the Square's production and strict quality control measures.

The Vietnamese delegates put emphasis on developing a bilateral relationship between Bangladesh and Vietnam to increase trade, especially in pharmaceutical products.

It is expected that Square's pharmaceutical products will shortly be available in Vietnam where a good number of its goods are in the registration process.

IMF sees US recovering fast

REUTERS, Berlin

The International Monetary Fund (IMF) sees the US recovering faster than previously thought, but the overvalued dollar was a risk to the overall economy, two leading German business dailies reported yesterday.

The United States' economy would expand by 1.4 per cent this year after a "moderate upturn" in the first half of the year, accelerating to a hefty 3.8 per cent in 2003, Handelsblatt reported.

In its last World Economic Outlook in December the Fund then forecast the US economy growing at just 0.7 per cent in 2003.

The newspaper quoted the report saying the situation in Japan was one of four distinct dangers facing the global economy.

The report said a combination of an overvalued dollar, a high balance of payments and a low savings rate in the United States could impact on global growth.

Also "setbacks in the fight against international terrorism", combined with fears of fresh attacks and fighting in the Middle East could push the global economy.

Handelsblatt said the IMF report forecast global growth of 2.5 per cent in 2002, around the level of 2.4 per cent forecast in December, but sees the rate rising sharply towards the

end of the year. Investors had priced in a recovery and if this did not happen it could lead to falling share prices which would have an impact on the real economy, Financial Times Deutschland reported.

The German economy was seen expanding at 0.7 per cent this year, the same as forecast in December, rising to 2.5 per cent next year, Handelsblatt said in its story ahead of Wednesday's publication.

"This would see Germany catching up in an international comparison," the IMF report was quoted as saying.

The French economy was forecast as growing at 1.3 per cent this year, unchanged from previous forecasts.

Italian growth was forecast at 1.2 per cent this year, unchanged from previous forecasts, and 3.0 per cent next year.