

## GSP Finance declares 30pc dividend

GSP Finance Company (Bangladesh) Ltd has declared a 30 per cent dividend for 2001, says a press release.

The dividend was declared at the 7th annual general meeting of the company held on Thursday in the city.

The AGM was presided over by Sutham Chansrichawla, Chairman of the company, and attended by Directors Feroz U Haider, Wolf-Peter Berthold, Olivier P Mivelaz, Javaid Iqbal, Col (ret'd) M Nurul Islam, Siraj U Haider and Nashya Haider, besides shareholder.

The shareholders thanked Feroz U Haider, Managing Director & CEO, for his immense contribution to the growth of the company.

The GSP Finance earned an operating profit of Tk 109.51 million for the year ended December 31, 2001, posting a 61 per cent rise over that of the previous year.

## ADB plans \$1b aid to Pakistan this year

REUTERS, Islamabad

The Asian Development Bank (ADB) has said it planned to give around \$1.0 billion in aid to Pakistan this year.

ADB President Tadao Chino met Pakistan's Finance Minister Shaukat Aziz late on Thursday and 'appreciated' the military government's economic reforms, the ADB said in a statement.

Chino 'expressed the need to ensure continuation of reforms so as to transform the economy and to reduce poverty.'

"The two sides discussed the assistance ADB is offering with special emphasis on ADB's plan for new assistance of about \$1.0 billion in 2002..." it said.

The statement said the assistance was aimed at financing agricultural development, improvements in local government under a devolution of power plan, and improvements in governance and the financial position of the country's four provinces.

In Manila, the ADB said \$850 million had been earmarked in assistance for six programme and projects, including 'flagship' programmes in devolution and capital market development.

Some \$270 million will be lent on concessional terms where the country pays a flat fee of 1.0 per cent per year for a grace period of eight years and then 1.5 per cent for the next 24 years.

The remaining \$580 million will be normal ADB loans which carry higher interest payments, the bank said.

## Assam CTC tea prices fall

REUTERS, Kolkata

The average prices of both leaf and dust grade Assam CTC teas fell heavily at this week's Calcutta auction, but orthodox tea prices increased, traders said Saturday.

The average price of the heavily-traded Assam CTC leaf grade was 42.81 rupees a kg this week, down over 13 per cent from the average price of 49.49 rupees last week, they said.

The price of dust grade Assam CTC fell over nine percent to 33.18 rupees per kg this week from 36.80 rupees per kg last week, the Calcutta Brokers' Joint Statistics Department said. But the average price of orthodox teas rose over 11 per cent on good buying support from West Asia to 63.33 rupees a kg this week from 56.83 rupees last week, traders said. In the CTC category, there was strong interest for the bolder broken variety at cheaper prices from the Commonwealth of Independent States.

## Portugal becomes 60th member of ADB

AFP, Manila

Portugal has become the 60th member of the Asian Development Bank (ADB), the Manila-based anti-poverty lending institution announced here yesterday.

Portugal's membership became effective on April 2 after it completed all requirements, including the payment of the first installment of its subscription to the ADB's capital stock, the ADB, said in a statement.

As part of its membership, Portugal subscribed to 12,040 shares of ADB's capital stock, the institution said, without specifying the cost.

# CAG for quick formation of JS public accounts body

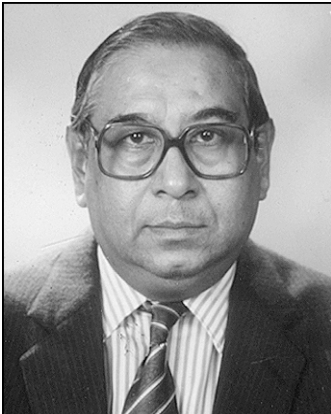
## New auditing watchdog tells The Daily Star

RAFIQ HASAN

Newly appointed Comptroller and Auditor General (CAG) Ahsan Ali Sarker has called for immediate constitution of public accounts committee (PAC) in the eighth parliament, besides introducing new laws to make audit reports effective.

Although the first session of the current parliament was held some five months back, the new PAC is yet to be formed for reviewing audit reports.

"Several hundred audit reports are awaiting review and follow-up actions by the committee," Sarker said while talking to The Daily Star.



Ahsan Ali Sarker

If the PAC sits once a month, it will take around 28 years to review and settle all the pending disputes mentioned in the audit reports, he said.

According to CAG office sources, more than seven hundred annual and special audit reports are awaiting review of the next PAC.

Turning to the necessity of framing new laws the CAG said auditors in many cases cannot deliver expected results due to lack of legal support.

Sarker, who was secretary of the Ministry of Labour and Manpower prior to the new assignment, said violation of audit advice should be made punishable offence by law to help bring more discipline in govern-

ment accounts.

"Under the existing laws, a government officer is supposed to respond to an audit query but we cannot compel him if he does not respond."

He also said, "There should be a law so that the department concerned can punish a person for corruption proved by the auditors." Under the existing laws, the department concerned has to file a case with police or Bureau of Anti-Corruption.

Besides, he said, the administrative power of the CAG office is very limited for which it cannot produce expected result.

## US jobless rate rises to 5.7pc

AFP, Washington

The US unemployment rate rose 0.2 per cent to 5.7 per cent in March but the economy also absorbed an extra 58,000 jobs, the government said Friday.

The jobless rate was only marginally higher than the 5.6 per cent expected by Wall Street economists.

Non-farm payrolls climbed by 58,000 as more people entered the labor force, likely encouraged by the improving US economy.

February's non-farm payrolls were revised to show a fall of 2,000 - a sharp turnaround from the first estimate of a rise of 66,000.

## ASEAN to benefit from US-S'pore free trade

AFP, Bintan, Indonesia

Industrial zones in Indonesia and other Southeast Asian countries will benefit from a free trade agreement (FTA) now being finalised by the United States and Singapore, officials announced here Saturday.

Bintan, a manufacturing and resort island near Singapore, will be the first Indonesian beneficiary of the FTA designed to open up trade and investment between the US and the Association of Southeast Asian Nations (ASEAN), they said.

The move was announced during a visit to Bintan by US Trade Representative Robert Zoellick, Singapore Trade and Industry Minister George Yeo and Indonesian Trade Minister Rini Suwandi.

Thirty-five foreign and local companies employing some 13,000 people operate in the Bintan Industrial Estate. In 2001, exports from the zone totalled 283 million US dollars.

Under an "Integrated Sourcing Initiative" proposed by the US, the bilateral FTA with Singapore can be used to benefit other countries in the region in certain designated sectors. Indonesia is the largest member of ASEAN.

## EC may recommend free trade with 77 ACP nations on Apr 10

IPS, Brussels

The European Commission is set to recommend a change of trade terms with the African, Caribbean and Pacific (ACP) countries from preferential trade to free trade.

The Commission, which is the executive arm of the European Union (EU), is expected to propose a new set of trading arrangements with the 77 ACP countries (78 including associate member Cuba) on April 10.

Preferential trade has meant the ACP countries could export quotas of certain products to the EU without paying any tariffs. At the same time, they were allowed tariffs on imports from EU. Preferential trade terms also provided for compensation to ACP countries for shortfalls in export income due to price fluctuations in products such as sugar, beef and bananas.

The proposed free trade terms

would mean both sides would lift all non-tariff and tariff trade barriers.

Preferential trade has been carried out under the four Lome Conventions, named after the capital of Togo in West Africa. The first Lome Convention was signed in 1975.

The changes being contemplated now follow an agreement signed in June 2000 between the EU and the ACP in Cotonou, the seat of the government of Benin, Togo's next door neighbour, and one of the poorest ACP countries. The Cotonou Agreement provides the framework for cooperation between the EU and the ACP until June 2020.

Its primary aim is to "promote and expedite the economic, cultural and social development of the ACP States, with a view to contributing to peace and security and to promoting a stable and democratic environment."

But if free trade is all the EU is offering under that agreement, the ACP are not interested, says Hegel Goutier, spokesman for the ACP countries.

Considering the size and diversity of the ACP group, there are some complex negotiations in store before the ACP's own mandate can be agreed. The ACP council of ministers will do the ground work at a meeting in the Dominican Republic June 25-27. It is hoped that the final mandate will be approved by a meeting of ACP leaders in Fiji in July.

Trade talks between the ACP and the EU are due to begin in September, and are expected to continue until 2007. The final outcome will have to be agreeable to both sides. Otherwise there will be no outcome, as with the WTO talks in Seattle.

A European Commission document recommends creation of Economic Partnership Agreements (EPAs) to establish free trade areas. The EPAs, the Commission document says, would be set up within the objectives of the Cotonou agreement.

According to the draft European Commission document obtained by IPS, "EPAs shall be directed at fostering closer economic integration between the parties, by removing progressively barriers to trade--- in full conformity with the provisions of the WTO (World Trade Organisation)."

The Commission proposes free trade areas not only in goods, but also in services. The document argues that services are a potentially significant growth area for the ACP. It says there are many sectors where ACP countries, have an advantage. Liberalisation of services would "act as a spur to domestic reform," the draft paper says.

The Commission is proposing duty free access to the EU market for all products originating in ACP countries once the EPAs come into force. ACP countries would be given a grace period of up to 12 years in which to dismantle tariffs on imports from the EU. The Commission suggests that this period could be exceeded "in exceptional circumstances for specific sectors or products." But flexibility should not become a pretext to avoid difficult decisions, it says.

## ASEAN sees 3.5-4pc growth

AFP, Yangon

Southeast Asian finance ministers on Saturday said they expected the region to grow at 3.5-4.0 per cent this year, bolstered by global recovery and efforts to integrate member nations' economies.

At the conclusion of their annual meeting, held in the Myanmar capital for the first time, the Association of Southeast Asian Nations (ASEAN) ministers said their "sound macroeconomic policies" would also have a positive effect.

"We are confident that, after registering moderate growth in 2001, the ASEAN economies will grow more strongly at 3.5-4.0 per cent this year," they said in a joint statement.

"This is based on the projected recovery of the global economy, our sound domestic macroeconomic policies and ongoing structural reforms, and the closer economic cooperation that ASEAN has fostered."

The ministers said the global slowdown, exacerbated by the September 11 terrorist attacks, had hampered the grouping's efforts to sustain economic recovery in the wake of the 1997-98 financial crisis.

"External demand, particularly the demand for electronic goods, which has underpinned strong export growth in our economies since 1999, slowed significantly," they said.

That factor, together with a general decline in foreign direct investment, resulted in modest growth of 2.8 per cent for ASEAN countries in 2001.

But the ASEAN ministers said the outlook for the global economy has now improved, supported by positive developments in the United States.

"Although the outlook for the Japanese economy remains uncertain, there are signs of a turnaround in the US and some European economies in the first quarter," they said.

"The signs point towards a gradual recovery in the global economy, with increased momentum in the second half of 2002. We therefore expect our exports to perform better in 2002."

Asian Development Bank president Tadao Chino told the meeting that the impact of the attacks on the United States and the subsequent Afghan conflict had been less disruptive than expected.

"There is a growing consensus

that the region will experience a moderate rebound this year, in contrast to the gloomy picture one foresaw in the immediate aftermath of the 11 September attacks," he said.

"Going forward, this year's moderate rebound in the region's growth is expected to strengthen in 2003."

Singapore's Second Finance Minister Lim Hng Kiang that as a diversified region, individual countries would confront different hurdles to their economic recovery efforts.

"But the common risk for example that we identified is commodity prices," he told a press conference.

The El Nino weather effect could hurt food production in some countries, he warned.

"The other risk that we identified, which we have taken firm policy decision on, is really to make sure the recovery is stable, and this means very prudent macroeconomic policies."

At their two-day meeting, the 10 ministers looked at strategies to achieve better integration and cooperation in a region of wide disparities of wealth.

## India, Thailand, Myanmar propose 3-nation highway

AFP, Yangon

A "highway of opportunity" linking India, Thailand and Myanmar could be built within the next 18 months, boosting trade and development in the three nations, their foreign ministers said Saturday.

"Such a venture will bring immense benefits to all our peoples," said Myanmar's Lieutenant-General Khin Nyunt, first secretary in the ruling State Peace and Development Council (SPDC).

"Trade and development cannot proceed without transport linkages. It is in this light that India, Myanmar and Thailand should take the initial step towards a regional network of highways," he said.

Indian Foreign Minister Jaswant Singh, who joined his Thai counterpart Surakiart Sathirathai and Myanmar's Win Aung in the one-day talks, said the road could be built in the next 18 months.

"We hope to take decisions, which will be implemented within a time frame of say 18 to 24 months," he said at the start of the discussions, adding that financial and technical groups should start work as soon as possible.

"The road network connecting our three nations will become a highway of opportunity. Let it facilitate not just the movement of goods and services but also of ideas," he said.

"Let us jointly begin the process

of weaving our part of Asia together, through multimodal infrastructure links."

Surakiart said before departing Bangkok for the talks that Thailand was considering a loan to Myanmar to fund the road's construction.

"As of now, India has constructed a road to northern Myanmar, and will continue on to central Myanmar," he said, adding that construction could be finished in two years if all parties agreed on the project.

Khin Nyunt, number three in the ruling junta, said Saturday's trilateral meeting was a significant initiative and the first of its kind.



PHOTO: AFP

A 24-year-old student, Kanan, takes a look at a traditional necklace before trying it on during a jewellery show in Madras yesterday. Jewellery exports from the southern regions of India stood at 20 million US dollars during 2000-2001.

# Global recovery hopes brighten with OECD indicators

REUTERS, Frankfurt

Hopes of global economic recovery brightened Saturday with the OECD's influential lead indicators signalling a powerful rebound in world industrial output.

In news that will help to penetrate the gloom spread by higher oil prices, February's measure for the Organisation for Economic Cooperation and development's 30-nation area advanced for a fourth consecutive month.

This suggests the most striking rebound of industrial output since the bounce after a damaging recession in the early 1980s.

"The acceleration has been very dramatic.... US and Group of Seven indicators are at their highest level since 1983," said CSFB chief eurozone economist Julian Callow in London.

"We're seeing a classic recovery, emerging first in the intermediary sector and as the overall climate improves, helping employment, consumption and demand," he said.

In Italy, a government source told Reuters that the International Monetary Fund would raise its forecast for eurozone growth this year above the 1.2 per cent it currently has pencilled in, although the source did not say by how much.

If anything, the rebound in indus-

trial production might be too strong. Commodity prices are up 25 per cent since November at their recent peak and oil has soared, threatening inflation which might force central banks to tighten monetary policy.

Brent crude spiked over \$27 per barrel at the start of the week as violence between Israel and Palestinians escalated. The European Central Bank warned on Thursday that this could hit prices and curb growth if the gains were sustained.

It held rates steady at its monthly policy setting meeting, but analysts say the next move will be up. The Bank of England, which also kept policy on hold this week, and the US Federal Reserve are seen heading in that direction in coming months.

House prices, which can exert a hefty influence on consumer spending by making ordinary home owners feel better or worse off, rose in Britain by a yearly 13.8 per cent in March, a blistering pace that may make the BoE more inclined to tighten.

On the other hand, strong US and British house markets may be one reason why their consumers have kept spending, compared with a much weaker performance in the eurozone.

ECB President Wim Duisenberg

says the common currency bloc will motor out of the downturn under its own steam.

But most other experts see US demand for the region's exports lending the crucial helping hand and the impression of a 'Made in America' world recovery was boosted by the OECD's data.

The leading indicator for the OECD area rose 0.9 points to 115.3 from 114.4 in January with the six-month rate of change, which is used to smooth out fluctuations, improving for the fifth straight month.

The OECD said that the US lead indicator rose 1.9 points in February to 119.7, and that for the eurozone gained 0.5 points.

Economists say that the series is the most reliable of a wide range of leading indicators which they use to spot turns in the business cycle three to six months in the future.

As a result, many have taken heart from the strong upswing seen since an October trough of 111.2, in the wake of the September attacks on the United States.

But in keeping with the mixed economic messages seen during the week, the OECD data coincided with a sharp fall in German February industrial orders despite hopes for a climb.

It also follows stagnating January eurozone industrial pro-

duction, but higher retail sales and an optimistic reading from the Reuters Business activity index for the region's service sector, which delivers two thirds of total output.

"I'd characterise the signs as pointing to a recovery, with risks," said Goldman Sachs' chief eurozone economist Thomas Mayer in Frankfurt.

"We've pretty firm evidence of recovery in the US... and evidence of knock-on effects from the US to the eurozone. But we don't know how durable the US upswing will be," he said.

Goldman also lists as dangers the US current account deficit, which may prompt a dollar fall if it becomes hard to finance, hurting eurozone exports, as well as the oil price and an inflationary German wage deal from negotiations now underway.

These factors will make it very hard for the ECB to rapidly reel back in the interest rate cuts it made last year to cushion the pain of slowing world growth.

"The ECB certainly cannot take the sustainability of the US upswing, nor the impact of higher oil prices on domestic demand, for granted," said Mayer.



PHOTO: AFP

Rini Soewandi (Rear, 2nd L), Indonesian Minister for Industry & Trade, BG George Yeo (Center), Singapore Minister for Trade & Industry, Robert Zoellick (4th L), United States Trade Representative, listening to Wong Ngit Liong (R), President & CEO of Venture Group, look at a computer manufacturing process in Bintan Industrial Estate in Bintan in Indonesia yesterday. Thirty-five foreign and local companies employing some 13,000 people operate in the Bintan Industrial Estate, with exports from the zone totalled 283 million US dollars in 2001.