

Japan PM orders faster bad loans write-off

REUTERS, Tokyo

Financial Services Minister Hakuo Yanagisawa said Monday he had been told by Prime Minister Junichiro Koizumi to look at ways of accelerating the write-off of banks' non-performing loans, Kyodo news agency reported.

Kyodo said the measures were expected to include beefing up regular inspections of banks by the Financial Services Agency (FSA) and making more use of the state-run Resolution and Collection Corp (RCC) to boost liquidity in the market for non-performing loans (NPLs).

Koizumi issued the instruction ahead of the announcement set for Friday of the results of a series of special FSA inspections of the financial health of Japanese banks and their ailing borrowers.

"The announcement is planned for the 12th," FSA Commissioner Shoji Mori told a news conference.

The government has said it would decide whether to inject public funds into the banking industry after reviewing the results of the inspections.

Yanagisawa, who masterminded a multi-trillion yen public fund injection for banks after a financial crisis in 1997/98, is opposed to a fresh bail-out. He wants banks first to try to raise capital in the market on their own.

Since 1998, Japanese taxpayers have provided more than 10 trillion yen, about 75 per cent for the top 15 banks alone, to get the banks back on their feet -- with obviously poor results.

All seven top banks are expected to report big losses for the financial year that ended on March 31 as a result of continuing heavy credit costs. With bankruptcies soaring, banks are struggling to hold down NPL totals despite big write-offs.

Mitsubishi Tokyo Financial Group Inc, Japan's third-largest bank, on Monday became the last of the majors to announce that it would post a group net loss due to the toll the weak economy is taking on corporate borrowers.

Japan supermarket operator goes bankrupt

AFP, Tokyo

Japan produced another corporate casualty Tuesday when mid-sized supermarket operator Niko Niko Do Co. filed for court protection from creditors with parent liabilities of 97.5 billion yen (741 million dollars).

"Resolving the negative equity situation that we have fallen into due to our past debts on our own would require a long time," the firm said in a statement. "Gaining support from financial institutions has also become difficult."

The 42-year-old chain, based in Kumamoto, some 850 kilometers (530 miles) southwest of Tokyo, had expanded to 44 stores in southern Japan, and had also entered the hotel, apparel, department store and discount shop business in China.

MUHAMMAD ABDUL MAZID

A future development of business activities in Bangladesh by the developed economies and NIEs of ASEAN and other countries of EU, Northern America and the Middle East would be significant not only because of the resultant growth of employment and large scale transfer of capital, technology and management know how, but also the potential for the creation of closer and deeper ties between Bangladesh and the Asia Pacific region, EU and Middle Eastern countries.

Reasons for the expansion of direct investment by foreign companies in the South Asia including Bangladesh include (a) The appreciation of the national currencies, which caused a sharp decline in the cost competitiveness of their respective exportable. For example, the Japanese companies have sought to maintain their competitiveness by producing goods locally in Europe and America and transferring production operations to Asian countries in order to reduce production cost. (b) The uptake of M&A activities and real estate investment. (c) The trend towards the globalisation of national companies. Rapid advances in transportation and telecommunications have made it possible to expand business activities throughout the world, and companies are striving to establish a corporate division of labour in its global operations by seeking the most economic locations for each aspect of their business.

Characteristics of FDI in the South Asian countries by developed countries are: (a) The large number of investments from ASEAN, NIEs

SAARC adopts 16-point plan to fight poverty

Finance ministers' meet agree to pursue a broad range of policies

AFP, Islamabad

South Asian finance and planning ministers on Tuesday adopted a 16-point action plan to combat poverty at the end of a two-day meeting here, Pakistani Finance Minister Shaukat Aziz said.

He said the South Asian Association for Regional Co-operation (SAARC) meeting agreed to pursue a broad range of policies designed to benefit the region's 550 million people who live below the poverty line.

"Today, the third meeting of finance and planning ministers from SAARC countries approved unanimously the Islamabad Action Plan on eradication of poverty from one of the world's poorest

regions," Aziz told AFP after the meeting.

"It is a very good beginning and we resolved to implement the plans and not restrict ourselves to mere statements. Our common goal is to eradicate poverty."

The plan focuses on good governance, sound macroeconomic management emphasising growth and fiscal discipline, access to micro-financing schemes for small business, increased trade and stronger social safety nets.

It also called for greater access to markets in developed countries, the removal of tariff and non-tariff trade barriers and "flexibility for developing countries in intellectual property rights".

The developed world would also be pressured

to "unearth past inflows of illegal and tax-evasion money originating from SAARC countries" and to tighten laws designed to prevent the laundering of money from corruption.

SAARC groups Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

In his opening remarks on Monday, Aziz warned that the region was not doing enough to fight poverty.

"A region where some live in comfort and plenty, while 40 per cent of the region's population live in abject poverty, is neither just nor acceptable."

"South Asia is falling behind the rest of the world in fighting poverty," he said.

Lack of uniform rules delays public procurement process

STAR BUSINESS REPORT

Absences of uniform public procurement guidelines coupled with capacity limitation of the agencies are causing delay in public procurement process.

A study of 'Public Procurement' found delays in all 148 cases in the fiscal year 1997-98. The extent of delay ranged between 60 to 1100 days from prescribed time of awarding work to suppliers through bidding.

AN Wahid, a former economic minister at the Bangladesh Embassy in Beijing, conducted the

study for Economic Reform and Research Advocacy (ERRA) activities of the Dhaka Chamber of Commerce and Industry in conjunction with Centre for International Private Enterprise (CIPE) of the US Chamber of Commerce.

The study revealed that the government had procured Tk 18,772 crore through its agencies in 2000-2001 which is expected to reach Tk 19,730 crore this fiscal.

Although the government or the development partners normally allow validity of bid for 90 to 180, the study observed that the deadline could not be met in about 70 per

cent of the cases.

The study attributed the delay to re-tendering, delay in decision making at different stages of procurement and in settlement of disputes.

"Agencies sometimes cancel bids, even after opening, without valid reasons or justification," it said. "The tendency of re-tendering without any valid reason delays procurement to a great extent."

Explaining the delay, the study said an aspirant being unsuccessful files complaint against the bidding process causing suspension of the entire process. It resumes only after

settlement of the dispute.

"The delay eventually translates into higher cost of the procured goods and services," the study said.

The study said such delay could be avoided through a time-bound arrangement for settling the disputes.

It recommended a uniform public procurement procedure to the delay.

At present, at least five procurement procedures are being followed by different agencies. Some of the leading agencies do not have even procurement manual, the study said.

Khasru calls upon potential investors to identify sectors

FIAS, IFC, WB hold roundtable on IFD in South Asia

UNB, Dhaka

that only incentives are not enough to attract FDI.

Foreign Investment Advisory Services (FIAS) of the International Finance Corporation (IFC) and the World Bank convened the roundtable on "South Asia Foreign Direct Investment" at Hotel Sheraton here.

The UK Department for International Development (DFID) and the Asian Development Bank (ADB) are the co-sponsors of the two-day event organised in association with the Government of Bangladesh.

During the last half of 1990s, global FDI flow registered a dramatic rise that peaked in the year 2000. Starting from a figure of US\$478 billion in 1997, the FDI reached the peak of US\$1,271

billion in 2000.

During the period, per capita average global FDI flow was about US\$135 against a per capita FDI to Asia was only US\$37 and to South Asia a meager US\$3 only, indicating that South Asia has been bypassed during the golden period of FDI flow.

The minister sought constructive suggestions that would enhance the confidence of the overseas investors in Bangladesh.

He urged potential investors and discussants of the meeting to identify specific sectors where they feel Bangladesh and her foreign partners may actively work together for their mutual and assured benefits.

He also wanted to know concrete ways to reduce cost of investment in Bangladesh, enhance assured return for investors, work for diffu-

sion of technology and management practices to enhance productivity, encourage modernisation and change the mindset of main managers within bureaucracy to make investors feel comfortable.

Executive Chairman of Board of Investment Mahmudur Rahman said South Asia experienced a reverse situation during worldwide growth of FDI inflow to drop nearly 40 per cent in 2000 from US\$4.90 billion of 1997.

He listed probable causes as poor collective image of the region, wrong strategies, poor governance, lack of understanding among the member countries, high cost of business, ineffective implementation of policies and poor track record of intra-regional trade and investment.

The minister said jute, pulp and

Dutch-Bangla Bank chairman re-elected

Founder Chairman of Dutch-Bangla Bank Limited Mohammed Sababuddin Ahmed has been unanimously re-elected Chairman of the bank for the 3rd consecutive term, says a press release.

The election was held at the 35th meeting of the bank's Board of Directors at a city hotel recently.

Mohammed Sababuddin Ahmed is the Chairman and Managing Director of Kader Synthetic Fibers Limited, a synthetic filament yarn manufacturing industry, jointly financed by Asian Development Bank (ADB), Netherlands Development Finance Company (FMO), Asian Finance and Investment Corporation Limited (AFIC), Saudi-Bangladesh Industrial Agricultural Investment Company Limited (SABINCO) and Bangladesh Shilpa Bank (BSB), both in terms of loan and equity.

He is also the Chairman of MSA Spinning Limited, a Japanese joint venture spinning mills relocated at Gazipur.

Dutch-Bangla Bank Limited, a Bangladeshi-European joint venture scheduled commercial bank, is playing a pivotal role under the dynamic leadership of Ahmed in the development of industrial and commercial activities of the country.

STB encouraging tourism industry to go wireless

Wireless application in tourism is a new initiative by the Singapore Tourism Board (STB) to encourage local enterprises to explore innovative ways to provide services to visitors to Singapore, says a press release.

Supported by the Infocomm Development Authority of Singapore under the Wired With Wireless Programme, this may soon mean that visitors can access information and services on anything from hotels to attractions via wireless applications such as mobile phones and personal digital assistants (PDAs).

To achieve this, the STB is pledging financial support of up to 50 per cent of start up costs.

With wireless applications visitors can forward to checking into hotels or making room service orders with their mobile phones. Visitors may also check on forthcoming blockbuster shows staged in Singapore and pre-book tickets via wireless applications.

Wireless technology in tourism puts the power of selection and transaction into the hands of the consumers -- in this case, the foreign visitors. It will also give tourism enterprises here the leading edge and revolutionise the way tourism businesses operate.

The initiative is part of the STB's strategy to harness technology to enhance visitors' experience here. Another area being explored is a tourism portal for Singapore -- an electronic gateway for consumers and businesses.



PHOTO: STAR
Visitors have a look at locally-made handicrafts at a seven-day ECOTA trade fair which began yesterday on Shishu Academy premises in the city.

Weeklong ECOTA trade fair begins in city

Bid to promote handmade indigenous products

STAR BUSINESS REPORT

With a view to promoting handmade indigenous products both at home and abroad, a seven-day trade fair on handicrafts and hand-woven textiles began in the city yesterday.

Effort for Craft Organisation Trading Advancement (ECOTA Forum), a national networking body of NGOs and SMEs to provide handicraft and hand-woven textile producers in the country with marketing assistance, has organised the fair on the Shishu Academy premises.

Environment Minister Shahjahan Siraj inaugurated the ECOTA Trade Fair M Tajul Islam, Director General of Export Promotion Bureau (EPB), Rezaul Bari Dina, Whip of Jatiya Sangshad, and Bertha City Baroi, President (Acting) of ECOTA Fair Trade Forum, were present at the inaugural ceremony.

Speaking on the occasion, Shahjahan Siraj said the handmade jute and other products have a good prospect as export items and potentials in the local market as there is a government ban on production and use of polythene bags.

The minister said jute, pulp and

other products are ecology-friendly and the government would extend helping hands in any move to promote these products.

He said small and medium enterprises (SMEs) in jute and handicraft sectors can contribute a lot to the national economy and create huge employment opportunities especially for the women.

A total of 50 organisations are participating in the fair. Interior decor, table top items, lifestyle and garden accessories, handmade paper items, exquisitely embroidered home textiles and fashion accessories, home furnishing, candles, baskets, storage items, terra-cotta wind chimes, jute, leather and clay products are on display at the fair. The fair will remain open from 10am to 8pm everyday.

Altogether, ECOTA Forum has over 80,000 artisans of whom 80 per cent are women.

Traidcraft Exchange, the UK's largest independent fair trade organisation, is the technical partner of ECOTA Forum, Bangladesh. In 2001, ECOTA's exports amounted to Tk 20 crore.

Bangladesh as destination of FDI in South Asia

and Japan, but in value terms share of these investments are small and North America and Europe are by far the biggest investment target on value basis.

(b) Government policies in south Asian countries have an important bearing on the establishment of manufacturing operations in Asia. (c) Re-exporting to the investment source country is another reason for investment, which indicate that outsourcing of products has been the main force behind the overseas expansion of national companies. (d) Selection of Asian countries for the establishment of overseas friends of the best of investment opportunities.

"We've largely been able to provide the sort of macro-economic stability and incentive packages which should encourage more flow of FDI in Bangladesh," he told the roundtable where experts viewed

that only incentives are not enough to attract FDI.

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