

\$4.5m WB aid to fight graft, increase efficiency in public procurement

BSS, Dhaka

Bangladesh will receive a credit of 4.5 million US dollars from the World Bank under an agreement signed here yesterday between the two sides to help reduce corruption and increase efficiency in the public procurement of goods, works and services in the country.

The agreement was signed by Secretary of External Relations Division Anisul Huq Chowdhury and World Bank Country Director Frederick T Temple on behalf of their respective sides.

A World Bank press release said the credit will help finance a public procurement reform project aimed at reforming procurement capacity, adopting appeal procedures and implementing mandatory procurement audits and other accountability mechanisms. Such reforms would improve governance and help ensure that public resources, including development aid, are utilised properly for the benefit of the country.

The release said it would also help establish a central procurement technical unit in the Implementation Monitoring and Evaluation Division of the ministry of planning.

This new permanent entity would have the mandate to develop public procurement rules and standard bidding documents, establish regular training programmes and introduce effective monitoring and evaluation for better management of public procurement.

The interest-free credit is being provided by the World Bank Group's International Development Association, on standard terms, with a maturity of 40 years, including, a grace period of 10 years.

Square Textiles declares 30pc cash dividend

Square Textiles Ltd declared a 30 per cent cash dividend for its shareholders for the year ending December 31, 2001 at its 7th annual general meeting, held in the city yesterday, says a press release.

The meeting, presided over by the Chairman of the company Samson H Chowdhury, was attended by Tapan Chowdhury, managing director; Samuel S Chowdhury, director; Kazi Iqbal Harun, director; Dr ARQ Baksh, deputy managing director, Square Pharmaceuticals Ltd; Sekender Ali, adviser, and Md Kabir Reza, company secretary.

The meeting observed that the ready-made garments sector of Bangladesh has been hit hard in the aftermath of economic downturn of US and European economies. Besides, the industry is facing the challenge of integration into WTO. Even in this situation, this unit continued to increase the production and declared the dividend.

About 2500 shareholders attended the AGM.

France keen to invest in EPZs

France is keen to invest in the Export Processing Zones (EPZs) of Bangladesh, says a press release.

This was expressed by leader of a seven-member French delegation Chuck CF Lai at a meeting with Executive Chairman of BEPZA Brig General (Retd) M Mofizur Rahman in the city on Wednesday.

Brig General Mofizur Rahman briefed the delegation about the facilities and incentives offered by BEPZA to the investors. Chuck CF Lai expressed deep satisfaction at the working condition and the infrastructural facilities in EPZs.

Managing Director of Chargeurs Interlining of Asia Chuck CF Lai said due to non-availability of plots in Chittagong and Dhaka EPZs, this French company is interested to set up their factory in a new EPZ and also take the opportunity to avail itself of reduced rental rate.

Chargeurs dealing business with Europe, Asia, America, South Africa in four sectors is producing wool, fabrics, interlinings and protective films. The annual turn-over of this factory is US\$ 6000 crore.

Among others, Peter Seah, managing director of Chargeurs Interlining of Singapore Pte Ltd, Christian Le Sayee, Asian marketing manager of Chargeurs Ltd of Hongkong, Osman Interlinings of Bangladesh, and AZM Azizur Rahman, general manager (Investment Promotion) of BEPZA, were present in the meeting.

Apparel exporters threaten five-point agitation

Demands include payment of outstanding cash incentive by June 30

STAR BUSINESS REPORT

Three associations of apparel exporters have announced to go for movement unless the government fulfills their five-point demand.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh Terry Towel and Linen Manufacturers and Exporters Association (BTLMEA) and knitwear industry owners of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) jointly announced the programme at a press conference in the city yesterday.

Their demands include payment of all outstanding cash incentive by June 30 and continuation of the

incentive at the rate of 25 per cent till December 31, 2004.

They also demanded of the government to allow import of yarn against back to back LC (letter of credit) from India through Benapole land port to help the local exporters survive the stiff global competition.

Earlier, the BKMEA, BKMEA and BTLMEA had been on a movement last month to fulfill their six-point demand. The associations postponed the movement following a 'positive' meeting with Commerce Minister Amir Khosru Mahmud Chowdhury on May 28.

This time only knitwear industry owners of the BGMEA have announced to go for movement. The three associations will submit a memorandum at the Prime

Minister's office on Monday as first step of their fresh movement.

On June 22 knitwear industry owners, employees and officials will stage a one-hour long sit-in in front of their respective factories.

BKMEA President Monjurul Haq, who read out the written statement on behalf of the three associations, yesterday said they have decided to go for movement again as the commerce minister has failed to do anything for them.

"We hope the government would take a positive decision regarding meeting our demand soon. Otherwise, we would go for further programmes," he said.

Their five-point demand also include payment of cash incentive within seven days of submission of

the application to the bank or, as an alternative, the commercial banks should provide 90 per cent of the demanded money as interest-free loan to the exporters.

Besides, they demanded not to snap telephone, gas and electricity connections of the export oriented industries if they cannot pay the bills till getting the cash incentive.

Among others, BTLMEA Chairman Lt Col (retd) Anisuzzaman and BGMEA Director Shahidul Huq Sikdar spoke on the occasion.

The BTLMEA Chairman said the genuine exporters should not suffer for the irregularities of a few dishonest exporters, whom the government can bring to book for misusing the cash incentive.

Bitopi to share 50pc profits with staff

STAR BUSINESS REPORT

Bitopi Advertising Limited, a pioneer in the country's advertising industry, has announced that it will share 50 per cent of its profits with the employees.

According to officials of the advertising firm, Bitopi is the first in the country's advertising industry to share half of its profit with the staff.

The Bitopi management formally made the announcement on June 5.

Talking about the decision on profit sharing with the employees, Bitopi Managing Director Reza Ali said, "The decision will surely help the employees feel that they work at their own organisation."

"Bitopi is growing in the market purely on quality. And commitment of the employees has made it possible for which the management wanted to do something that would inspire them," he added.

The Bitopi MD said the accounting books of the company are now open to all employees to make the whole process transparent.

Bitopi started its journey in 1968 with only three people at Tophkhana Road in the city. In the early nineties, it shifted to Begum Rokeya Sarani at Shewrapara in Mirpur area. At present, the advertising agency is operating with more than 60 dedicated officials and employees.

Now the company's yearly turn over ranges between Tk 15 and Tk 18 crores, according to Bitopi offi-



A collage shows Reza Ali, managing director of Bitopi Advertising Limited, with some of the employees of the ad agency.

cial.

Many of Bitopi's existing clients like Singer Bangladesh Limited, Bata and Social Marketing Company have been with the advertising firm for over last 15 years.

"We are now one of the top agencies in the market in terms of quality and service," said Reza Ali.

During the last one year Bitopi got companies like Asian Paints Bangladesh Limited, Pacific Bangladesh Telecom Limited and Concord Entertainment Company



The 7th AGM of Square Textiles Ltd was held in the city yesterday. Picture shows (from left) Kazi Iqbal Harun, director; Md. Kabir Reza, company secretary; Tapan Chowdhury, managing director; Samson H. Chowdhury, chairman; Samuel S Chowdhury, director of the company; Dr. Ali Reza Quadir Baksh, deputy managing director, Square Pharmaceuticals Ltd; and Sekender Ali advisor; at the meeting.

Japan aims to privatise two int'l airports

AFP, Tokyo

Japan aims to privatise the country's two biggest international airports in a bid to make them profitable, a government official said Thursday.

The two are the New Tokyo International Airport at Narita, 50 kilometers (31 miles) east of Tokyo, and Kansai International Airport in Osaka, 400 kilometers west of the Japanese capital.

Japanese economy stabilising: BoJ

AFP, Tokyo

Japan's beleaguered economy appears to be stabilizing as exports and production pick up, the central bank said Thursday, upgrading its assessment for the fourth straight month.

"(The) economy shows signs of stabilizing with a distinct increase in exports and a pick-up in production, although domestic private demand remains weak," the Bank of Japan (BoJ) said in its report for June.

"Net exports (minus imports) are

increasing markedly due to the recovery in overseas economies and also the effects of restocking abroad, mainly in information technology-related goods."

Last month the central bank said the pace of decline in the world's second largest economy had moderated. This view was less optimistic than that of the government, which said the economy had reached the end of a deep slide.

The central bank was slightly more upbeat in June, saying there were signs higher production was

starting to affect other areas of the economy.

"The rebound in production is beginning to affect employment conditions, albeit marginally, with an increase in overtime working hours and in new job offers mainly for part-time workers," it said.

The pace of economic recovery - the fourth cyclical rebound since Japan's bubble economy burst in 1990 - would be weak because the effects of rebuilding stocks in foreign markets will dissipate and demand at home is expected to

remain slack, the BoJ warned.

"With regard to final demand, business fixed investment continues to decrease and private consumption, despite some resilience, remains weak as a whole."

"Considering that forces restraining the economy stemming from excessive employment and debt are still persistently at work, it will take a while for the positive momentum to spread across the non-manufacturing sector, small firms and households," the central bank said.



Chuck CF Lai, managing director (Asia) of French company Chargeurs Interlining, called on Executive Chairman of BEPZA Brig. General (Retd) M Mofizur Rahman in the city on Wednesday. Peter Seah, managing director of Chargeurs Interlining of Singapore Pte Ltd, and Christian Le Sayee, Asian marketing manager of Chargeurs Ltd of Hongkong, were present.

UK postal service cuts 17,000 jobs

AFP, London

The state-controlled British postal operator Consignia on Thursday announced a record loss of more than one billion pounds and said it was cutting 17,000 more jobs as part of its restructuring plan.

The group, which had already announced 15,000 jobs losses in March, said it lost 1.1 billion pounds (1.7 billion euros, 1.6 billion dollars) in 2001.

Operating losses totalled some 318 million pounds, said Consignia, which currently employs around 200,000 people.

Its new chairman, Allan Leighton, said the company's problems go back at least a decade.

"Instead of a well-paid, highly motivated work force and an efficient operation, we've got low-paid employees, high operating costs and low morale," he said.

WB lauds budget

UNB, Dhaka

The World Bank Wednesday said the proposed budget is a laudable step towards fiscal sustainability but structural and governance constraints remain.

It remarked that building on improvements in fiscal outcomes achieved in the second half of the outgoing fiscal, the overall targets envisaged in the budget for FY 2002-03 are prudent and consistent with the achievement of fiscal sustainability.

"The new government has done well in presenting a budget for FY03 which builds on the fiscal restraints exercised during the last half of FY02," it said.

The Bank viewed that even if the ambitious revenue target is not achieved, the overall fiscal deficit and domestic borrowing targets can still be met by adjusting expenditures, particularly ADP.

The benefits of the consequent macro-economic stability would be maximised if the government implements the key policy and structural reforms identified in the Memorandum for Bangladesh Development Forum 2002, it said.

"The stage will then be set for Bangladesh to move forward towards achieving the Millennium Development Goals to which the country appears committed."

The WB noted that the government reduced the 2001-02 budget deficit to 4.3 per cent of GDP, com-

pared with 5.9 per cent in 2000-01.

In FY2002-03, the government intends to reduce the budget deficit further to 3.9 per cent of GDP.

Borrowing from the banking system is projected at only 6 per cent of total domestic financing, compared with 28 per cent in FY2001-02 and 38 per cent in FY2000-01.

The WB said achievement of the overall FY2002-03 fiscal targets will depend on very strong revenue performance. "The size of FY03 ADP is high, and quality problems remain."

It said Bangladesh has one of the lowest revenue to GDP ratios in the world. Although the income tax exemption threshold has been reduced from TK 100,000 to TK 75,000, agricultural income remains exempt, and this threshold is high by regional standards and given Bangladesh's income distribution.

The government has announced several tax and non-tax revenue measures but achieving the target will require concerted effort from the beginning of the fiscal year.

Stressing on the need for major reforms in the privatisation and management of State-owned Enterprises (SOEs), the WB said except for manpower rationalisation, the budget did not include significant initiatives to reduce the quasi-fiscal deficit.

Godrej Sara Lee launches new mosquito coil

Godrej Sara Lee Ltd, a joint venture between Sara Lee of USA and Godrej of India, launched its perfumed 8-hour mosquito coil - Good Knight in the city recently, says a press release.

Sara Lee Corporation is a Fortune 500 company operating in over 40 countries and has a turnover of USD 17 billion and Godrej has an annual turnover of more than USD 1 billion and employs more than 17,000 people across the globe.

The launching ceremony was organised at Dhaka Sheraton Hotel by Godrej Sara Lee (Bangladesh) Pvt. Ltd. The ceremony was followed by a sales conference for the dealers and distributors.

The function was attended by Vikas Hajela, vice-president-International Operations, Manish Agrawal, country manager of Godrej Sara Lee Bangladesh Pvt. Ltd, Vikram Korde, Business Development Manager-International Operations, Gholam Mostafa, Managing Director of Kallol Distributions Ltd. with his Sales and Distribution team, Reza Ali, managing director of Bitopi Advertising Ltd with his Creative & Account Servicing team.

Gholam Mostafa said that with his strong nationwide distribution network Good Knight will soon be available in every shop and be able to capture significant market share in Bangladesh.

Reza Ali commented, "Bitopi Advertising Ltd is proud to be associated with Godrej Sara Lee Ltd. We will provide complete and sustained support in the brand building of Good Knight".

New PKSF DMD

Parveen Mahmud has joined Palli-Sahayak Foundation (PKSF) as its Deputy Managing Director, says a press release.

Prior to her present assignment, she served the organisation as its advisor.

Earlier, she was with ACTIONAID as its financial controller and was also a partner of ACNABIN & Co.

White House economist sees 3pc US growth

AFP, Washington

White House chief economist Glen Hubbard said Wednesday he expected US economic output to expand 3.0 per cent this year, helping to drive a pickup in the labor market.

Economic growth for the rest of the year would fail to match the first quarter's 5.6-per cent pace, he said in an interview with AFP's financial news wire subsidiary, AFX News.

"For the recovery as a whole, the rest of the year beyond the first quarter will be slower growth to be sure but I think in the three per cent range seems perfectly reasonable," Hubbard said.

G7 ministers meet today amid market turmoil, global tensions

AFP, Washington

Group of Seven finance chiefs meet in Halifax, Canada this weekend to nurture a halting global recovery, stalked by market ructions, world tensions and a stubbornly sluggish Japan.

Finance ministers and central bankers gather Friday and Saturday against the backdrop of a sliding, skeptical Wall Street and a dollar that has turned tail after seven years of gains.

Evaporating investor confidence, sapped by a slew of scandals since former energy titan Enron collapsed in December, has hit the US equity markets and also, in part, the US dollar.

In the background, fears of fresh terrorist plots, the threat of war between nuclear-tipped India and Pakistan, and Middle East tensions

are feeding fears among market bears.

Since the G7 finance ministers last met here on April 20 to hail the recovery from the September 11 terrorist shock, Wall Street's key Dow Jones index - undermined by profit concerns and a loss of investor trust - has tumbled 639.40 points, or 6.23 per cent, to 9,617.71.

In the same time, the dollar has lost 5.5 per cent against the euro and 3.6 per cent against the yen, despite repeated, heavy Japanese intervention to curb the value of its currency and thus shield its exports.

It is not all bad news: the US economy, which grew 5.6 per cent in the first quarter, is still expanding and expected to press ahead this year.

Major European economies also are recovering, albeit at a hesitant pace.

Japan has broken out of recession although economists fret that the outlook is bumpy, somewhat anemic, and unlikely to haul the country out of its stagnation.

Many experts argue that the US dollar's decline, if it remains gradual and orderly, will actually aid recovery by boosting US exports, rather than threatening it.

The G7 policymakers - from Britain, Canada, France, Germany, Italy, Japan and the United States - should encourage the US dollar's downturn, said Institute for International Economics director Fred Bergsten.

"What they ought to do is applaud the correction of the dollar exchange rate that is now going on and tell the Japanese not to block it through the extensive intervention that they have been doing over the last week," Bergsten said.

While helping US exporters, the weaker dollar would have only a limited direct impact on the European currencies on a trade-weighted basis, so long as the yen was not artificially lowered by Tokyo, Bergsten said.

Japan's mighty exporters could survive a weaker dollar, he said.

The brighter economic horizon comforts global financial markets, the International Monetary Fund said in a quarterly report.

"However, one important source of uncertainty remains: the recovery and quality of corporate profits in mature markets," it said.

"In the period ahead, the level of corporate profitability will significantly influence corporate expenditure, which so far is the missing component in the current recovery," the IMF said.

Danes to cut foreign aid again in 2003

AFP, Copenhagen

The Danish government plans to cut another 1.5 billion kroner (201 million euros, 190 million dollars) from next year's foreign aid budget, the Danish daily Politiken reported on Thursday.

The Danish foreign ministry refused to comment on the report, saying discussions were ongoing to determine the level of foreign aid in the 2003 budget.

If Denmark does trim its foreign aid, the country would no longer be able to claim the distinction of being the world's largest per capita contributor of assistance to developing countries.

The ministry said Denmark's foreign aid for this year was 1.0 per cent of gross national income (gross national product), but if the newspaper report is confirmed, the per centage would drop to 0.88 per cent.

Denmark already slashed its aid to developing countries by 1.5 billion kroner in 2002, arguing it needed to inject the money into the country's sagging health care system to reduce hospital waiting queues.

The country's Liberal-Conservative minority coalition headed by Prime Minister Anders Fogh Rasmussen could find itself in an awkward position if the foreign aid budget is indeed slashed.

Acting on behalf of the Danish EU presidency, Rasmussen and Foreign Minister Per Stig Moeller are due to open the UN World Summit on Sustainable Development in Johannesburg on August 26, where they will be expected to appeal for increased aid to developing countries.

Denmark is scheduled to present its foreign aid budget the following day.