

Economy on upturn since early this year, says BB

BSS, Dhaka

Bangladesh Bank in its short and medium term development outlook in the current fiscal said yesterday that the country's economy was well poised to a growth momentum from April this year.

The optimism came in the central bank's annual report for 2001-2 circulated to the media yesterday.

The report depicted a dismal picture of the economy that the government inherited from a poorly performed external sector and a beak down in the macroeconomic balance and fiscal discipline in the hand of previous Awami League government.

It based its optimism from the fourth quarter of the last fiscal meaning from April-June this year basing its projections on the performance trends in the manufacturing, exports and imports.

The major factor that contributed to a positive turn in the economy came from macroeconomic stabilization and restoration of fiscal discipline with a strong backing from workers remittances.

Consequently, the economic growth in the last fiscal did not suffer much for its past anomalies and the prospect for this fiscal

brightened, said the central bank report.

The report, however, sounded caution saying resumption of the past double-digits export growth rates would remain dependent on a rebound in the global economy, diversification of the country's narrow export base, and improving trade competitiveness.

Tensions and war worries over Iraq have increased uncertainty about the pace of global economic recovery. Diversification of the export base would also require sustained efforts in areas affecting trade competitiveness in the domestic sector.

To overcome these, the report highlighted the need for ensuring a stable macroeconomic environment in the country to attract more investment in the economy towards attaining growth rates well over six per cent. This growth rate is the minimum needed to halve poverty level by the year 2015, a Millennium Development Goal.

The central bank report said that the present budget for fiscal 2002-3 would provide the base for continued macroeconomic stability. This would be possible from substantially raising the present low revenue /GDP ratio, disinvestment and closing down of loss-making state owned enter-

prises, avoiding unproductive expenditure, increase in outlays for growth oriented projects and keeping budget deficits at low.

For this a cautious, prudent monetary and external sector policies would be piloted to go hand in hand with fiscal prudence in a mutually consistent overall medium term macro-economic framework.

The central bank has identified a quite a large number of factors causing inefficiencies and inadequacies in the economy to hurt trade competitiveness. These shortcomings in the form of poor infrastructure, port communications and utilities need to be overcome.

The report voiced skeptical about random cash support and concessional interest rates to some new export sectors while cash assistance is being phased out in some other sectors like apparels and jute.

It said such support only compensate for inefficiencies rather than eliminating impediments to competitiveness. This approach, besides being burdensome for the budget, is not optimal for efficiency or export diversification.

The report said many inefficient producers are benefiting from these in some sectors while

many efficient producers are remaining unsupported in some other sectors.

There is a need for prioritising and refocusing efforts to remove inefficiencies and inadequacies in the infrastructure and removing price rigidities faced by domestic producers, suggested the report.

In the real sector, this refers to completion of structural reforms in infrastructure, including ports and utility services and reducing the system losses and moving to a well regulated, market based utility prices.

It also suggested carrying reforms in the financial sector including removing rigidities in the interest and exchange rates.

The non-performing loans should also to be properly dealt with. These will require radical departure for the government owned banks form their current structure and practices.

The report said for transition to a flexible exchange rate a money market capable of responding to shocks and cash requirement is needed to absorb part of the pressure in the exchange market.

The banks should also acquire capacity to handle the situation beating the risk of a flexible exchange rate, said the report.

ABB plans to tap business with govt restructured power policy

Visiting int'l marketing president tells *The Daily Star*

M SHAMSUR RAHMAN

With the new approach of the government to restructure power policy the ABB, a leader in power and automation technologies, is planning to tap business opportunities in the Bangladesh power market.

Under a new restructuring policy, the government plans to unbundle the distribution sector and turn the independent power plants into corporations. To start with, the government has already formed a Power Grid Corporation of Bangladesh.

The ABB International Marketing President Rejean Appleby, is currently on a visit to Bangladesh meeting top officials of the government.

Talking to *The Daily Star* at an interview, the ABB president said his company itself has a new management team with an innovative strategy, focusing on power and automation technology.

He said that the ABB is in this region since 1959. "And since 1947 till 1971 there was an installed capacity of 350 mega watts of power. This has multiplied to around 4000 mega watts as of today."

With the existing installed power, the penetration rate is only 30 per cent and to cater to the rest, he said, an additional 15,000 mega watts of power would be required.

He said such power generation



would be required for the country to develop economically.

"Power and energy is the backbone of economic development and it is linked to social sectors," said Appleby. "So for achieving that goal, a country has to have enough power generation to cater to the needs of its people."

Asked about rumours of a huge liability, the ABB may have to settle in asbestos liability in the US subsidiary

Combustion Engineering (CE), the ABB Marketing President, Rejean Appleby said his company has a new management team which in turn has achieved important successes in making the company financially very solid.

He said that six weeks back his company had initiated talks with the representatives of US asbestos plaintiffs to resolve the asbestos liability of its US subsidiary CE by

recognising CE under Chapter 11 of the US bankruptcy code.

The negotiation, initiated six weeks back, is proving successful and the company is hoping to reach a final agreement within three to six months.

"With new focus of business in power technology and automation technology we have already sold some of our subsidiaries (structural finance) which resulted in a balance sheet improvement of around US\$ 2.5 billion with appropriate reserve for asbestos liabilities," said ABB Marketing President, Rejean Appleby.

He said such disposals would not hurt the future profitability of the company rather bring the company on a sound footing, resolving the asbestos claims.

He said the company is also considering disposing off its interests in oil and gas sectors which would fetch another handsome amount to have the company at even a better situation.

Regarding business success in Bangladesh, the marketing president said that through their local agents, Arlinks Limited, the ABB has been very successful in tapping Bangladesh market and is currently involved in talks in different projects of Bangladesh with the support of other ABB regional organisations.

Dialogue on WTO Doha Declaration Sunday

UNB, Dhaka

A dialogue on "Doha Declaration on WTO-TRIPs and Public Health: What is in it for Bangladesh?" will be held at city's BRAC Centre at 3pm on Sunday.

Centre for Policy Dialogue (CPD) organised the dialogue to discuss the implications of Doha Declaration on "TRIPs and Public Health" for the Bangladeshi pharmaceutical industry.

Commerce Minister Amir Khosru Mahmud Chowdhury will be present as the chief guest while CPD Chairman Professor Rehman Sobhan will chair the dialogue.

Former chairman of Privatization Commission Kazi Zafullah MP will be the special guest and Chairman of Square Group Shamson H Chowdhury the guest of honour.

Professor Tony Vanduzer, Department of Law, Ottawa University, Canada will present keynote paper in the dialogue, said a CPD press release yesterday.

EU ministers fail to end tax row

AFP, Brussels

European finance ministers failed on Wednesday to reach an agreement on savings taxation at a meeting here, and will take up the issue again next month, Swedish minister Bosse Ringholm said.

"We need more time," to reach a deal, he said on leaving the meeting. The ministers had been struggling to reach a deal to meet a year-end deadline on how to tax savings held by citizens of the European Union in banks outside their native countries.

The main sticking point to date has been a refusal by Switzerland, which is not a member of the EU, to agree to the free exchange of information on funds held by EU nationals in its secret bank accounts.

Citigroup, JP Morgan helped Enron hide debts, US Senator alleges

AFP, Washington

A US senator alleged Monday that Citigroup and JP Morgan Chase "helped Enron deceive the investing public" in a series of "sham" deals and summoned chiefs of both banks to a Senate hearing.

Senator Carl Levin summoned senior executives to a hearing Wednesday of the Senate Permanent Subcommittee on Investigations, saying the major banks may have played a bigger role in helping to disguise Enron's financial condition than was earlier



A 13-member trade and investment delegation led by BOI Executive Chairman Mahmudur Rahman left for Bangkok yesterday as part of the entourage of the Prime Minister. FBCCI President Yussuf Abdullah Harun, DCCI President Matir Rahman, AmCham President Aftab Ul Islam, BGMEA President Kutubuddin Ahmed, and Bangladesh Computer Samity President Sabur Khan, among the delegation members, are also seen in the picture.

Bangladesh team to focus on co-op with Thailand

STAR BUSINESS REPORT

'Co-operation not competition in doing business' will be the main focus of the talks of the 13-member Bangladesh business delegation during their official visit to Thailand.

They are accompanying Prime Minister Khaleda Zia on her three-day visit to Thailand that began yesterday.

Both Bangladesh Premier Khaleda Zia and her counterpart Thaksin Shinawatra made an announcement to boost bilateral trade between the two countries during Thai premier's visit to Bangladesh a few months ago and this visit would be the first step towards its implementation.

"There is a huge possibility to strengthen investment and trade relationships with Thailand as the country has similarity with the economy and culture of Bangladesh," said Board of Investment (BOI) Executive Chairman Mahmudur Rahman, who is leading the business delegation during the visit.

Prior to leaving Dhaka, the BOI Chairman was addressing a press conference at the VIP lounge of Zia International Airport.

During the visit, the delegation is expected to meet the Secretary General of Thai BOI, Chairman of the Federation of Thai Industries and leaders of the Thai Islamic Trade and Industries Association (TITIA).

Mahmudur Rahman is also expected to present a keynote paper on bilateral trade and investment during the official lunch hosted by the Thai joint standing committees on commerce, industries and banking. The two premiers will be present on that occasion.

The executive chairman said Thai implementation rate of investment is the highest among all countries investing in Bangladesh. "It is about 65 per cent, which is higher than even the international standard, being 60 per cent," he added.

He said the figure is an indication of the existence of congenial investment facilities in the country.

The sectors which are to be discussed with Thai businessmen during the visit are textile, electronics, agriculture, infrastructure, finance, tourism and ICT.

The BOI executive chairman said Thailand has already invested around 60 million dollars within five years in Bangladesh.

The sectors of Thai investment in Bangladesh are aluminum, agriculture, poultry, leather, chemical and plastic products.

The other delegation members include Federation of Bangladesh Chamber of Commerce and Industries (FBCCI) President Yussuf Abdullah Harun, Dhaka Chamber of Commerce and Industry (DCCI) President Matir Rahman, American Chamber of Commerce and Industry (AmCham) President Aftab Ul Islam, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Kutubuddin Ahmed and Bangladesh Computer Samity President Sabur Khan.

Expats remit Tk 10.16cr

UNB, Dhaka

Bangladeshi expatriates sent remittance amounting to about 6.53 lakh pound sterling and about 7.40 lakh US dollars through 10,084 money orders in November.

The exchange value of the money orders in local currency was Tk 10.16 crore, said a press release yesterday.

Postal Department has already sent these money orders to the sender addresses.

With this, total remittance received in the current year till November stood at Tk 39.37 crore, the release added.

S'pore extends freeze on foreign workers levy

AFP, Singapore

In a further move to help employers cope with a sluggish economy, the Singapore government said Thursday it will extend its moratorium on the foreign worker levy for another six months.

"In view of the present economic uncertainty, the government has decided to extend the levy moratorium to June 30, 2003," the manpower ministry said in a statement.

The levy was last adjusted in 1999 when the government reduced the fees for hiring foreign workers as part of a package to trim business costs and raise the island's competitiveness after the 1997-98 regional economic crisis.

The levy reduction has since been extended in light of the city-state's uneven economic recovery.

Unemployment edges up in Australia

AFP, Sydney

Unemployment in Australia crept up to 6.1 per cent from 6.0 per cent in November, even though the economy generated more than 60,000 jobs, official figures showed Thursday.

Economists attributed the increase to more people looking for work.

Australian Bureau of Statistics figures showed employment surged by 60,400 last month, with full-time jobs up 57,300 and part-time positions rising 3,100.

The jobs growth was triple market expectations of about 20,000 and followed a modest overall gain of 15,800 new jobs in October, when almost 60,000 full-time positions were cut.

"The strong upside surprise in both total and full-time employment is undoubtedly a positive for consumer spending, and should more than offset any negative influence on sentiment from the small rise in the headline unemployment rate," HSBC senior economist Anthony Thompson said.

BGMEA election 2003-2004 Forum, Members' Council form alliance

In view of the upcoming BGMEA election, 2003-2004, Forum and Members' council has formed an alliance.

Annisul Huq, president of Forum, and Muzaffar Siddique, president of Members' Council, signed a MoU on Wednesday to form the alliance, says a press release.

For the greater interest of the industry, this alliance attests the needs of a combined effort to make BGMEA more functional and trans-

parent to all its members.

The challenge that 2005 poses to this industry must be efficiently handled and confronted.

Therefore, this Alliance comes into effect honouring and protecting the interest of all the manufacturers, keeping in mind that we all need to survive together in the difficult times of come.

The Alliance requests the support of all the honourable members of BGMEA, the press release adds.



Annisul Huq (R), president of Forum, and Muzaffar Siddiqui, president of Members' Council, shake hands after signing an MoU on Wednesday in the city to form an electoral alliance ahead of the BGMEA election 2003-2004.

ADB trims 2003 growth forecast for Asia

REUTERS, Manila

The Asian Development Bank (ADB) said Thursday it saw the region's economies performing better than expected this year but trimmed its 2003 forecast slightly to reflect a slowing export boom.

In its December updated, the Manila-based institution said Asia as a whole probably grew 5.6 per cent in 2002 rather than at the 5.0 per cent pace it had anticipated in September.

It pared its growth forecast for next year from 5.7 per cent to 5.6 per cent.

"We had underestimated how robust export growth would be from the region. What we have seen since under this year has been nothing short of spectacular," Ifzal Ali, the ADB's chief economist, told a news conference. "This kind of momentum I don't think can be sustained in 2003."

China will continue to be the leader of the pack and the biggest magnet for foreign investment. Ali said although heady growth of 8.0 per cent this year was likely to slow to 7.2 per cent in 2003, a touch lower than in 2001.

India, the second most populous country after China, was likely to benefit from normal monsoon rain levels next year that would boost agricultural output and fuel demand for industrial goods, he added.

While the ADB expected growth in global economies to stay subdued in the first part of 2003, it saw a double-dip recession in the United States as unlikely.

Risks included deflation, a drop in consumption growth, terror attacks and a US-led war against Iraq. A conflict in the Middle East would push up oil prices by \$5-\$20, depending on whether there were supply disruptions, the ADB said.

India hopes to privatise two firms by April

REUTERS, New Delhi

The Indian government hopes to complete stake sales in two state-run firms, Shipping Corporation and Engineers India Ltd, by the end of this financial year to March 2003, a top official said.

The officials comments Thursday comes days after senior cabinet ministers decided to privatise state-run oil firms Hindustan Petroleum Corp Ltd HPCL, Bharat Petroleum Corp Ltd BPCL, and Bharat Petroleum Corp Ltd BPLCL.

"We will try to call financial bids this year. We will try to complete the sales in the current year," Pradip Bajjal, Secretary in the Disinvestment Ministry, told reporters on the sidelines of a conference. The government plans to sell 51 per cent in Engineers India ENGLBO, a consultancy and engineering firm that provides project services for petroleum refiners.

India plans to sell 51 per cent in Shipping Corp SCI, BO, the country's largest shipping line, as part of its plans to raise 120 billion rupee through stake sales in state-run firms.

US gives China mixed grade for WTO compliance

AFP, Washington

One year after China joined the World Trade Organization the United States gave it a mixed grade for compliance, expressing concern about slow progress on freeing agricultural trade and enforcing copyright protection.

The conclusion was made in a 50-page report sent Wednesday to Congress by the office of US Trade Representative Robert Zoellick, who is mandated by law to submit annual assessments of Beijing's compliance with its international trade obligations.

China joined the WTO October 11, 2001, after 15 years of tortured negotiations, during which Washington and its European partners sought to pry open the country's vast and increasingly lucrative market.

"Overall, during the first year of its WTO membership, China made significant progress in implementing its WTO commitments, although much is left to do," the trade representative said.

He said Beijing had made many required tariff reductions, particularly for information technology, wood and paper products, chemicals, automobiles and auto parts, and had begun the process of removing numerous non-tariff barriers.

To comply with WTO requirements, China reviewed more than 2,500 trade-related laws and regulations, the report noted, citing Chinese government data. As a result, market access for US products to China "has generally improved."