

WB, IMF point out flaws in I-PRSP

New WB country director calls on Saifur

STAR BUSINESS REPORT

The World Bank and the International Monetary Fund (IMF) have identified some weaknesses in the Interim Poverty Reduction Strategy Paper (I-PRSP) for Bangladesh.

The weaknesses were mainly in the areas relating to issues like governance, law and order, health and education.

These issues came up at a meet-

ing between Finance Minister M Saifur Rahman and new Country Director of the WB Christine Wallich yesterday. After taking over as country director Wallich made her first courtesy call on the finance minister.

Following the meeting, Saifur told journalists these weaknesses will be addressed before finalisation of the report.

Some weaknesses were identified at board meetings of the WB

and the IMF in Washington on June 19 and 20, he said.

The minister said he will hold meeting with secretaries of some key ministries tomorrow on implementation of the I-PRSP. He said government had already received loans in line with the interim report.

The minister said during the tomorrow's meeting the weaknesses pointed out by the WB-IMF boards will come up for discussion.

Remittance, jobs abroad grow despite Iraq war

RAFIQ HASAN

In spite of the war on Iraq, Bangladesh witnessed a significant growth in remittance and fresh overseas employment till June this year.

Remittance increased by 16 per cent in the first six months of the calendar year over the corresponding period of last year. The overseas employment also went up by 28.49 per cent, according to sources.

When the war began the government had thought of evacuating several lakh Bangladeshi workers from Kuwait. But that did not require because the war concentrated on Iraq.

A total of Tk 9,297.40 crore was remitted by the Bangladeshi expatriates during January-June period this year as against Tk 8,021 crore during the same period of last year.

On the other hand, more than

1.14 lakh people left Bangladesh for employment abroad till June this year as against 89,143 persons during the same period of last year.

The government officials expect remittance earning to cross three billion US dollars at the year-end, posting around 20 per cent growth.

Based on the current trend, the officials predict the number of people going abroad for jobs to reach 2.50 lakh this year, as against 2.25 lakh people who went to various countries, mostly the Middle Eastern states, last year. More than 80 per cent of them went to the Middle East availing jobs that include cleaner, construction worker and farm labourer.

However, the manpower export to Kuwait remained stopped for a few weeks during the US attack on Iraq in March.

Other than the Middle East, a significant number of workers

went to Singapore and other countries in the Far East, Africa and Latin America for the first time this year.

According to sources in the Expatriate Welfare and Overseas Employment Ministry around 1,400 people went to Singapore this year for job purposes.

When contacted, State Minister for Expatriate Welfare and Overseas Employment Mohammad Quamrul Islam attributed the growth in remittance earning to the enactment of money laundering law and government's various steps for encouraging expatriates in sending money through official channels.

He said the remittance flow would increase further after introduction of more welfare-oriented programmes for the expatriates like pension scheme and dollar bonds.

Ports doing brisk business with same efficiency level

M ABDUR RAHIM

Bangladeshi seaports have been making handsome profits over the past ten years although port efficiency remains static.

The port efficiency did not increase, as the proceeds from the profits were not invested for expanding capacity and increasing management competency.

The both regulatory and operational role of port authority offers discretionary power to it to compromise on service quality, the draft of Country Framework Report for Private Participation in Infrastructure said.

The Country Framework Report for Bangladesh was prepared by the World Bank and Public and Private Infrastructure Advisory Facility (PPIAF), a multi-donor technical assistance facility aimed at helping developing countries improve quality of their infrastructure through private participation.

Chittagong and Mongla ports handle about 20 million tonnes of cargo of which 87 per cent is imports. Of the two ports, Chittagong handles over 80 per cent of total sea-borne traffic and 25 per cent of container traffic. By 2017 the container traffic is forecast to increase by 300 per cent. Mongla Port has been earning Tk 200 million per annum on an average over the past ten years, the study said.

Vessels arriving at the outer anchorage wait three to four days before gaining access to berth.

Productivity at the container terminal in Chittagong is about 100 to 105 lifts per berth per day, well below the productivity factors suggested by UNCTAD of 230 lifts per day.

As a result, time for turnaround of ships is high at five to six days instead of the average of one day in more efficient ports, it said.

Although port tariffs have not increased in 15 years, Chittagong Port Authority (CPA) is in good financial condition and can expect continued growth in traffic and revenue because it has a virtual monopoly, the draft titled "Private Solutions for Infrastructure in Bangladesh" found.

Even though the port is not making any financial losses, it still represents a cost to the economy due to high long waiting times and foregone trade opportunities, it noted.

Neither Chittagong Port nor Mongla Port receives any subsidies from the government since they are financially self-sufficient and in a strong cash position. But no major investment in infrastructure and expansion was made to cope with pressure of cargo growth neither in public nor private initiatives, the study observed.

The construction of a container terminal at the New Moorings site inside CPA's premises is yet to be built. The Port Act, 1908 and Port Rules, 1966 do not provide any basis for private participation in seaports.

A court injunction over the \$250 million project of Stevedoring Services of America (SSA) for a container terminal at Chittagong has stalled private participation in port infrastructure, the study said.

Another problem is overmanning and lack of management control over the workforce. At present, Chittagong Port has 18,400 people for cargo handling which is five times the number of people should be required for a port with Chittagong's throughput, it said.

Currently, Stevedoring companies are required to recruit their workers from the Dock Workers Management Board (DWMB) at both Chittagong and Mongla ports. To regain management control of the workforce and to support the privatisation of cargo handling operations, the government should replace the present recruiting system with direct hiring from a labour pool, it suggested.

The competitiveness of Bangladeshi exports and imports would decrease if the present problems at ports continue. After the end of the MFA era, an efficient port system will be one of the critical pillars to ensure that Bangladesh retains and eventually increase its export competitiveness, the study noted.

For betterment of the situation, the study recommended giving more financial freedom and autonomy to Chittagong Port and Mongla Port.



A man pulls a rickshaw van loaded with empty jerrycans in Dhaka. Hawkers buy used containers at Tk 1 per piece and sell them to wholesalers at Chankharpool. The wholesalers after cleaning re-sell the cans.

Mars Aviation made GSA of Uzbek airline

Mars Aviation Ltd has been appointed general sales agent (GSA) of Uzbekistan Airways for Bangladesh with effect from July 1, 2003.

An agreement to this effect was signed between the two organisations in Dhaka on Saturday, says a press release.

Air Commodore (ret'd) M Erfan Uddin, managing director of Mars Aviation Ltd, and Alexwnder Mazilin, country manager of Uzbekistan Airways in Bangladesh, signed the deal.

Mizanur Rahman Sinha, state minister for Health and Family Welfare, was also present.

Among others, Afzalur Rahman Sinha, vice-chairman of Mars Aviation Ltd, LN Khan (Rumy), Ehsanul Kader, Imad Uddin Ahmed, ABM Faruque, director of Mars Aviation Ltd, Fakhruddin Mominov, counselor of the Republic of Uzbekistan, Tanveer Sinha and Sabrina Sinha, directors of Acme Laboratories Ltd, and Mahbul Alam, chairman of Dakiv Corporation, were present at the signing ceremony.

New MD of Oman Bangladesh Leasing



Khawja Moinuddin Ahmed, a senior banker, joined Oman Bangladesh Leasing and Finance Ltd as managing director on Tuesday, says a press release.

He started his banking career in 1967 with the then United Bank Ltd. He held many important positions in Janata Bank from 1972-2002.

BBT-bill auction UNB, Dhaka

The 252nd auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills was held here yesterday.

Tk 830.60 crore, Tk 117.0 crore, Tk 35.0 crore, Tk 68.0 crore, Tk 145.0 crore and Tk 271.80 crore were offered respectively for the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year bills.

Of these, Tk 826.60 crore, Tk 20.0 crore, Tk 30.0 crore, Tk 22.0 crore, Tk 118.60 crore and Tk 70.80 crore of 28-day, 91-day, 182-day, 364-day, 2-year and 5-year bills were accepted respectively.

The range of implicit yields was 5.98-7.00 per cent, 8.74-8.75 per cent, 9.25 per cent, 9.75-9.85 per cent, 9.34-10.75 per cent and 11.0 per cent per annum.

Import curbs, red tape hinder trade in S Asia

NAZMUL AHSAN

Import restrictions in different forms, government directed economic policies and corrupt bureaucracy are hindering regional trade in South Asia, said a recent World Bank (WB) study.

The WB report on "Trade Policies in South Asia" blamed mostly India, followed by Bangladesh, Pakistan, Nepal and Sri Lanka for imposing protective import tax, a deterrent to maximising regional trade volume.

The report recommended abolishing protective import taxes, slashing customs duty and improving general conditions for trade within the region to reap maximum benefits from trade liberalisation.

The average customs duty along with other protective taxes in India is the highest in the region, which is 32.7 per cent, followed by

Bangladesh 26.4 per cent, Pakistan 18.2 per cent, Nepal 16.2 per cent and Sri Lanka 12.5 per cent, according to the report.

Terming the corrupt bureaucratic attitude a deterrent to trade liberalisation, the report said bureaucrats in the South Asian countries often act against trade liberalisation.

"The interests which resist change often include the bureaucracies which are responsible for the administration of tariffs and protective controls..." the WB observed.

It said bureaucrats see trade liberalisation as a threat to their jobs, which also offer informal opportunities like bribes.

Furthermore, government directed economic policies that have a basic distrust of both private enterprises and international markets also act against openness to trade, the report said.

About the protective import taxes such as luxury tax, special tax, supplementary duty, anti-dumping duty, VAT on import, the report recommended the governments concerned either to abolish or merge the same into customs duties.

The WB report also recommended introducing a uniform tariff structure including topping down import duties in South Asian countries as part of tax reform.

It also suggested for improving general conditions for trade within the region. These include development of transport, communication and market intelligence among the countries to increase their trade volume.

Besides, the WB underscored the need for simplifying travel rules and customs procedures among the South Asian countries to reap benefit from trade liberalisation.

Asia, EU finance ministers upbeat on global recovery

AFP, Nusa Dua, Indonesia

Asian and European finance ministers on Sunday forecast a pick-up in world economic growth soon as the fallout from the Iraq war, terrorism and SARS eases.

The ministers also agreed to step up cooperation, examine the role of the euro, develop Asian bond markets and increase the role of regional financial institutions.

In a closing statement after a two-day gathering of finance ministers from ASEM (the Asia Europe Meeting), they also reaffirmed their commitment to combat money-laundering and terrorism financing.

ASEM's Asian members are Brunei, China, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand and Vietnam, while the 15

European Union members make up the other side of the grouping.

"Though growth among the developed countries remains subdued and the world economy continues to face short-term uncertainties and challenges, ministers expressed confidence that growth would accelerate in the near future, in part as a result of the dissipation of some of the geopolitical uncertainties," the statement said.

It did not mention the potentially deflationary impact of a weak dollar on the European economies, although delegates on Saturday told AFP there is a general acceptance by EU members that the dollar may weaken further to shrink the gaping US trade deficit.

Nor did it touch on ways to ensure currency stability in Asia despite calls for China to unleash

its tight control over the yuan and for countries such as Thailand and the Philippines to let their currencies rise further to better reflect market forces.

"In particular, ministers emphasized the importance of strengthening cooperation among ASEM partners in order to maintain the momentum of the world economic growth," the statement said.

Reading the statement at a press conference, Indonesian Finance Minister Budiono said this cooperation includes examining the role of the euro and drawing on Europe's experience in moving towards an integrated financial system.

The ministers agreed to work together to strengthen Asia's bond markets and ease dependence on short-term bank loans.

S'pore in trade dispute over Indonesian export figures

AFP, Singapore

Singapore and neighbouring Indonesia are in dispute over discrepancies in their bilateral trade figures, it emerged Sunday.

The two have clashed over an apparent 2.49 billion US dollar gap in the figures compiled by Indonesia and Singapore for Indonesian exports to the city-state.

The spat emerged in a letter dated July 4 to Indonesian trade minister Rini Suwandi in which Singapore Trade and Industry

Minister George Yeo refuted allegations that the city-state has not been transparent about its trade figures with Indonesia.

Discrepancies in trade data statistics between two countries are due to the different systems used to gather the figures and should not "surprise statisticians", Yeo said in the letter, made available to media over the weekend.

"As I explained to you in Khon Kaen (Thailand), discrepancies in the trade statistics of two countries should not surprise statisticians," Yeo said.

The two ministers had met in Thailand on the sidelines of an APEC meeting last month.

"It depends on the basis of compilation and other factors. Even when countries collect trade statistics on the same basis, time lags in capturing of data and valuation differences will lead to discrepancies," he said in response to a June 16 letter from his Indonesian counterpart.

Yeo said the city-state also has significant trade discrepancies with other countries including Malaysia, China and the United States.

Thai Fair at Meena Bazar today

A Thai Fair opens at Meena Bazar premises in Dhaka today.

The fair is being organised by the Commercial Affairs of the Thai Embassy in Dhaka in Collaboration with Meena Bazar, says a press release.

The fair which is likely to last for a week will be inaugurated by the Thai Ambassador Pithak Phrombubpha.

The Minister Counsellor (Commercial) of the Embassy Indhorn Wankeo and Consultant of Mina Bazar Kazi Jamil Islam are expected to attend the fair.

In the fair, different Thai products including garments, foods, fruits, leather goods and other consumer products will be displayed.

The fair at Meena Bazar is one of the promotional activities of the Thai Government in Bangladesh which will further strengthen the bilateral trade relations between the two countries.

Emirates Holidays offers special package

Emirates Holidays has offered a three nights' special package to Kuala Lumpur on twin sharing basis.

The cost of the package, which includes breakfast, accommodation and Dhaka-Kuala Lumpur-Dhaka air ticket in economy class, will start from US\$ 288, says a press release.

The campaign will conclude on September 30. Outbound travel must commence by this time while inbound travel must be completed within two months from the date of outbound travel.

Emirates flies from Dhaka nine times a week to Dubai with four extensions to Kuala Lumpur on every Sunday, Tuesday, Wednesday and Thursday.

Dollar steady against taka

BSS, Dhaka

The US dollar remained steady against the Bangladesh taka in thin inter-bank trade yesterday as trading was depressed by holiday mood.

The dollar traded at 58.4100-4300 to the taka yesterday in line with its previous closing at 58.4050-4200 on Saturday, dealers of leading commercial banks said.

But trading was depressed due to holiday in the international markets. The volume of foreign currency trading was very thin, dealers said.

"Importers and traders could not deal with their foreign orders as international foreign exchange markets remained closed due to weekend holiday. Every one today were in holiday mood," dealers of a private commercial banks said.

Sentiment on taka was bearish as credit flow remained sluggish since the end of last month, dealers said.

Call money rate steady

BSS, Dhaka

The call money rate was steady yesterday amid thin money demand from private banks and financial institutions, fund managers of leading commercial banks said.

The overnight money rate ranged between 2.50 per cent and 6.50 per cent -- its lowest-ever level as the demand for short-term money was very thin, fund managers said.

"Huge liquid funds are now in the banks' cash vaults when banks are busy to close their accounts just ahead of June closing," fund managers of leading commercial banks said.

Meghna Life Ins starts new policy

Meghna Life Insurance Company Limited has started a new policy, Islami Khudra Bima or takaful.

State Minister for Religious Affairs Mosharef Hossain Shajahan inaugurated the policy at a ceremony held at the company's head office recently, says a press release.

Presided over by Meghna Life Insurance Managing Director Mujib-ud-Doula, the inauguration ceremony was also attended by the company Chairman Nizam Uddin Ahmed, Director Nasir Uddin Ahmed and Project Director Md Abdul Aziz.

Revenue collection crosses target in FY 2002-03

BSS, Dhaka

The government's revenue collection in the fiscal 2002-03 phenomenally increased and crossed the target of Tk 23,750 crore by Taka 15 crore to a total of Tk 23,765 crore.

Revenue collection rose by Tk 3,541 crore in the last fiscal compared to its previous fiscal year's (2001-02) collection. There was a net rise of 18 per cent in the collection in 2002-03, according to official sources.

The National Board of Revenue (NBR) disclosed the figures in a press statement yesterday pointing

out that the target over-run may further grow when final revenue assessment will be closed at the end of this month.

It said the increase occurred all the more in VAT collection. On the other hand, collection from income tax rose by Tk 583 crore during the year, although it lagged behind its total target of Taka 4,788 crore.

But collection from import duty surpassed the target by Tk 258 crore to a total of Tk 12,073 crore.

Giving further break-up, the NBR said target in VAT collection was Tk 6,831 crore but actual real-

ization exceeded the target by Taka 259 crore to a total of Tk 7,090 crore.

Collection from other sources fell behind targets. Their target was Tk 316 crore but realization stood at Tk 230 crore with a shortfall of Tk 86 crore.

Referring to an outstanding of Tk 1500 crore which remained in default with various organizations, the NBR said the government's total revenue collection would have gone up further if those money were received in the last fiscal.