

Asia Plastic goes into production

A new factory, Asia Plastic Bangladesh Limited, has started commercial production of different types of plastic products in the Dhaka Export Processing Zone.

Executive Chairman of Bangladesh Export Processing Zone Authority (BEPZA) Mofizur Rahman was the chief guest at the commissioning ceremony on Monday, says a press release.

The function was attended, among others, by the Managing Director of Randy Asia Ltd Thomas Chung and its Country Manager TR R Vishwanath.

With the commissioning of all the machines, the factory will be able to export 20 million pieces of hangers worth US\$5 million annually. It is likely to employ about 100 Bangladeshis.

The Asia Plastic of Britain has invested US\$ 1.5 million. It has procured five latest version of hanger producing machines. Each of the machine has a production capacity of 15,000 pieces of hangers per day. Another five machines will be installed within a couple of months.

Asia Plastic Bangladesh Limited is the 5th unit of Randy Asia after having operations in China, Taiwan, Korea and Indonesia.

WTO to probe complaint over EU biotech food curbs

AFP, Geneva

The World Trade Organisation on Friday agreed to examine a complaint by the US, Canada and Argentina against European Union restrictions on genetically modified foods, a spokesman for the US mission to the UN and WTO here said.

"I can confirm that a single panel was established for the complaints brought by the US, Argentina and Canada," the spokesman said, following an earlier meeting of the WTO's dispute settlement body.

The US has complained that EU measures including a four-year moratorium on the import and cultivation of bio-engineered food enforced in the 15-nation trading bloc violates global trade rules.

But Brussels has expressed confidence that its regulatory system for genetically modified organisms (GMOs) will be found to comply with its WTO obligations.

A three-person panel will now look into the complaint. Panel reports normally take about nine months.

S'pore, Sri Lanka to start trade talks in October

AFP, Singapore

Singapore and Sri Lanka will begin exploratory talks in October for a comprehensive economic partnership agreement (CEPA), including elements of a free-trade pact, the two governments said Friday.

Preliminary talks should lead to the launching of formal negotiations in the middle of next year or even earlier, a joint statement from the Singapore trade ministry and the Sri Lankan commerce ministry released here said.

The decision to start the talks followed a call by Sri Lankan Minister for Commerce and Consumer Affairs Ravi Karunayake on Singapore Trade Minister George Yeo here.

The CEPA will include a Free Trade Agreement for the liberalisation of bilateral trade in goods and services, investment liberalisation and other cooperation elements, it said.

In the first six months of this year, bilateral trade totalled 506 million Singapore dollars (289 million US), up 18 per cent from a year ago.

Sri Lanka is Singapore's 46th largest trading partner, while Singapore is Sri Lanka's 5th largest trading partner.

Top trade items include refined petroleum, electrical and information technology products, seafood and perfume.

Singapore is currently in negotiations with Sri Lanka's neighbour India for a CEPA that would also include a free-trade accord.

Indian Minister for External Relations Yashwant Sinha, who was visiting Singapore on Tuesday, said he hoped the two countries will conclude the talks by early next year.

Trade-reliant Singapore has inked free trade pacts with its major trading partners, including the United States, Australia and Japan to ensure access to its vital export markets.

Rich nations use aid to influence trade deals

Roundtable on WTO Cancun conference observes

STAR BUSINESS REPORT

Speakers at a discussion yesterday said decision making process in the World Trade Organisation should be transparent and democratic, saying the rich nations use aid to influence trade negotiations.

G-7, European Union and the US in particular use aid, loans or waiver to influence trade deals, they said, citing example of TIFA (Trade and Investment Framework Agreement) offer by the US and its request for Bangladesh's support in the Cancun conference.

The roundtable on 'Our position ahead of the WTO Cancun conference: Should we leave our future on

free market and multinational companies in future' was organised by Campaign for Good Governance (CGG) at CIRDAP auditorium in Dhaka. Dr Tofael Ahmed, CGG advisor, moderated the roundtable.

Speaking at the discussion, JSD (Jatiya Samajtantrik Dal) leader Hasanul Huq Inu said Cancun conference is the turning point not only for Bangladesh but also the global economic order.

Urging all to be united and form national forum, he said latest development in the WTO is giving a bad signal for an economic disaster around the world.

Farhad Mazhar of Naya Krish

Andoloni said WTO had been formed not for free trade. Rather, it was done to establish dominance of the rich nations, he added. "There is no scope for fair trade in the capitalism."

Abdur Razzak, lawmaker of Awami League, said as the agriculture contributes around 25 per cent in Bangladesh's GDP, it may be difficult for the country to sustain in this area.

Citing examples of edible oil and sugar, he said Bangladesh has been importing these essential items for long. The exporting countries are providing huge subsidies to these items and it is creating a

distortion.

Mohammad Shahid Ullah, coordinator of CGG, presented a draft declaration.

Loan and other assistance should not be tagged with other deals, he said, adding rich nations should allow movement of skilled and unskilled manpower from poor countries.

The rich countries should give access of all products from the least developed countries to their market, he added.

Abdul Awal, CGG chairperson, Farida Akhtar of UBINIG, and Nur Alam Ziku of JSD, among others, spoke at the roundtable.



Abdul Awal, chairperson of Campaign for Good Governance, speaks at a roundtable on WTO Cancun conference in Dhaka yesterday.

PHOTO: STAR

Unbundle power transmission from generation, distribution

World Bank study suggests

STAR BUSINESS REPORT

Terming electricity problem a main hurdle to investment, the World Bank recommended unbundling of power transmission from generation and distribution to improve quality of the sector.

The government should end its monopoly in power sector which requires radical overhaul in transmission, generation and distribution introducing competition in the key sector, the World Bank suggested in a recent study.

Appreciating the independent power projects financed by private investors, the study on 'Improving the Investment Climate in Bangladesh' called for continuation of government policy to better power situation in Bangladesh.

As political interference in state-owned Power Development Board and Dhaka Electric Supply Authority is high, the study called for corporatising these enterprises to improve performance.

To overcome systems loss and financial anomalies of these bodies, the responsibilities of management and board should be clearly identified and business plans and financial performance should be made public after regular auditing by independent firms.

In distribution, the management will have to ensure full payment by public sector entities and anti-theft legislation as well as disconnection for non-payment. The development of a transparent and a more competitive structure will require the establishment of an independent regulatory agency that protects long-term interest of consumers, the study recommended.

The WB recommendations came following a survey conducted in 1,000 manufacturing units in Dhaka and Chittagong. The survey was carried out in end of 2002.

To check corruption, an independent anti-corruption commission should be established empowering it authority and independence same as the office of Chief Election Commissioner. It should be allowed to conduct its own investigations and recruit manpower and resources to implement its mandate efficiently, the study said.

"Further reforms to improve governance and corruption will be necessary including greater accountability of institutions, improved performance incentives and better flow of information. Ministries should be required to submit annual reports to the relevant parliamentary committees

within specified time period," it noted.

Terming customs and tax administration procedures cumbersome, the WB suggested simplification of procedures by adopting automation system to reduce cost and delivery time. It will also lessen 'informal payments' to customs and tax office.

Delays from ports and customs impose considerable costs on firms.

As a first step to deal with the problem, the WB advised the government to corporatise Chittagong Port Authority, grant it more autonomy and allow labour performance incentives.

The WB study also recommended corporatisation of the Bangladesh Telegraph and Telephone Board (BTTB) with professional management and an independent board of directors to improve operational flexibility and lessen political influence.

Lauding the establishment of a telecommunication regulatory body, the WB asked the government to permit the authority to function as a truly independent body to end existing monopoly of BTTB in fixed lines by encouraging private investment and establish a pro-competitive interconnection regime. As four nationalised commercial

banks dominate the banking sector with 47 per cent market share stifling competition, the study advised the government to transfer ownership to private sector. It also called for empowering Bangladesh Bank with greater independence, regulatory authority and strengthening human resources.

In view of a nascent capital market, the World Bank recommended for developing a secondary market for public debt to improve debt management and to facilitate gradual growth of a broader market in fixed-income securities.

"The institutional capacity and authorities of the Securities and Exchange Commission should be strengthened in order to foster more transparency and improve governance practices of public companies."

Terming infrastructure, corruption, governance and finance situation most worst in the region, the WB warned that unless necessary reforms are made speedily the situation would further exacerbate when the multi-fibre arrangement will be phased out by December 2004.

S'pore extends \$571m relief package to workers

AFP, Singapore

Singapore's government on Friday announced a one-billion dollar (571 million US) package of financial relief measures to ease the impact of an overhaul of the social security system on workers and their families.

Finance Minister Lee Hsien Loong, who is also deputy prime minister, told parliament the package, including direct rebates and income-boosting measures is worth 1.03 billion dollars.

"The measures I have set out will help ease the pain for Singaporeans facing the transition, lower the cost for businesses, help companies build capabilities and stimulate demand in domestic sector," he said.

The package was announced a day after Prime Minister Goh Chok Tong unveiled reductions in company contributions and other changes to the Central Provident Fund (CPF) in order to lower business costs and maintain competitiveness.

Officials say wage costs in Singapore have approached western levels because of hefty contributions to the CPF, driving jobs and foreign investments away to cheaper countries in Asia like China and India.

From October, employers will only pay 13 per cent of their workers' salaries to the CPF, down from the current 16 per cent and the peak of 20 per cent during the city-state's boom years.

Workers use their CPF balances to pay for housing mortgages, medical care and education. Lower company contributions will mean many Singaporeans will have to divert part of their take-home pay to servicing housing loans.

Industrial output in Japan rises in July

AFP, Tokyo

Japan's industrial output in July rose 0.5 per cent from the previous month due to strong demand for hi-tech products while the nation's jobless rate in the month was unchanged at 5.3 per cent, the government said Friday.

July output rise was well above economists' forecasts, boosting Japanese share prices and lifting the yen to a high of 117.05 to the dollar.

"Both exports and domestic demand were firm in the month," a trade ministry official said, adding output of electronic devices used for mobile phones and flat-panel displays grew 0.9 per cent month-on-month.

Industrial shipments in July fell 1.1 per cent from June while inventories rose 1.4 per cent, the Ministry of Economy, Trade and Industry said.

"The July output reflected an overall recovery in the global economy. In particular, our exports to Asia grew as demand in the region picked up after SARS," said Masashi Murata, an economist at UFJ Institute.

The outbreak of Severe Acute Respiratory Syndrome (SARS) plagued much of East Asia earlier this year and devastated the region's vibrant tourism industry.

The government forecast August industrial output would rise 2.0 per cent month-on-month and September output would increase 1.5 per cent.

Meanwhile, Japan's jobless rate in July was unchanged at 5.3 per cent with the number of people out of work falling to 3.42 million, down 100,000 from a year earlier, the government said.

The writer is a telecom analyst

DSE to appoint new CEO tomorrow

NAZRATUN NAYEEM MONALISA

The Dhaka Stock Exchange (DSE) is going to appoint a new chief executive officer (CEO).

At the council meeting tomorrow, DSE will approve appointment of Salahuddin Ahmed Khan, an associate professor of Finance and Banking of Dhaka University, who has earlier been selected as the CEO of the bourse, said a high official of DSE.

The key post has been lying vacant for 16 months. The position for chief of DSE management fell vacant when the capital market regulatory body Securities and Exchange Commission (SEC) terminated the past chief executive officer Rezaur Rahman for professional misconduct on April 17, 2002.

Since then Mafizuddin Ahmed, finance controller of DSE, is serving as acting CEO of the bourse.

The SEC has been repeatedly directing DSE to appoint a CEO to improve the bourse's functions.

DSE officials said the fresh appointment will help the bourse management remove a lot of professional problems accumulated over the period in the DSE.

"Virtually, there is no professionalism in the country's oldest bourse due to unwanted intervention of a section of unscrupulous members here," another DSE source said.

As the Exchange lacks mid-level officers in the management, junior officers are doing the jobs of seniors, the source said, adding even DSE is running without a secretary for the last three years.

US economy revs up at 3.1pc growth pace

AFP, Washington

The US economy revved up at a 3.1 per cent growth pace in the second quarter, the government said Thursday, in another sign that the world's largest economy is gathering momentum.

The rise in gross domestic product, revised upward from an earlier estimate of 2.4 per cent, the strongest since the second quarter of 2002, surprised economists, who had forecast a revision to about 2.9 per cent growth.

A big factor was a 45.9 per cent surge in defense spending, the strongest since the Korean War, as the government ramped up spending for the war in Iraq.

The strong acceleration from the 1.4 per cent growth rate in the first quarter suggests the world's largest economy is gathering momentum and will show even stronger growth in the second half, said analysts.

"It's really excellent. It's a great platform for the building momentum of the next four quarters," said David Littmann, chief economist at Comerica Bank. He said the rise is well above economists' forecasts, boosting Japanese share prices and lifting the yen to a high of 117.05 to the dollar.

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"We strongly believe in reductions of trade distorting subsidies and not in terms of just decoupling them and readjusting them in some other form because the adverse impact on economies such as ours really tends to hurt us," he said.

"We do not wish to stall the negotiations on agriculture, but we

likely to continue in the coming quarters as a result of massive tax cuts and low interest rates.

BMO economist Sal Guatieri said the figures along with other recent data point to growth of at least 4.5 per cent in the July-September quarters.

"Upward revision in business investment is very encouraging," he said.

"It suggests that businesses are now taking part in the economic recovery ... they are becoming increasingly confident in the economic outlook."

A key figure watched by economists, known as final sales -- the pace of economic growth minus inventory adjustments -- increased 4.0 per cent in the second quarter, compared with an increase of 2.3 per cent in the first.

"Inventories are at the rock-bottom level. Businesses were caught off-guard by stronger sales," said Sung Won Sohn, chief economist at Wells Fargo