

Khosru for lowering interest rates to 5-6pc

STAR BUSINESS REPORT

Commerce Minister Amir Khosru Mahmud Chowdhury yesterday suggested the commercial banks for lowering interest rates to 5 to 6 percent and providing collateral-free loans to small and cottage industry entrepreneurs.

He said the banks now charging double-digit rates on loans have already made huge profits and now "it is time to turn their eyes to some social responsibilities."

Khosru was speaking at a roundtable on Problems and Prospects of Micro Industries in Bangladesh jointly organised by UK-based Intermediate

Technology Development Group (ITDG) Bangladesh Trust and People's Empowerment Trust (PET), a local research and policy advocacy organisation, at CIRDAP auditorium.

The commerce minister assured the small enterprises of allocating free stalls for them in different trade fairs organised locally and their participation at 50 percent cost in different international fairs also.

He urged women entrepreneurs to give more emphasis on setting up of pickle and handmade product manufacturing industries. "Export of pickles to some 10,000 Bangladeshi restaurants in London

could bring a huge return every year."

Other speakers at the roundtable identified bureaucratic tangles in getting loans, corruption in different government offices and entrepreneurs' lack of knowledge in marketing their items as major barriers to growth of the micro-industries sector, which contributes 51 percent of the total industrial production.

State Minister for Finance and Planning Maj Gen (ret'd) M Anwarul Kabir Talukder said, "By bringing changes in the political, bureaucratic and technocratic leaderships, 70 percent problems of the country can be resolved."

Moderating the roundtable, Prof MM Akash stressed the need for defining the small industries for the convenience of targeting bank loans.

Although both are small industries, he observed, an industry with a capital base of Tk 5,000 does not qualify for bank loans but another with a capital of Tk 25 lakh gets loans.

ITDG-Bangladesh Chief Executive Cowan Coventry said some non-government organisations do not show good entrepreneurial attitude as they are charging high rates in disbursing loans to small borrowers.

Western Union declares strategic relationship with Brac Bank

Western Union Financial Services Inc, a global leader in money transfer services, yesterday announced its strategic relationship with Brac Bank.

The main objective of this relationship is to provide inbound money transfer services at 300 locations across Bangladesh where people will be able to receive money from their friends and relatives abroad using the Western Union

ICAB delegation to attend 53rd Safa Assembly in India

An 8-member delegation of the Institute of Chartered Accountants of Bangladesh (ICAB) left here on Tuesday to attend the three-day 53rd Assembly of South Asian Federation of Accountants (Safa) in Jaipur, India.

Headed by ICAB Vice President CR Mazumder, the delegation also includes AK Chowdhury, Md Yunus, Jamal Uddin Ahmad, Anwaruddin Chowdhury, Mustafizur Rahman, Jamaluddin Ahmed and Ishrat Mahmud, says a press release.

Safa is a regional forum consisting of the professional accountancy bodies of Bangladesh, India, Pakistan and Sri Lanka.

S'pore economy to grow at upper end of forecast

AFP, Singapore

Singapore's economy is expected to grow at a rate on the higher end of the government's 3.5-5.5 percent forecast, Deputy Prime Minister Lee Hsien Loong said Wednesday.

Lee, who is also finance minister, told a budget debate in parliament the government had set the range at a base of 3.5 percent because of potential risks such as terrorism or another health epidemic.

Singapore's gross domestic product (GDP) grew just 1.1 percent last year, weighed down by the impact of the Severe Acute Respiratory Syndrome (SARS) in the first half.

But a global economic recovery has fuelled growth in demand for exports from the city-state, prompting the government to raise its GDP forecast this year from the original 3.0-5.0 percent.

While the GDP target is expected to be at the upper end of the forecast, the range was set to a low of 3.5 percent to factor in the possible effects of "unknown unknowns."

"You don't know what will strike you. It could be a terrorist attack, it could be another virus, it could be some totally unexpected mishap. So just to be careful, we are telling everybody: watch it," he said.

Correction

In a news item headlined 'Be fashion-savvy, raise quality to enter Swiss footwear market' published on this page on March 9 (Tuesday), Saiful Islam was stated as vice-president of Bangladesh finished Leather, Leather Goods and Footwear Exporters Association. In fact, he is vice-chairman of Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh. We regret the mistake.

Bangladesh, Qatar to take joint initiative to boost trade

BSS, Dhaka

Bangladesh and Qatar have agreed to take joint initiatives to open up bilateral trade relations especially in the field of agriculture.

This cooperation between the two friendly Muslim countries was underscored when newly appointed ambassador of Qatar to Bangladesh Ibrahim Mohamed A Al-Abdullah called on Agriculture Minister M K Anwar at his office yesterday.

The agriculture minister requested the Qatar ambassador to encourage their business community to visit Bangladesh for exploring mutual business opportunities.

He said, Bangladesh has made a

good progress in agriculture. Rice production has been increased from about 10 million tons to over 25 million tons during the last 30 years. Production of wheat, maize and vegetables have also been increased substantially during the period. Bangladesh is exporting vegetables around the globe and there is a good prospect to export vegetables in Qatar also, he added.

Welcoming the prospect of increasing trade between the two countries, the Qatar envoy said he would take initiatives for the visit of a Qatar business delegation to Bangladesh soon.

Besides, he showed interest in importing Basmati rice from Bangladesh as it has a great demand in Qatar.

The minister said Bangladesh is producing aromatic rice including Basmati and trying to explore export markets. He requested the envoy to visit local agriculture research institutes.

He said Bangladesh has made a good progress in agriculture crops and equipment research, which would be helpful in expanding agriculture in Qatar also.

The minister said, exchange of scientists would also be very fruitful to share knowledge and experience between the two brotherly countries.



Asaduzzaman Noor MP and Mohammad Hanif, former mayor of Dhaka City Corporation, among others, are seen at the inauguration of the first outlet of Asian Paints Colour World at Moghbazar in Dhaka yesterday.

Growth gives India chance to rein in fiscal deficit

REUTERS, Mumbai

Now may be the best time for India to tackle one of its toughest economic challenges -- a gaping hole in its budget, which analysts say has hindered the country's development for too long.

Incomes are rising and a privatisation drive is going well, boosting state coffers through higher tax receipts and the proceeds from asset sales. At the same time, interest rates are historically low, keeping borrowing costs down.

These factors are already having an effect despite a raft of business and consumer-friendly tax reforms announced ahead of elections in April and May.

The government expects the deficit to fall to 4.8 per cent of gross domestic product (GDP) in the fiscal year through March and 4.4 per cent next year, from between five and six percent in each of the past five years.

"The government realises its success lies in the Indian economy gaining global importance. For that it has to check its budget. There is no choice," said Saumitra Choudhuri, economic adviser to New Delhi-based rating agency, ICRA Ltd.

"I expect the downturn will be

sustained over the longer term."

The Indian economy, Asia's third-largest, is set to grow more than eight percent in the year to March. The overall fiscal deficit adds up to a tenth of GDP if state deficits are included.

"This is enormous in the international context," said Brian Coulton, Hong-Kong based senior director at Fitch Ratings.

"Given how strong growth is, it's disappointing the Indian government hasn't done more to tighten its fiscal policy."

Choudhuri said controlling the deficit and raising India's global credit profile were imperative now as it competes for foreign investment with other emerging economies such as China.

A deficit is not harmful in itself, but India has borrowed so heavily that interest payments gobble up half its revenue -- money which could be spent on health or education.

Critics say India spends billions of rupees on programmes that do little for public welfare, such as the upkeep of a large state administration and subsidies that do not reach the very poor -- over a quarter of the one-billion plus population.

Cutting the deficit is not a tradi-

tional priority for politicians who tend to worry more about appeasing lobbyists, allies and voters.

"But strong growth offers the perfect opportunity," said Fitch's Coulton. "It will be much harder when the economy slows as political trade-offs involved will be much tougher."

A high deficit might even drag the economy down faster.

"The expanding economy needs cheap resources from abroad, for which a good credit rating is key. The rating crucially depends on the government controlling its debt," said Riyaz Khan, economist at the Centre for Monitoring Indian Economy.

India has an investment grade 'Baa3' rating from Moody's Investors Service for its growth and robust external health. But Fitch and Standard & Poor's put its debt at Junk status, with ratings of 'BB-plus' and 'BB' respectively.

With local and foreign demand strong, some firms are funding expansion with low-cost offshore borrowing, which would be cheaper still if India enjoyed a higher credit rating.

Fiscal discipline will be hard given the steady opposition to subsidy cuts, widening the tax base or state company disposals.

Two more ICT centres on the cards

STAR BUSINESS REPORT

Bangladesh plans to establish two more ICT business promotion centres, one in Europe and another in the US, to promote local information technology products.

Disclosing this Commerce Secretary Suhel Ahmed told a seminar on ICT yesterday that a team has been conducting feasibility study for the centres. Commerce Minister Amir Khosru Mahmud Chowdhury was also present at the seminar in Dhaka.

The centres may be set up in Berlin and Washington. Now, Bangladesh has an ICT (information and communications technology) business promotion centre at Silicon valley in the US.

Swiss Import Promotion Programme (Sippo) and the Bangladesh Association of Software and Information Services (Basis) organised the seminar in co-operation with the Swiss Embassy in Dhaka to mark the launching of a web portal- www.trade.org.

Basis officials said the portal will help introduce Bangladeshi ICT products and services to global market.

The seminar was also addressed by Sippo Director Markus Stern, Charge d'affaires of Swiss Embassy Juerg Casserini and Basis President Sarwar Alam.

Praising Bangladeshi products Stern said local exporters should concentrate more on product quality.

Speaking at the function, the commerce minister assured entrepreneurs of all out support for development of the ICT sector.

US trade chief warns India, China to open markets

REUTERS, Washington

US Trade Representative Robert Zoellick Tuesday warned China and India -- which have benefited from US jobs moving overseas -- they could face increased barriers to the US market unless they open their own markets to more American exports.

"If countries around the world that are emerging economic powers want to get the benefits of the (open market) system they're going to have to contribute," Zoellick told members of the Senate Finance Committee at a hearing on the Bush administration's trade agenda.

Likely Democratic presidential nominee John Kerry has blamed President George W Bush's economic and trade policies for nearly 3 million lost jobs since Bush took office.

Kerry has also called for more aggressive use of US anti-dumping laws to keep out unfairly traded imports and wants US companies to be required to warn workers and the government before sending work abroad.

Zoellick said the United States should not retreat into "economic isolationism" because of the movement of some manufacturing and service jobs to China and India.

But it does have the right to have a level playing field to sell its products in the two countries, which together account for more than a third of the world's population.

China lifts ban on foreign investment in TV, film cos

AFP, Beijing

China said Wednesday it had lifted its long-time ban on foreign investment in television and film production companies, as the country moves to reform its monolithic and largely loss-making media industry.

The State Administration of Radio, Film and Television (SARFT) issued regulations that took effect in December permitting foreign media groups to hold stakes in joint venture production companies.

"Foreign companies are allowed to start joint ventures with Chinese film and TV program producing companies, although the Chinese side should hold more than 51 percent of the shares in the joint venture," Tong Gang, director of the film bureau at SARFT, told AFP.

"Generally speaking the Chinese side should be a state owned company, and the foreign side should be the famous and strong influential on the global stage," Tong said.

Domestic private firms will be allowed to jointly develop pay-TV channels to help attract the investment needed to fund China's plans for the expansion of pay television and digital TV services, he added.



Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Abdul Awal Mintoo presents a crest to Indian Foreign Secretary Shashank at a luncheon meeting hosted by the FBCCI at a local hotel yesterday. Veena Sikri, Indian high commissioner in Dhaka, and Bangladesh Foreign Secretary Shamsheer Mobin Chowdhury are also seen.

Tea auction ends next week

Brokers, traders happy with increasing demand, price

SHAHIDUL ISLAM, Ctg

The season's penultimate tea auction held here on Tuesday witnessed a good demand for better liquoring types with strong support from the loose tea traders and blenders.

The overall market remained static and satisfactory as the weekly international tea auction is drawing to a close for the season next week, brokers said.

The brokers and traders are happy to end the season with increasing demand and price of tea, especially in the internal market.

"Good quality tea is being sold at a price of Tk 80-plus and beyond,

which is distinctly dearer than Kenyan, Indian and other foreign markets," a trader said.

"The demand in local market has increased sharply in recent times. That's really a good sign for us," said an executive of a leading brokerage firm.

In Tuesday's auction (sale no-44), the absence of major foreign buyers including Pakistan did not have any major impact in the sale as the loose tea traders and blenders took part very actively and bought the entire volume of good-quality tea on offer.

However, the quantity of better tea on offer this week was very little, hardly 10 percent, which is common at the end of season.

Medium and plain types were 40 percent and end-season types 50 percent, the brokers said.

Of the total 34, 900 sacks on offer, 29,400 sacks were of leaf tea and 5,500 of dust tea.

The good types were sold at Tk 80 to Tk 90 per kg while a few selective lots were sold at Tk 100 per kg. Medium and plain types were sold at Tk 50 to Tk 70 per kg.

About 40 percent of the offering remained unsold as those were mainly season-end and low-quality tea and usually draw little interest from buyers, sources said.

The last weekly tea auction (sale no-45) will be held next Tuesday.

EU wants unbeatable IMF candidate, delays ECB pick

REUTERS, Brussels

The European Union Tuesday vowed to present the international community in April with a candidate who it hopes will be chosen by acclaim to become the next leader of the International Monetary Fund.

Spanish Economy Minister Rodrigo Rato was confirmed as a possible nominee when Luxembourg Prime Minister Jean-Claude Juncker said he would support him to spearhead global attempts to head off financial crises.

The job of managing director at the IMF, one of the twin pillars of the post-World War Two global economic architecture, is traditionally a European, just as the head of the World Bank is generally an American.

The IMF job has fallen vacant after Horst Koehler announced last week he was leaving his post to seek the ceremonial presidency of Germany.

"We expect that at the beginning of April we will probably have a candidate to propose," Belgian Finance Minister Didier Reynders said when asked about discussions at an EU finance ministers' meeting in Brussels about the IMF vacancy.

Europe is eager to present the strongest possible candidate for the IMF job to avoid another stinging defeat. German Deputy Finance Minister Caio Koch-Weser narrowly missed out on the IMF top job in 2000 due to US objections.

"We are convinced that it is in our interest to present together a candidate (for the IMF) who is incontestable, and therefore uncontested," French Finance Minister Francis Mer told reporters at the meeting.

"We were a little disappointed by the previous experience with Caio Koch-Weser," Mer added.

Koch-Weser has already ruled himself out of the IMF race.

Rato is considered a strong candidate, not only due to the good international relations between the US and Spain, but also because of his academic work in the US.

Juncker said it was "not excluded" that that candidate would be Rato, adding "I would applaud it if he would make such a decision."

Diplomats say Germany has signalled it would not stand in the way of Rato's candidacy.

However, the hunt for an IMF candidate complicated talks about a vacancy at the European Central Bank, and ministers postponed a decision as a row between small and large states threatened to flare up.

EU diplomats said Madrid would have to end its quest for a seat on the ECB executive board if it aimed for the IMF position, because it could not fill both posts.

They said much may depend on the outcome of Spain's general election this weekend.

US steel scrap users may ask Bush to limit exports

REUTERS, Washington

A coalition of US steel manufacturers and consumers said Tuesday it may ask the Bush administration to limit US steel scrap exports because of Chinese purchases that have pushed prices sharply higher.

"We need help and we need it now," Robert Stevens, president of the newly formed Emergency Steel Scrap Coalition, said in a statement. "According to law, the US government may prohibit or curtail the export of scrap, if conditions warrant. It is clear all the criteria are met in this case."

A request would put the Bush administration in position of considering whether to restrict steel scrap exports just a few months after lifting its controversial tariffs on imported steel. At a Senate Finance Committee hearing on Tuesday, US Trade Representative Robert Zoellick seemed to downplay chances the

administration would approve export restrictions.

"It would in some ways be an oddity if for a couple of years we put barriers on (imported) steel ... and then we put barriers on what we exported," Zoellick said.

But he noted strong Chinese demand for scrap had put pressure on US steel "mini-mills" like Nucor NUC.N that use scrap to make their steel products.

The situation is less of a problem for integrated steel producers that make steel from raw material, he said.

US scrap exports have doubled from 6.3 million tons in 2000 to about 12 million tons in 2003. The biggest rise in sales, was to China followed by South Korea.

The increased demand has pushed US scrap prices from \$77 a ton in early 2001 to more than \$300 in February, the Emergency Steel Scrap Coalition said.

Stevens, who is also head of Impact Forge, a steel forger based in Columbus, Indiana, said the high scrap prices were a new threat facing the US manufacturing sector, which already has lost millions of jobs in recent years.

The House of Representatives Small Business Committee will hold a hearing on Wednesday to examine the issue.

Tim Brightbill, a spokesman for the Emergency Steel Scrap Coalition, said the diverse group included construction companies, parts makers, forgers and foundries as well as the Steel Manufacturers Association, the steel industry group representing Nucor and other mini-mills.

Nucor was a driving force behind President George W Bush's decision to impose tariffs on imported steel in March 2002 and bitterly opposed Bush's decision in December to lift them.