

Improved trade performance vital to escape poverty trap

Suggests Unctad report on LDCs

STAR BUSINESS REPORT

Improved trade performance is necessary to escape the complex poverty trap in LDCs, but mere increasing exports do not necessarily lead to poverty reduction, says an Unctad report.

Export expansion apart, import-substitution and increase in domestic demand should be major policy priorities to cut poverty in the LDCs including Bangladesh, suggests the report.

"International development policies and assistance have failed to link the global trade with poverty reduction for the LDCs," observed the UN body in its Least Developed Countries (LDCs) Report 2004 released yesterday.

Focusing on the nexus between trade and poverty, the report says international trade cannot work in reducing poverty in countries where the level and efficiency of investment are not adequate to support

sustained economic growth.

The UN body recommended an agricultural development-led industrialisation strategy, which includes investment in infrastructure and technological progress in agriculture together with forward linkages into agro-processing activities.

The Centre for Policy Dialogue (CPD), a local think-tank, launched the report at a function at its office in Dhaka yesterday at the request of the United Nations Conference on Trade and Development (Unctad).

Launching the report, Professor Mustafizur Rahman, research director of CPD, suggested designing Bangladesh's poverty reduction strategies in the light of recommendations of the latest Unctad LDC report.

"The strategy should be integrated with the international trade in a way that it can help alleviate poverty," he said.

The report recommended that LDCs can strengthen the links

between international trade and poverty reduction by mainstreaming both trade and development into their poverty reduction strategies.

Investment and technological progress are the engines of sustained economic growth through which substantial poverty reduction can be achieved in the LDCs, says the report. "International trade is the fuel for the engine."

Prof Mustafiz said agriculture constitutes over 60 percent of the labour force in most of the LDCs, but the rate of their agricultural exports is generally low.

"Against this background, there is no guarantee that export expansion will lead to a form of economic growth that is inclusive," he observed.

"The developed countries need to change their policy of giving huge subsidy to the agriculture sector," Mustafiz said underscoring the need for increasing regional cooperation as suggested in the Unctad report.

The report mentioned that international development assistance to the LDCs has increasingly shifting away from production sectors and economic infrastructure to supporting basic human needs.

"In the early 1980s, 45 percent of total bilateral aid commitments by developed countries to LDCs went to the development of productive sectors and economic infrastructure. But by 2000-2001, this had fallen to 23 percent."

Speaking at the report launching, Debapriya Bhattacharya, executive director of CPD, said disparity between the rich and the poor has increased over time. "At the same time disparity between the rich and poor nations has also intensified."

Commenting on the report, Ananya Raihan, research fellow of CPD, said the report lacks the issue of opening the market for labour force.

DCCI team meets president

UNB, Dhaka

President Iajuddin Ahmed yesterday urged the business community to play an effective role in developing human resources and information technology.

He made the remarks when a delegation of Dhaka Chamber of Commerce and Industry (DCCI) called on him at his office.

The president told the delegation members that the contribution of the businesspeople and industrial entrepreneurs to development of the economy is very important.

The delegation members submitted a memorandum along with recommendations to the president.

The delegation members emphasised taking more effective measures in combating smuggling, development of capital market, restoring law and order and political stability, and ensuring optimum use of natural gas.

ROK consortium wins \$101m order in Bangladesh

AFP, Seoul

South Korean consortium of LG Industrial Systems and Hyundai Corp. said Thursday it has obtained a \$101.7 million dollar order from Bangladesh Railway for signal equipment.

"We outbid international competitors, including Siemens and Alstom, proving our price and technology edge," LG said in a statement.

The South Korean company said that it expects further orders from Bangladesh and Middle East countries.

Apex Footwear, Technohaven sign contract

Apex Footwear Limited signed an agreement with Technohaven Co Ltd to implement ERP solution in its operation.

Under the deal, Apex will get support of Technohaven Enterprise Resource Management System (TERMS) from Technohaven, says a press release.

The ERP software application will automate inventory management, production planning, procurement, financial management and human resources management system of Apex.

Syed Manzur Elahi, chairman of Apex, Syed Nasim Manzur, managing director of the company, and Saber Reza Karim, chairman of Technohaven, Habibullah N. Karim, managing director of Technohaven, signed the deal at a local hotel on Tuesday.

Holcim net sales up 11.9pc in Q1

Consolidated net sales of Holcim Ltd, Switzerland based global supplier of cement, concrete and aggregates, were up 11.9 percent during the first quarter of 2004.

Operating profit of the group also grew 30.7 percent during the same time, says a press release.

Sales of cement and clinker rose by 12.9 during the first quarter of 2004 as against the same quarter of last year. Aggregates sales also witnessed 13.5 percent rise.

Unique global positioning and strong local anchoring have enabled the Holcim to achieve such success, according to the release.

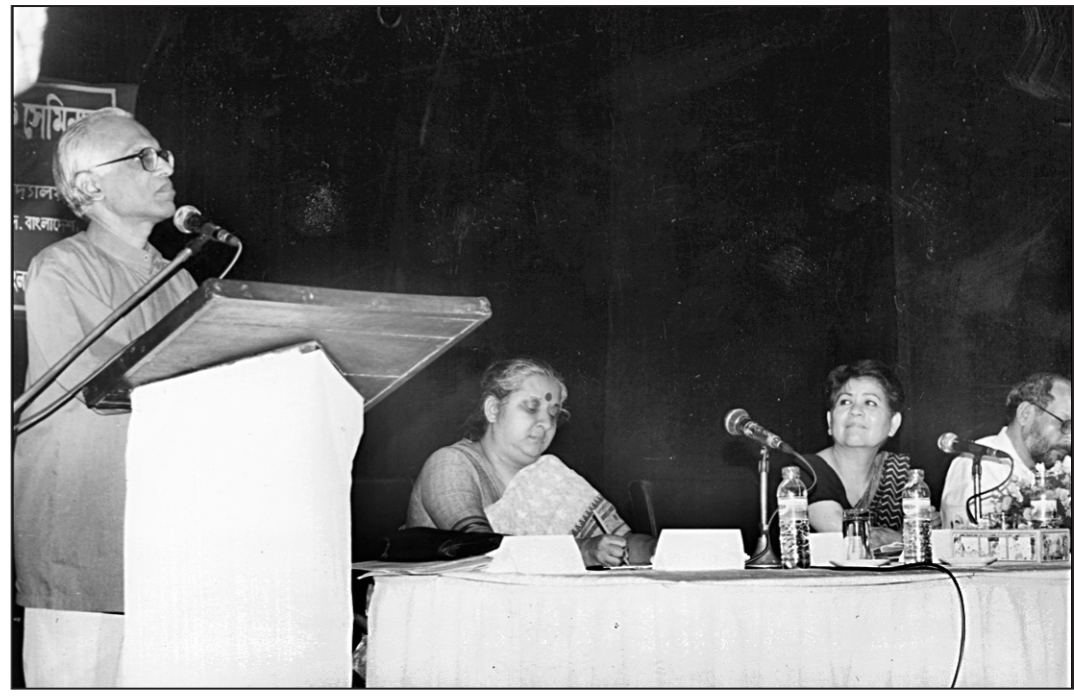
Citigroup to sell its stake in Samba

REUTERS, New York

Citigroup Inc, the world's largest financial services company, said on Thursday it will book a \$760 million gain from an agreement to sell its 20 percent stake in Samba Financial Corp, formerly known as the Saudi American Bank.

Citigroup said the buyer of its stake is a Saudi public entity called the Public Investment Fund. Citigroup said its expected after-tax gain will come in the second quarter and amounts to 15 cents per share.

Saudi Prince Alwaleed bin Talal is a major shareholder of Citigroup.



Wahiduddin Mahmud, professor of economics at Dhaka University, speaks at a seminar on 'Women Empowerment: Transparency in the Distribution of Microcredit' organised by Women in Small Enterprise (WISE) in Dhaka yesterday. Rokia A Rahman (second from right), chairperson of WISE, presided over the seminar.

Costly microcredit retards women empowerment

Prof Wahiduddin Mahmud tells WISE seminar

STAR BUSINESS REPORT

High interest rate on microcredit is one of the main obstacles to women empowerment in the country, economist Wahiduddin Mahmud said yesterday.

He said the cost of disbursement, supervision and monitoring of microcredit increases the rate of interest on such credit received mostly by rural women.

Dr Wahiduddin Mahmud, a professor of economics at Dhaka University, was speaking at a seminar on 'Women Empowerment: Transparency in the Distribution of Microcredit' organised by Women in Small Enterprise (WISE) in Dhaka yesterday.

Rokia A Rahman, chairperson of WISE, presided over the seminar held at Bangladesh Mahila Samity auditorium.

Prof Wahiduddin suggested setting up of a foundation to simplify the microcredit operation. "This will also help your empowerment," he told the women entrepreneurs.

He however said he had attempted to cut the interest rate of microcredit but failed when he was in Bangladesh Bank and Palli Karma Shahayk Foundation.

The former advisor to caretaker government said transactions in small amount result in high disbursement costs of microcredit, compared with large amount transactions.

Speaking at the seminar,

Planning Secretary Fazlur Rahman also stressed reduction of the interest rate of microcredit, which is disbursed at the grassroots level.

Salma Akhter, assistant professor of Sociology at Dhaka University, presented the keynote paper where she focused on some problems of microcredit and made a set of recommendations for women empowerment and a smooth microcredit system.

Professor Mahmuda Islam of Dhaka University, Sitara Ahsan Ullah, secretary of WISE, Khushi Kabir, coordinator of Nijera Kori, and Hafiza Momtaj Hashi, joint secretary of WISE, also spoke at the seminar.

Bank Asia, Agrani Bank sign deal

Bank Asia Limited and Agrani Bank recently signed an agency agreement to facilitate the issuance of telegraphic transfer (TT) and demand drafts.

Irteza Reza Chowdhury, executive vice-president, and Syed Nazimuddin, senior vice-president of Bank Asia Ltd, Abu Sadek Md Sohel, general manager, and Mufazzal Hussain, deputy general manager of Agrani Bank, signed the agreement on behalf of their organisations.

Syed Anisul Huq, president and managing director of Bank Asia, and senior officials of both the banks were present.

Under the agreement, 30 branches of Agrani Bank has been covered, says a press release.



Debapriya Bhattacharya (second from right), executive director of Centre for Policy Dialogue (CPD), speaks at the launch of Unctad Least Developed Countries Report 2004 in Dhaka yesterday.

DHL named best express operator

DHL has been named best express operator for the 18th consecutive year at the Asian Freight and Supply Chain Awards-2004 (AFSCA).

In addition, DHL also received three additional awards: Best Logistics Service Provider -- Air Freight, Best All Cargo Airline and Best Road Haulier-Asia at a ceremony in Shanghai recently.

In total, DHL received four awards, says a press release.

The AFSCA, widely acknowledged as the industry's most celebrated accolade, seek to recognise and honour outstanding organisations that have shown leadership in various areas.

DHL is the only company to have won the Best Express Service award since the Asian Freight Industry Awards, the predecessor of the AFSCA, was launched in 1987.

The award has been renamed Best Express Operator in 2003.

Southeast Bank hosts Central Shariah Board meeting

Southeast Bank Ltd hosted the 12th meeting of the Central Shariah Board of Islamic banks in Bangladesh recently in Dhaka. Moulana Ubaidul Huq, chairman of the board, presided over the meeting.

The meeting approved the service rules of the Central Shariah Board and the Amanah Finance branch of the Hongkong and Shanghai Banking Corporation (HSBC) as member of the board.

Shah Abdul Hannan, chairman, Islami Bank Bangladesh Ltd, Azim Uddin Ahmed, chairman, Southeast Bank, Abdul Malek Mollah, chairman, Al-Arafa Islami Bank Ltd, M Mustafizur Rahman, chairman, Shariah Council of Shahjalal Bank Ltd & Jamuna Bank Ltd, Nurulla Quasemi, chairman, Shariah Council, Dhaka Bank Ltd and Syed Abu Naser Bukhtear Ahmed, president & managing director, Southeast Bank, were among others present in the meeting.

RMG exporters again ask for central bonded warehouses

STAR BUSINESS REPORT

Garment exporters once again have asked for central bonded warehouses to help the apparel sector face the challenges of quota-free regime.

Without the warehouses, around 35-40 percent garment units will face closure within two to three years after the phaseout of MFA (multi-fibre arrangement) in the event of uneven competition from factories in the neighbouring countries, they said.

While exchanging views with reporters yesterday in Dhaka, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) leaders said long lead time in Bangladesh will be the major challenge in the post-MFA era beginning next year.

The warehouses will cut the lead time in export to 60 days from the existing 90-120 days, placing Bangladesh on a par with its rivals in

the world apparel market to survive the fallout of quota-free regime, the exporters said.

With the raw materials ready in the warehouses, the exporters will be able to slice off weeks from the time-consuming process for sample approval by buyers.

The BGMEA leaders also urged the government to withdraw the ban on import of yarn through land ports and pursue European Union to relax the rules of origin for getting generalised system of preference (GSP) facilities.

The bonded warehouses will also woo huge foreign investment in dyeing, printing and finishing areas, BGMEA President Anisul Huq said.

The BGMEA chief also ruled out the possibility of negative impact on textiles sector following introduction of the warehouses. The textiles will expand further and market will be competitive, he added.

Explaining the objectives of the warehouses, Huq said all kinds of raw

materials will be imported duty free and kept in the warehouses.

And the apparel exporters will collect the raw materials through opening letters of credit after getting export orders, he said.

The exporters also alleged the government is reluctant to allow the warehouses to give protection to spinning mills, which meet only 20 percent of total domestic demand.

Value addition in the spinning sector is only 17 percent while it is over 28 percent in clothing sector, they argued.

They also said in the quota-free regime Bangladesh has to make its apparels competitive by narrowing its lead time in export.

BGMEA Vice President M Ghulam Faruq, First Vice President Abdus Salam, Second Vice President Alamgir Rahman and former BGMEA president Quazi Moniruzzaman were also present.

New coalition to pledge high growth, more jobs for India

AFP, New Delhi

India's new ruling coalition was to unveil a left-leaning agenda later Thursday aiming at 7-8 percent economic growth while creating more jobs and scrapping sales of profitable state-run firms.

The policy document setting out the 20-party coalition's roadmap for the next five years will also repeal a controversial anti-terror law which critics say has been used to target Muslims, the Press Trust of India (PTI) reported.

The blueprint, keenly awaited by investors after the alliance scored an upset electoral win this month over the market-friendly Hindu nationalists, was due to be unveiled at around 4:00 pm (1030 GMT). It was drafted by the United

Progressive Alliance (UPA) led by Prime Minister Manmohan Singh, seen as father of India's economic liberalisation drive when he served as finance minister in 1991.

The document, known as the Common Minimum Programme (CMP), was the result of marathon negotiations among the allies and rules out privatisation of profit-making state-run firms such as government-run banks and oil companies, PTI said.

But it does leave profitable state-run companies leeway to tap capital markets for funds as long as the government retains control, the report said.

Asset sales in which the previous government raised over three billion dollars in just three weeks earlier this year were vital in helping cut

India's deficit to 4.8 percent in the year to March 2004 from 5.9 percent the previous year.

Indian share prices weakened slightly on Thursday as investors awaited release of the document. In late morning trade, the BSE 30-share benchmark Sensex index was down 0.26 percent or 13.13 points at 5,068.82, off an intraday low of 5,019.39.

The document was approved at a meeting of the allies Wednesday presided over by Italian-born Congress president Sonia Gandhi, chairwoman of the UPA.

She was elected to the post after Congress and its partners handed the pro-reform Hindu nationalists a stunning defeat in what was seen as revenge of the mainly rural poor for being left out of an economic boom.

Oil prices trickle lower ahead of Opec meeting

AFP, London

Oil prices lost more steam Thursday as traders held their nerve despite a report of tight US inventories, locking in profits ahead of a likely production boost by Opec producers next week.

The price of benchmark Brent North Sea crude oil for delivery in July fell by 35 cents to 36.73 dollars in early deals.

New York's reference light sweet crude for July delivery dipped 23 cents to 40.47 dollars in pre-opening electronic trading.

The contract had fallen by 44 cents to 40.80 dollars a barrel on Wednesday, showing a drop of more than one dollar since it peaked at 41.85 dollars in electronic trading on May 17.

Traders took in their stride a Department of Energy report show-

ing crude oil inventories in the week ended May 21 were unchanged from the previous week at 298.9 million barrels.

Stocks of gasoline -- a major concern near the start of the peak summer demand period -- fell 700,000 barrels to 203 million, the government said.

"I think people are taking a few profits in front of the long weekend" in London, said Robert Laughlin, head trader at GNI-Man Financial.

"The general feeling is also that Opec is going to come up with a good thing next week," he added.

Organization of Petroleum Exporting Countries ministers are due to meet in Beirut on Thursday to discuss a Saudi Arabian proposal to lift the cartel's official production ceiling by at least two million barrels per day.

Chaebols expand investment plans

ANN/KOREA HERALD

South Korea's leading industrial groups announced yesterday short and mid-term plans to increase investment to give a badly-needed boost to the economy and stimulate a recovery, after more than a year of recession and a frozen job market.

Four major family-run conglomerates, or chaebol, expanded their investment plans, led by Samsung Group, which will raise this year's capital investment to 19.3 trillion won, 1.9 trillion higher than announced at the beginning of the year and 6 trillion won more than last year.

The nation's number 1 conglomerate also said it would increase new recruits by 2,000 to 17,000.

The conglomerates made the announcements following their pledge to President Roh Moo-hyun earlier in the week to increase investment to help government efforts to invigorate corporate spending, which it sees as crucial to spurring domestic consumption. The government is aiming for a growth rate of 6 percent in the economy this year, nearly double last year's 3.1 percent.

The conglomerate heads met Roh on Tuesday, nearly two weeks after he returned from a two-month suspension.

However, some business analysts said they were skeptical

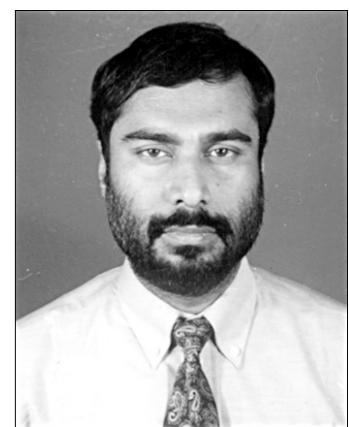
whether the chaebol would actually implement all of their investment plans this year if global demand does not pick up in the second half.

Samsung Group, in a new announcement, said it plans to invest a total of 70 trillion won until 2006, more than one third of which will be spent to hone its semiconductors business. The group owns Samsung Electronics, the world's No 1 chip maker.

Samsung also plans to invest 11.6 trillion won in liquid crystal displays, in which the company and LG.Philips LCD are in a cutthroat competition to take the biggest market share.

"We are set to expand the gap with competitors in investment, dominate new business areas and make more world-first products," a Samsung official said. "The large investment plan is part of our long-term aim to make Samsung Electronics one of the world's top three companies."

On employment, Samsung plans to recruit 7,200 new workers for its assembly lines this year, 1,700 more than last year. The conglomerate also said engineering majors would account for 80 percent of 7,000 university graduates that it will newly hire.



New MD of Union Capital

Mahbubul Alam has joined Union Capital Limited as managing director, says a press release.

Alam has a long senior management experience in the field of various banking activities including financial management. For over nine years he served as the chief financial officer of Standard Chartered Bank.

He is an MBA from Institute of Business Administration (IBA), Dhaka University and CFA (Chartered Financial Analyst) from the Institute of Chartered Financial Analysts, USA.

Union Capital Limited is a financial institution and full-fledged merchant bank.

Food festival from June 1 at Sheraton as Emirates starts Dubai-NY flights

As Emirates launches its Dubai-New York flights on June 1, a weeklong food promotion will begin at Dhaka Sheraton Hotel on the same day.

Jointly organised by Emirates and Dhaka Sheraton, the food festival will be held at Bithika Restaurant of the hotel, says a press release.

Diners will be able to get the taste of especially prepared American cuisine during the weeklong programme.

The diners will also have a chance to win a free ticket to New York courtesy of Emirates and a host of other attractive prizes at a raffle draw to be held on the concluding day of the food festival.