

Foreign aid disbursement up 91pc in 7 months

Current account balance still under pressure

STAR BUSINESS REPORT

Although current account balance remains under pressure due to import surge, foreign aid disbursement increased by 91 percent in seven months of the current financial year.

During July-January period of the 2004-05 fiscal year, aid disbursement amounted to US\$746 million, which was \$392 million during the same period of last fiscal.

Foreign direct investment (FDI) registered a slight increase by 6.2 percent during the period, according to sources. FDI inflow amounted to

\$239 million during the period, which was \$225 million in the corresponding period of FY2003-04.

Current account balance recorded a deficit of \$134 million in the seven months against a surplus of \$581 million during the same period of last fiscal.

World Bank's \$200 million fund for the development support credit in August, increase in flood-related aid and slightly expediting the pace of project implementation are the main reasons for raising the disbursement during July-December period of 2004-05 fiscal, Economic Relations Division (ERD) sources said.

Project aid expenditure of the allocation was 33.5 percent in the first seven months of the current financial year, which was around 14 percent during the same period of last fiscal, planning ministry sources added.

Current account balance remains under pressure as import surged by more than 21 percent during July-January period of this fiscal but export saw a 10.74 percent growth in the first seven months of this fiscal.

Import of food grains including rice and wheat went up sharply in the recent months while capital machinery and scrap vessels import

rose heavily in the first half of the current fiscal year.

Trade deficit shot up by 68 percent in the first seven months of this fiscal amounting to \$1572 million, which was \$934 million during the same period of the last fiscal.

Now current foreign exchange reserves remain under pressure. After making an import bill payment to Asian Clearing Union, foreign exchange reserves yesterday stood at \$2.44 billion, which went down below three billion mark after August 2004.

Export Dev Fund interest rate re-fixed

STAR BUSINESS REPORT

Bangladesh Bank has decided to re-fix the interest rate on borrowing from the Export Development Fund (EDF).

Now, 1 percent interest will be added to the day's rate of London Inter-Bank Offered Rate (Libor) at the time of loan disbursement, a BB circular said yesterday.

Earlier, 1 percent interest was added to the six-month average rate of Libor.

Bangladesh Bank gives loan from EDF to exporters to pay their raw material imports.

New head of Ericsson South East Asia



Jan Signell, head of sales of Ericsson's Business Unit Access Radio Networks, has been appointed new chief of Ericsson South East Asia with effective from June 1.

Signell was country manager of Ericsson Taiwan between 1999 and 2004 and head of Key Account DiGi in Malaysia between 1995 and 1999, says a press release.

Signell will take the role of Ericsson South East Asia President Kristian Tear, who will assume a new position within Ericsson.

Ongoing reforms to continue despite 'hostile' politics

Saiful tells WB, IMF, USAID high-ups

UNB, Dhaka

Bangladesh reaffirmed commitment to continue ongoing reforms even in the face of "hostile" politics to get enhanced external resources for accelerating economic growth towards poverty alleviation.

Finance and Planning Minister M Saifur Rahman renewed the commitment before the top-notches of World Bank (WB), International Monetary Fund (IMF) and the United States Agency for International Development (USAID) in Washington on Monday, according to a message received here yesterday.

In response, they also assured Bangladesh of their continued support in its effort to reduce poverty through implementation of the Poverty Reduction Strategy Paper (PRSP) as well as achieve the Millennium Development Goals (MDGs).

Their assurances came at separate meetings between the minister and WB President-designate Dr Paul Wolfowitz and Managing Director Shengman Zhang in the US capital.

"The WB president-designate encouraged the government of Bangladesh to continue with its reform process and looked forward to working with the Bangladesh economic team..." according to the message.

IMF managing director Rodrigo de Rato also assured the minister of their continued engagement with

Bangladesh as they held a separate consultation.

At another meeting, USAID Administrator Andrew Natsios assured the minister of assisting Bangladesh in improving anti-money laundering measures and functioning of the Securities and Exchange Commission (SEC), the stock-market regulator.

They also agreed to continue dialogue on supporting Bangladesh for its inclusion in the Millennium Challenge Account (MCA) as one of its assistance-recipient countries.

Saifur Rahman apprised the high-ups of the donor agencies of the country's macroeconomic stability and social and economic achievements during the last three and a half years, saying that the reforms in the social sector and fiscal consolidation were progressing.

Despite reduction in the external assistance, the foreign-exchange reserve has increased to over \$3 billion through efficient economic management, better export performance, and adjustment to a floating exchange rate, he said.

"The government is striving to attain all of the MDGs in time," he said, adding that food production in the country has almost tripled in three decades while the country has already graduated from low human development to medium human-development category.

The minister assured the WB president-designate that the government would remain committed to

reform even in the face of "hostile" political programmes of some political parties.

He spoke about the "successful implementation" of Interim-PRSP over the last two years and finalisation of the fully-flown PRSP by the year-end, seeking increased International Development Assistance (IDA) support for implementing the PRSP programmes and toward achieving the MDGs.

He also expected that the proposed Poverty Reduction Support Credit would be approved soon.

At the meeting with the IMF managing director, Saifur assured him of continuing the ongoing reforms in all sectors, including the banking sector, and gradual privatisation of the three nationalised commercial banks. "The government has already decided to sell Rupali Bank," he said.

The minister renewed government's commitment to follow the process involved in releasing the next tranches of the total US\$490 million PRGF (Poverty Reduction Growth Facility) loans as the government was implementing the PRGF programmes.

Bangladesh Ambassador to USA Shamsheer M Chowdhury, WB Alternate Executive Director Dr Akbar Ali Khan, Economic Minister in the Bangladesh Embassy Abul Kalam Azad and Commercial Counsellor Fakhru Ahsan were present at the meetings.

SEPARATE SME DEPT SEDF, City Bank sign LoU

SouthAsia Enterprise Development Facility (SEDF), a multi-donor funded operation managed by International Finance Corporation (IFC), has signed a Letter of Understanding (LoU) with The City Bank Limited in Dhaka, says a press release.

Under the LoU, SEDF will offer technical assistance to City Bank to create a separate SME department in the bank. This technical assistance programme is one of the first of its kinds in Bangladesh.

The signing ceremony was attended by Abbas Uddin Ahmed, managing director of City Bank, and Gilles Galludec, program manager Access to finance of SEDF, on Tuesday.

Mecca Cola soft drink to hit market in December

Company's portion of profits to go to Palestinians

STAR BUSINESS REPORT

A France-based soft drink brand, Mecca Cola, plans to hit Bangladesh in December, eyeing 10 percent market share within one year.

Officials also announced yesterday the company's 20 percent profits will go to charities operating in Palestinian territories and European NGOs promoting peace around the world.

HRC Beverage Limited is the exclusive bottler of Mecca Cola Beverage in Bangladesh.

HRC Beverage, which will cover the markets of Bangladesh, Myanmar and Sri Lanka, will also set up a Tk 1 billion plant at Savar.

Taufik Mathlouthi, chairman of Mecca Cola who is currently visiting Dhaka, told a press conference 10 percent of the profits will go to the charities and 10 percent to the NGOs.

Cashing in on anti-American sentiment, Mathlouthi hoped Muslims everywhere in the world will accept Mecca Cola and boycott American brand soft drinks.

"We may grab 30 to 40 percent Bangladesh market of total 300 million litres by the next five years despite huge competition," Mathlouthi said.

The chairman however insisted the company's anti-American slogan is not affiliated with any religion or ethnic group. It is not also involved in politics, he added.

Demand for Mecca Cola, which bears the slogan "No more drinking stupid, drink with commitment", is already soaring in Muslim countries as well as European and Scandinavian countries.

When asked how the company will ensure that the money will not get channelled into terrorist activities, Mathlouthi said the aid will not be in the form of cash.

"We give clothes and goods, or pay the costs of the construction of schools there," he said.

"We give money only through Unicef," he added.

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CDF to get Tk 1cr credit from NCC Bank

National Credit and Commerce (NCC) Bank Ltd will offer Tk 1 crore credit facility to Credit & Development Forum (CDF) to help undertake resource linkage micro credit programmes.

An agreement to this effect was signed recently between the two organisations, says a press release.

Kazi Md Shafiqur Rahman, additional managing director of NCC Bank, and Abdul Mannan, executive director of CDF, signed the deal on behalf of their companies.

Phoenix Ins declares 25pc stock dividend

Phoenix Insurance Company Ltd has declared a 25 percent stock dividend for its shareholders for the year 2004.

The declaration came at the company's 19th annual general meeting held on Monday in Dhaka, says a press release.

Chairman Deen Mohammad presided over the AGM, which was also attended by other senior officials and a number of shareholders of the company.



PHOTO: PHOENIX INSURANCE CO
Chairman of Phoenix Insurance Company Ltd Deen Mohammad speaks at the company's 19th annual general meeting on Monday in Dhaka. Other senior officials are also seen in the picture. At the AGM, the company declared a 25 percent stock dividend for the year 2004.