

Foreign aid disbursement up by 83pc in 9 months

STAR BUSINESS REPORT

Disbursement of total foreign aid rose by 83 percent in the first nine months of the current financial year.

According to the latest statistics of the Economic Relation Division (ERD) under the finance ministry, disbursement of foreign aid during the July-March period of the current financial year amounted to \$998 million, which was \$546 million during the same period of last fiscal year.

Elaborating the reasons for increasing foreign aid, the ERD

officials said the government received around \$200 million from the World Bank as development support credit.

"Improving aid utilisation apart, some flood-related loans were also disbursed during the period," an official explained.

Besides, disbursement of net foreign aid also shot up by 151 percent during the July-March period of the current fiscal year.

Net foreign aid disbursement amounted to \$669 million during the first nine months of the current financial year, which was only \$267

million during the same period of last fiscal year.

According to ERD, disbursement of foreign loan and grant hit a record low of \$1.03 billion in the 2003-04 financial year.

The amount was the lowest in two decades and a half, the ERD mentioned in a report.

Of the total amount of \$1.03 billion, around \$695 million or 67 percent was available in the form of loan and the remaining \$338 million or 33 percent in grant.

Rigid conditionalities from lenders and donors along with the insti-

tutional limitations of the government agencies in implementing foreign-aided projects are largely responsible for a poor performance in aid disbursement.

Meanwhile, foreign direct investment (FDI) rose by 6.6 percent in the first nine months of the current financial year.

During the July-March period of the 2004-05 financial year, FDI amounted to US\$ 308 million, which was \$289 million during the same period of previous year. Total FDI inflow in the 2003-04 financial year was \$385 million.

Bangladesh elected ICD vice-chairman

BSS, Dhaka

Bangladesh has been elected vice-chairman of the Islamic Cooperation for the Development (ICD) of the private sector, a sister organisation of the Islamic Development Bank (IDB), for a three-year term.

The election was held during the annual meeting of the IDB board of governors at Putrajaya in Malaysia, a foreign ministry press release said here yesterday.

In the meeting, Bangladesh candidate, Secretary of the External Resources Division (ERD) Mohammad Ismail Zabillullah, was also elected executive director of the IDB from South Asia region for a three-year term starting from January 2006.

Bangladesh delegation led by Finance and Planning Minister M Saifur Rahman attended the meeting, which ended on Thursday.

During the visit, the delegation also signed two loan agreements with IDB to finance two projects involving US\$ 13.22 million. The projects are Sylhet feeder roads upgrading project (Phase-V) of US\$ 10.21 million and the health and population project of US\$ 3.01 million.

Saifur Rahman and IDB President Dr Ahmed Mohammad Ali signed the agreements on behalf of their sides.

The minister is expected to return home today.

Butterfly Communications distributor of CityCell products

Butterfly Communications Ltd, a sister concern of Butterfly Marketing Ltd, will distribute CityCell products throughout the country through its distribution channel.

A dealership agreement to this effect was signed between Butterfly Communications and CityCell, a concern of Pacific Bangladesh Telecom Ltd, recently in Dhaka, says a press release.

Intekhab Mahmud, senior vice president (Sales & Marketing) of CityCell, and Mustafizur Rahman Shazid, managing director of Butterfly Communications, signed the deal on behalf of their companies.

IT worker had no access to 'sensitive' British bank data

Says Indian firm

AFP, New Delhi

Indian call centre Infinity eSearch said Friday that a man at the centre of a British banking data theft scandal was a junior employee who had no access to "sensitive" documents.

Britain's top-selling tabloid The Sun said its journalist had paid a computer expert in New Delhi 5,000 dollars to obtain account numbers, bank card details, secret passwords and other personal details of 1,000 British bank customers.

"Karan Bahree has been working with us as a junior content writer for three months. He had no access whatsoever to sensitive or confidential data," said Deepak Masih, company lawyer for Infinity eSearch.

"We learnt about this data theft in the newspapers this morning like everyone else. We have not contacted the police because we are not the complainants. No one has contacted us... we are not hiding and we have nothing to hide," he added.

Masih, however, declined to give the whereabouts of the 24-year-old IT worker.

"Bahree has not come into office today. That does not mean that we are obliged to give out his contact details to every journalist who calls," said Masih.

The Indian call centre worker had allegedly told The Sun he had obtained the information from a network of contacts inside call centres used by British banks, which have mushroomed in India over recent years.

According to the report, the man formerly trained call centre staff and said he was also able to get information on US banking clients.

Information he allegedly sold included details from credit and debit cards such as expiry dates and security numbers, which could be fraudulently used to make purchases.

Saifur calls for boosting trade among OIC states

UNB, Dhaka

Finance and Planning Minister M Saifur Rahman has called for increasing intra-trade among the OIC (Organisation of Islamic Conference) countries to boost economic growth and mitigate the adverse impact of globalisation.

"The benefits of globalisation are not alike due to uneven capacity of the member countries... Our joint action and cooperation could help us meet the challenges of increasing the level of intra-trade and boost the growth of our economy," he told the 30th meeting of the Board of Governors of IDB in Malaysia.

IDB Chairman Dr Ahmed Mohammad Ali presided over the meeting held at Putrajaya in Malaysia.

Saifur, also a director of the 56-member Islamic Development Bank (IDB), expressed his satisfaction that the IDB allocated about US\$ 4.9 billion during 1425 Hijri which was

an increase of about 28 percent over the previous year's figure.

He also noted with satisfaction that about 60 percent of IDB funds was allocated for the least developed member countries (LDMC) during 1425 Hijri, "which indicates that resources are being directed towards the right track."

He said the LDMCs need resources to fight poverty, malnutrition and food insecurity.

On sectoral allocation, the finance minister said agriculture and agro-industry received only seven percent and social sector (education and health) received only 17 percent of IDB financing in 1425H.

These two sectors, being vital instrument for development in most member countries, deserve closer attention, he pointed out.

Saifur said IDB could further make efforts to materialise the existing strategies and develop appropriate policy framework towards enhancing intra-trade

among member states.

About the Islamic Corporation for Development (ICD), Saifur said ICD, established in 1999, made a significant increase in allocating resources of US\$ 105.13 million in 1425H against US\$ 46.53 million in 1424H.

However, he suggested that ICD activities should be expanded for covering more member countries where there are potentials, instead of benefiting only a few member states.

The finance minister said IDB should look into consolidation and integration of funds and schemes to avoid duplication of works and allocation of resources.

On human resources development, he appreciated IDB's initiatives in injecting additional resources from its net income for expansion of the IDB Merit Scholarship programme.

Uttara Bank okays 50pc cash dividend

Uttara Bank Ltd has declared a 50 percent cash dividend for its shareholders for the year 2004.

The dividend was approved at the 22nd annual general meeting (AGM) of the bank Thursday in Dhaka, says a press release.

Chairman of the Board of Directors of the bank Azharul Islam presided over the AGM, which was attended by other senior officials.

ACI Ltd declares 42.5pc dividend

ACI (Advanced Chemical Industries) Limited has declared a 42.5 percent dividend for its shareholders.

The dividend was okayed at the 32nd annual general meeting (AGM) of the company in Dhaka on Wednesday.

M Anis Ud Dowla, chairman of the company, presided over the AGM, says a press release.

India set to expand trade ties through FTA, RTA

PALLAB BHATTACHARYA, New Delhi

After the landmark trade deal with Singapore, India on Thursday decided to expand trade ties with other countries through free trade agreements (FTAs), regional trade accords (RTAs) and bilateral comprehensive economic cooperation agreements to liberalise trade and investment.

The Trade and Economic Relations Committee headed by Prime Minister Manmohan Singh took the decision at its meeting to set guidelines for future trade negotiations.

The committee will co-ordinate preparatory work on the strategy of economic relations with India's major trade partners, neighbours and regional economic groupings.

Commerce and Industry Minister Kamal Nath, who attended the

meeting, told reporters that various trade agreements, which are proposed or under discussion, were reviewed at the meeting, which also set guidelines for future trade agreements.

This assumes significance in the light of a section of Indian industry voicing concerns over the effects of India's FTA with Thailand and Sri Lanka.

At the previous meeting of the committee held a fortnight back, the prime minister said India's economic interaction with the world is still relatively limited and this must increase.

Nath made a presentation to the committee on the current status and future roadmap for a host of FTAs and RTAs, which he said will increasingly govern international trade in future regardless of liberalisation of trade through nego-

tiations under the aegis of WTO.

As much as 60 percent of world trade could be conducted through mechanisms like FTA and RTA which would function as building blocks.

India now has FTA with Thailand and Sri Lanka and is negotiating such agreements with Bangladesh, Asean, Latin American trade block Mercosur, South Africa and Brazil.

Last week, Indian cabinet cleared the country's first Comprehensive Economic Co-operation Partnership Agreement with Singapore on trade of goods and services, investment protection and avoidance of double taxation.

Under the CECA, Singapore will offer zero duty to all imports from India. For its part, India will reduce tariffs on imports of 506 items from Singapore by 80 percent, lowering it to zero over five years.



PHOTO: ISLAMI BANK

Islami Bank Bangladesh Ltd has awarded work orders for wide area network connectivity, data centre and DRS of the bank to Alap Communication Ltd, Tech Valley Computers Ltd and MetroNet Bangladesh Ltd respectively. Md Velayet Hussain, executive president (Current Charge) of the bank, handed over the work orders to the vendor officials at a function in Dhaka Wednesday.

Bush urges Congress to approve CAFTA

REUTERS, Washington

President George W Bush formally asked Congress Thursday to approve a controversial free trade agreement with Central America, setting the stage for a bruising fight with Democrats -- and some fellow Republicans -- over the future of US trade policy.

"The agreement is in our national interest, and I urge the Congress to approve it expeditiously," Bush said in a letter to Congress sent along with implementing legislation for the US-Central American Free Trade Agreement, or CAFTA.

Under the 2002 trade act, law-

makers now have 90 legislative days to decide whether to reject or approve the agreement without making any changes. Congress could begin consideration of the pact as early as next week.

CAFTA faces much stronger opposition from Democrats -- and from Republicans with ties to the sugar and textile industry -- than recent trade pacts with Australia, Singapore, Chile and Morocco that won easy approval.

In a show of bipartisan support for CAFTA outside of Congress, Cabinet officials from several previous administrations -- including that of former Democratic President Bill Clinton --

joined Bush at an event to push for approval of the pact with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic.

"These folks (who) worked at the White House know exactly what I'm talking about. That's why they're standing up here, saying with common voice to the United States Congress, 'Let's get this bill passed,'" Bush said.

"It is time to set aside political differences and focus on this very important trade agreement for the good of our country," Bush said.

Bid for Unocal signals growing role for China

AFP, Washington,

The bid by China National Offshore Oil Corporation (CNOOC) for US-based Unocal highlights a more active role toward US investment and a new step for China on the global economic stage, analysts say.

The "friendly" 18.5 billion-dollar cash bid from the state-controlled energy group, aimed at topping a rival offer by Chevron

Corp., would be the biggest investment move in the United States by a Chinese firm.

It comes following Chinese computer firm Lenovo's completion of its deal for IBM's personal computer division, and days after another Chinese firm, Haier entered the bidding to take over US appliance giant Maytag Corp.

"China is moving from a passive accumulator of dollars to active deployment through invest-

ment," said David Kotok, economist at Cumberland Advisors.

"The previously announced Maytag acquisition and now this bid for Unocal are the beginning of a global trend. Dollars are going to get recycled."

Kotok added that the move into more direct investment may mean less in US Treasury bonds, adding, "There goes the continued support for US interest rates from the passive strategy."

British Airways increases fuel surcharge

AFP, London,

British Airways announced Friday it would increase the surcharge on its flights to offset surging fuel costs after oil prices reached an historic high of 60 dollars per barrel in New York the previous day.

"The continuing rise in global oil prices to almost 60 dollars a barrel means a further surcharge increase is regrettably unavoidable," BA commercial director Martin George said in an official statement.

BA's fuel bill for the financial year to March 2006 would be about 1.6 billion pounds (2.4 billion euros, 2.9 billion dollars) -- more than 450 million pounds higher than the

previous year.

"This additional fuel surcharge will help to offset the recent sharp increases in the price of fuel," George added.

Meanwhile, BA raised its total revenue guidance for the current year to an improvement of 4.5-5.5 percent, up from 4.0-5.0 percent previously, due to the impact of the latest fuel surcharges.

The surcharge on long-haul flights would rise to 24 pounds (36 euros) from 16 pounds per one-way flight, while on short-haul flights it would rise to 8 pounds from 6 pounds.

That would equal 48 pounds for a long-haul return trip and 16 pounds

for short-haul return.

The increase, effective from June 27, would not apply to tickets already issued.

It was the fourth time that British Airways has increased the so-called "fuel tax" to offset the effects of rising oil prices.

BA imposed the surcharge for the first time in May 2004 and has since increased it in August and October 2004 and in March this year.

World oil prices reached 60 dollars a barrel for the first time Thursday as speculators took advantage of fears about energy shortages later this year to test new highs.

Canada, US, Mexico to declare new security, trade measures

AFP, Ottawa

Trade and security ministers from Canada, the United States and Mexico will meet here Monday and announce new unspecified measures to bolster cooperation against terrorism and other threats while improving trade, according to senior government officials.

The meeting between Canadian Deputy Prime Minister Anne McLellan and Industry Minister David Emerson

and their US and Mexican counterparts, Secretary Michael Chertoff, Secretary Carlos Gutierrez, Secretary Fernando Canales and Secretary Carlos Abascal, comes three months after the heads of each country agreed to closer ties when they met in Waco, Texas.

Officials said the partners have discussed North American competitiveness, ways to avoid duplication, concerns about intellectual property and a further reduction of tariffs and

duties.

"Over the last 90 days, in a number of areas, work has advanced sufficiently that ministers can (now make announcements)," a senior official said.

The countries have been bound in the North American Free Trade Agreement (NAFTA) since 1994, but disputes over trade and immigration still linger.

New security measures will be announced too, officials said.



PHOTO: MARZAN IMPEX

Matevz Bambic, director and advisor to the president of Droga Kolinska, hands over prize to a retailer of Droga food items on behalf of Marzan Impex in Dhaka Wednesday. Marzan Impex is the local importer and marketer of Droga, a leading food manufacturing and processing company of Slovenia.



Md Abdur Rob took over as the managing director of National Housing Finance And Investments Ltd with effect from June 20.

Abdur Rob started his banking career as an officer of State Bank of Pakistan in 1970, says a press release. He was the deputy managing director of Premier Bank Ltd for four years since its inception.

Britain's Tesco sales rise 15pc

AFP, London,

Tesco, Britain's biggest supermarket chain, said on Friday that sales increased by 14.6 percent during the first quarter of its fiscal year despite a tougher trading environment amidst high oil prices.

Tesco -- whose tills ring up one pound in every eight spent by shoppers in Britain -- said that sales in its home market rose 11.3 percent over the 12 weeks to May 21.