

## Governance, infrastructure may figure during PM's Tokyo visit

### Japanese envoy says

#### STAR BUSINESS REPORT

Poor governance and infrastructure are undermining Bangladesh's development efforts and possible ways to address the problems may be discussed during Bangladesh prime minister's upcoming visit to Tokyo, the Japanese ambassador said yesterday.

Japan will also look to expand trade and investment, in particular, to enhance FDI inflow into Bangladesh, Matsushiro Horiguchi told a seminar in Dhaka.

Bangladesh Japan Friendship Association (BJFA) organised the seminar titled 'Bangladesh-Japan

Bilateral Relation Development'. Water Resources Minister Hafiz Uddin Ahmad spoke at the seminar as chief guest.

Japan looks forward to working for gradual elimination of concrete barriers to trade and investment, in cooperation with the private sectors of both Japan and Bangladesh and other development partners, Horiguchi said.

"Japan is currently formulating a new country assistance programme to assist Bangladesh in its development. Under the new programme, Japan will help Bangladesh achieve greater development and economic growth," he added.

The ambassador said Japan has become the world's number two economic power accounting for approximately 20 percent of the UN's regular budget and the peace-keeping operation budget respectively.

Minister Hafiz Uddin Ahmad said trade imbalance between Japan and Bangladesh is lessening.

Akio Arai, resident representative of Japan International Cooperation Agency (Jica) in Dhaka, said Jica wants to extend assistance for capacity building of individual institution.

Sotaro Nishikawa, representative of Japan External Trade Organisation, said investment

climate here in 2004 was better than that of the previous year.

Investment cost also became cheaper in 2004 than the previous year, he said adding that a total of 57 Japanese companies are operating in Bangladesh and the country should address some crucial issues that are hindering more investment from Japan.

Kiyoshi Amada, chief of Representative Office in Dhaka of Japan Bank for International Cooperation, Amirul Islam Khan Bulul, chairman of BJFA, and Muhammad Zamir, former secretary and ambassador, also spoke at the seminar.

## Dollar price hits record high

#### STAR BUSINESS REPORT

The price of US dollar rose to all time high Tk 64 in the inter-bank foreign exchange market yesterday.

The nationalised commercial banks (NCBs) have increased customer rate of dollar by Tk 0.65 on an average, which will increase the income of remitters and exporters. But the cost of imported goods will also mark a rise.

Bank officials apprehend the prices of the essentials, which are already high, may soar more due to dollar price hike.

The Bangladesh Bank (BB) has asked the inter-bank foreign exchange market to keep the dollar rate within Tk 63.7 in a verbal instruction a few months ago.

But relaxation of that instruction has recently resulted in dollar price hike in the last few days and it rose to an all-time-high rate yesterday.

In the privately run commercial banks, the dollar rate in import ranged from Tk 65.5 to 65.7 over the last few days. The rate rose to the highest at Tk 65.8 yesterday.

The NCBs yesterday adjusted the price increasing it by Tk 0.65 in import, pushing the selling price to Tk 65.55.

In export the rate has been fixed at Tk 63.51 and in remittance it has been fixed at Tk 63.55 by adjusting in the same rate by Tk 0.65.

Though share of the private banks in export, import and remittance market has recently increased, the major portion is still controlled by the NCBs.

Economists express the hope that such small depreciation of taka will have positive impact on the country's economy.

The central bank on its part to reduce the import pressure and keep the foreign exchange reserve at a certain level is releasing dollar in the market cautiously.

Yesterday's reserve of foreign exchange was \$3074.17 million. However, the BB will have to pay an import bill of \$350 million to Asian Clearing Union (ACU) next week.

## Dhaka seeks market access for LDCs

#### UNB, Dhaka

Bangladesh has called for quota-free and duty-free access of all products from all the least developed countries (LDCs), including Bangladesh, in the global market.

Bangladesh permanent representative to the United Nations Dr Ifekhar Ahmed Chowdhury made the call while speaking last week at the high level segment of the Economic and Social Council (ECOSOC) currently being held at the UN in New York, according to a message received yesterday.

Ambassador Chowdhury described trade as a key vehicle for development and urged the establishment of an "open, rule-based, equitable international trade regime with appropriate preferential treatment for developing countries".

He also reiterated the need for the cancellation of all debts of all LDCs.

Speaking of the UN reforms that will be discussed at the summit in New York in September, Ambassador Chowdhury said: "To ensure full realisation of the internationally agreed development goals, development must be brought to the centre-stage of the UN."

## Executive Motors introduces BMW 3 series car

#### STAR BUSINESS REPORT

Executive Motors Limited, the sole distributor of BMW in Bangladesh, formally introduced a new car of BMW 3 series yesterday in Dhaka.

The new model, BMW e-90, will give 'sheer driving pleasure' to customers, Tayabul Bahar, general manager of Executive Motors, told the launching ceremony.

The price of a BMW e-90 starts at Tk 52 lakh, he said adding that the new 2000 CC 3 series car has been improved with an array of options.

"Modern technology, safety, reliability and after sales service have made BMW the market leader in Bangladesh in the premier car segment," he said.

A BMW e-90 has a powerful six-cylinder engine, extended bonnet, long wheel-base and low-lying seating position at the back with 460 liters of luggage compartment capacity, officials said.

Starting its operations in Bangladesh in mid 2002, Executive Motors Limited has so far sold 177 BMW cars, they added.



PHOTO: STAR

Chittagong Mayor ABM Mohiuddin Chowdhury takes a closer look at a pharmaceutical product after the inauguration of Tk 5 crore City Corporation Pharmaceuticals in the port city yesterday.

## Black money frustrates honest businesses: AmCham chief

#### STAR BUSINESS REPORT

The American Chamber of Commerce in Bangladesh yesterday said the black money holders are forcing genuine entrepreneurs and industrialists out of business.

"The underworld of black money plays a significant role in the country's economy, depriving the government of huge revenue and making business difficult for honest people," observed AmCham President Aftab ul Islam at the chamber's monthly luncheon meeting at Dhaka Sheraton Hotel Wednesday.

It is not that businessmen alone possess the black money, Aftab said, dishonest government officials and employees also have their share of it. For instance, "hundreds of customs officers, land registration and estate officials, meter readers and police inspectors in the country have equitable shares of the invisible money," he remarked.

Prime Minister's Principal Secretary Dr Kamal Uddin Siddiqui, as the guest of honour, spoke on 'the Role of Civil Servants in Promoting Economic and Social Development' at the meeting.

Admitting that the Public Service Commission (PSC) does suffer from some inherited and accumulated problems, Siddiqui said politicisation of the PSC must

stop.

He, however, was of the opinion that the PSC is now doing much better than five years ago, adding politicisation has come down a little, though not fully.

He said, "The Public Administration Training Centre was also in a mess and situation there has also improved."

In the meeting, Aftab ul Islam also maintained that deep-rooted and bitter rivalry between the main political parties degrades democratic values and institutions, particularly the parliament. He said, "We want to see the major political parties abandon confrontational politics and reach a consensus on the critical national issues."

Rent-seeking, dodging customs duty and taxes, systems loss in electricity, gas and petroleum products, deliberately non-performing loans, corruption in public procurement and bribery are estimated to cost the country about three percent of the GDP a year, said the AmCham chief.

The bribes that people pay to corrupt officials and employees of 25 service-sector institutions account for roughly two percent of the GDP, he added.

Going into details, Islam said power outage in Bangladesh costs about one billion US dollars a year and reduce the GDP growth by

about 0.5 percent. Enterprises here experience power outage and surge on about 250 days a year. So, about 72 percent of the enterprises rely on own power generators, which cost them more than Tk 6 per kilowatt-hour, "which is nearly 50 percent more than the price of electricity bought from the national grid," he explained.

According to the AmCham president, the GDP would increase by about two percent if the demand for an additional 1,000 MW power is met.

The Chittagong Port provides another example of how poor governance is undermining the country's growth, he said, where corruption and lack of discipline slow down cargo movement and allow extortion by port workers and customs staff.

"Bangladesh could earn about 30 percent more from exports if its port inefficiencies were removed," said the business magnate.

"It is no secret that Bangladesh is now going through an interesting and challenging time," said Chargé d'Affaires of US Embassy in Dhaka Judith A Chammas, adding it is essential for the country that people's political rights are defended and exercised.

#### AFP, London

Global financial markets were badly shaken on Thursday after terrorists carried out deadly explosions in London, closing much of the capital's transport system.

Meanwhile in Frankfurt the president of the European Central Bank, Jean-Claude Trichet, reassured that financial markets in Europe were functioning.

He declared that there was no need for special action by the ECB or the Bank of England but that they stood ready to intervene if necessary.

World stock markets plunged while sterling slid as London's transport network was hit by six fatal blasts that also sent oil prices plummeting from the day's record peaks.

Meanwhile volatile oil prices pressured the US dollar.

"The rapidly deteriorating news flow on the situation in London is creating the expected and justifiable

response in markets," Callyon analyst Daragh Maher said.

London's FTSE 100 index of leading shares plunged 1.93 percent to 5,128.50 points after falling more than 3.0 percent following initial news of the explosions.

The Frankfurt DAX 30 dived 2.27 percent to 4,510.54 points and in Paris the CAC 40 dropped 2.39 percent to 4,177.47. The DJ Euro Stoxx 50 index of leading eurozone shares tumbled 2.54 percent to 3,142.25 points.

European bond yields fell reflecting a rise of prices on the bond market which took on a role as a haven for funds averse to risk.

Police reported that at least two people had been killed and scores more seriously injured in the blasts which Prime Minister Tony Blair said were the result of terrorist attacks on central London's transport system.

Meanwhile, a previously unknown Al-Qaeda-linked group -- the Organisation of Al-Qaeda Jihad

in Europe -- claimed responsibility for the attacks in a statement posted on the Internet which could not be authenticated.

Sterling fell sharply on news of the blasts, remaining under pressure after a decision from the Bank of England to keep British interest rates on hold at 4.75 percent for the 11th month in a row.

The pound stood at 1.7449 dollars at about 1245 GMT after falling to as low as 1.7404 dollars in early European trading, from 1.7532 late on Wednesday in New York.

The euro climbed to 1.1972 dollars in early afternoon European trading from 1.1930 late on Wednesday.

The European Central Bank held its ground on Thursday keeping its key rate steady at 2.0 percent for the 25th month running despite fierce political pressure for a cut to bolster the faltering eurozone economy.

The explosions came a day after the city won its bid to host the 2012

Olympic Games and as leaders from the Group of Eight rich nations met in Scotland for a key summit.

Blair left the summit early for London, leaving his peers to negotiate over poverty and climate change.

European long-term interest rates fell sharply in early afternoon trading.

By early afternoon the yield on the benchmark 10-year German Bund bond had fallen to 3.149 percent from 3.218 percent late on Wednesday. The yield on the French 10-year OAT bond fell to 3.152 percent from 3.219 percent, having reached 3.10 percent in late morning. When bond prices rise, yields fall.

The dollar meanwhile fell to 111.66 yen from 112.15 late Wednesday.

The US unit suffered as oil prices hit new record high points in morning trade.



PHOTO: STAR

Officials of Executive Motors Limited, the sole distributor of BMW brand cars in Bangladesh, pose for photographs with the newly introduced BMW 3 series cars at a launching ceremony in Dhaka yesterday.

## Qatar Airways to order Airbus, Boeing aircraft worth \$ 15.2b

Qatar Airways has decided to place orders for Airbus and Boeing aircraft worth US\$ 15.2 billion.

The airline will shortly reach an agreement with each giant aircraft manufacturers to purchase large fleets of Airbus A350 and Boeing 777 aircraft.

Qatar Airways Chief Executive Officer Akbar Al Baker made the announcement during a press conference on the first day of the Paris Air Show in the French capital recently.

The Airbus order would be worth US\$ 10.6 billion and the Boeing order US\$ 4.6 billion, says a press release.

Airbus A350 will be delivered between mid-2010 and 2015 and B777 will be delivered between 2007 and 2010 to the airline.

## Oil retreats from record \$62

#### AFP, London

World oil prices pulled back from historic high points on Thursday, after surging past 62 dollars a barrel in New York, following a series of explosions that rocked the British capital, with fatalities reported.

"This must be linked in some way to what is happening at the moment," said Barclays Capital analyst Kevin Norrish, referring to the explosions.

Brent crude dived nearly two dollars amid a series of explosions in London. Police said they believed several people had been killed, with "terrible injuries" reported, and much of the transport network closed.

Supply tensions had earlier pushed prices to new heights, also approaching 61 dollars in London, as tropical storms threatened to bear down on US

oil production facilities in the Gulf of Mexico, analysts said.

New York's main contract, light sweet crude for delivery in August, fell 81 cents to 60.47 dollars per barrel in electronic deals. Earlier the contract had hit a record 62.10 dollars -- the highest level since it was first traded in 1983.

In London, the price of Brent North Sea crude oil for delivery in August slid 1.43 dollars to 58.42 dollars, after earlier hitting a fresh high of 60.70 dollars. It breached the symbolic 60-dollar barrier for the first time late Wednesday.

Oil prices had shot up "as tropical storms in the Gulf of Mexico and the Caribbean stoked oil supply concerns", analysts at the Sudden brokerage said.

"Tropical storm Cindy came inland over the central Louisiana

coast overnight and forced the shutdown of around 3.0 percent of US Gulf production capacity, although some capacity has since been restarted.

"A second storm, tropical storm Dennis, is now gaining strength in the southern Caribbean and has since been upgraded to a hurricane."

Dennis is expected to arrive in the Gulf of Mexico over the weekend, they added.

"Disruption to Gulf output and concern that the storms will affect southern US refinery output stoked market concern about an already-stretched supply chain."

Trading could also be volatile ahead of the weekly snapshot of crude stockpiles from the US Department of Energy (DoE), pushed back from Wednesday to Thursday owing to the Independence Day holiday on July 4.