

Foreign aid dips 63pc in five months

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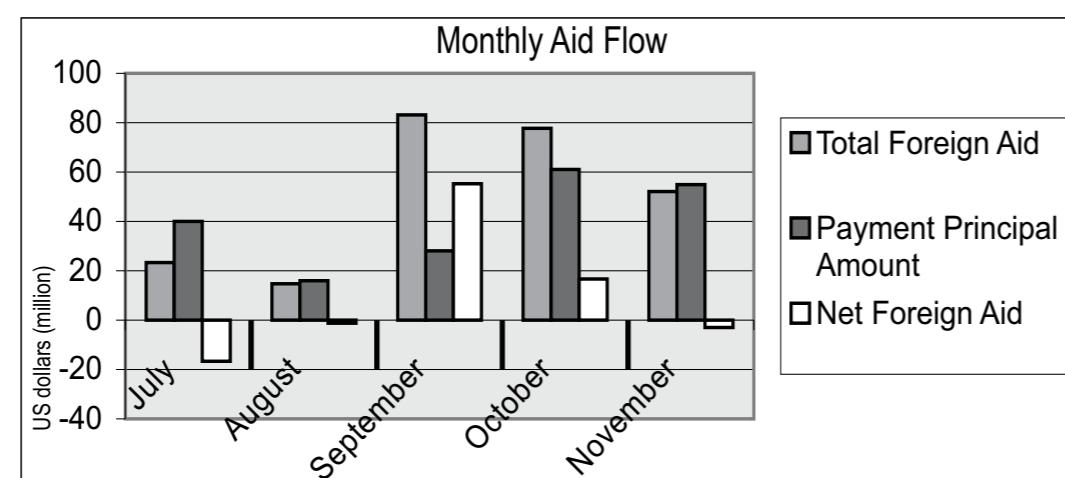
Bangladesh's foreign aid dipped 63 percent in the first five months of the current fiscal year over the corresponding period of the last fiscal year due to slow implementation of project aid.

The government received total \$251 million in foreign aid during July-November of FY06 against \$692 million in the corresponding period of the last fiscal year.

The net foreign aid during the period also dipped as the government repaid \$200 million in principal amount of the previous loans to donor agencies. The net foreign aid in the first five months of the current fiscal year stood at only \$51 million.

In the first five months of FY05, the government repaid \$185 million principal amount and the net foreign aid was \$507 million.

In three of the five months of this fiscal year, the government's payment in the principal amount was more than what it received in foreign aid. The government paid \$16.70 million principal amount in July, \$1.30 million in August and \$2.92 million in November.



Sources in the Economic Relations Division (ERD) said the project aid implementation under the Annual Development Programme was slow while the World Bank did not release \$200 million development support credit, which the government was scheduled to receive during the period.

On the other hand, the government implemented only 23 percent of the total project aid allocation during the five-month period, the

sources added.

The WB however released \$200 million in January this year and the multilateral donor agency is also expected to release \$100 million in education support credit in March.

The International Monetary Fund (IMF) has already approved around \$100 million in poverty reduction growth facility loans.

Meanwhile, the project aid implementation increased 31.5

percentage point in December, which was 8.5 percentage point more than that in July-November.

The government's bank borrowing also increased due to low inflow of foreign aid.

The government borrowed Tk 35.88 billion in the first five months of the current fiscal year from the banks while in the corresponding period of the last fiscal year the government did not borrow.

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Tourist arrivals to Nepal up by 14.6pc in Jan

XINHUA, Kathmandu

Tourist arrivals to Nepal went up by 14.6 percent in January this year as compared to the same period last year.

The growth in tourist arrivals was supplemented by an increase of 31.8 percent in Indian visitors and 6.9 percent in non-Indians, the Nepal Tourism Board (NTB) said on Thursday, citing figures released by the Ministry of Culture, Tourism and Civil Aviation.

Business in the tourism sector came mostly from Asian markets in that month. The Bangladesh market continued to show high growth from among the South Asian Association for Regional Cooperation countries with 83.4 percent growth, while huge increases were observed from other Asian segments like China and Singapore.

Regulatory body needed for microcredit activities

Says Muhammad Yunus

STAR BUSINESS REPORT

Microcredit pioneer Muhammad Yunus yesterday urged the government to enact a law and form a regulatory body to give the microcredit activities a formal shape.

"Microcredit, which is already on a sound footing in the country, now needs a regulatory framework and legal back-up," Yunus said while inaugurating a microcredit fair at Dhaka Sheraton Hotel.

Wahiduddin Mahmud, chairman of governing body of Palli Karma-Sahayak Foundation (PKSF), and Fakhrudin Ahmed, PKSF managing director, also spoke at the

inaugural ceremony of the two-day fair organised by the PKSF to mark the finale of the United Nations International Micro Credit Year (2005).

A total of 50 NGOs are showcasing their products and activities in the fair, which is open to visitors from 9am to 9pm.

Microcredit has covered half of the total poor of the country posting a remarkable achievement, Yunus said, adding: "Huge potential has been explored as the microcredit lenders and the borrowers have shaped up a unique financial system as a model for the entire world to follow."

A good few nations have vented

interest in introducing the system to their countries, Yunus said referring to Saudi Arabia, which has recently sent a government team to get training on microcredit in Grameen Bank.

He said the system, which was first introduced to help the rural poor women, is now delivering multifarious services.

He also called upon the organisers to hold such fair on regular basis.

Wahiduddin Mahmud lauded the role of the PKSF, saying the organisation has been working for the last 15 years to coordinate microcredit activities and bring discipline and transparency in the sector.

The move Thursday gives a major fillip to sagging US-South Korean ties, probably at their lowest ebb since the two countries forged a military alliance half a century ago.

KSA becomes China's largest oil provider

CEIS, Beijing

Saudi Arabia has become China's largest crude oil provider, largest trade partner and second largest export market in the regions of west Asia and Africa, Chinese Minister of Commerce Bo Xilai said here recently.

Bo made the remark at the third meeting of the China-Saudi Arabia economic and trade committee.

In 1999, when the second meeting of China-Saudi Arabia economic and trade committee was held, bilateral trade was below 2 billion US dollars. By 2005, the figure had risen to 15 billion dollars, with an annual average growth rate of 41 percent, the Chinese minister said.

In four or five years, the bilateral trade volume is expected to reach 40 billion dollars, he added.

China is willing to enhance economic cooperation with Saudi Arabia in areas of energy,

3-day auto show from March 16

A three-day automobile exhibition styled 'Dhaka International Auto Show 2006' will begin at Bangladesh-China Friendship Centre on March 16.

Conference and Exhibition Management Services Ltd (CEMS) is organising the exhibition. Standard Chartered Bank is the partner of the auto show while SouthAsia Enterprise Development Facility (SEDF), Gulf Air, Bangladesh Motor Parts and Tyre Tube Merchants Association and Bangladesh Motor Sports Club are the associate partners and ATN Bangla is the media partner, says a press release.

Leading car and motorcycle distributors and dealers along with banks, financial companies, insurance companies, lubricant companies and automotive component manufacturers and importers from home and abroad will showcase their products and services at the fair.

S Korea, US to launch free trade talks

AFP, Washington

The United States and South Korea agreed Thursday to launch talks for a major bilateral free trade agreement, which President George W. Bush said would expand America's engagement in Asia.

If clinched, the pact would be the largest US free trade accord in Asia, as South Korea is the third biggest economy in the region behind China and Japan, with which Washington has no such agreement.

It would also be the largest free trade accord in 15 years for the United States since the North American Free Trade Agreement (NAFTA) was signed, linking the world's most developed economy with neighbours Canada and Mexico.

"A free trade agreement with the Republic of Korea will provide important economic, political, and strategic benefits to both countries and build on America's engagement in Asia," Bush said.

The move Thursday gives a major fillip to sagging US-South Korean ties, probably at their lowest ebb since the two countries forged a military alliance half a century ago.

Bangladesh can use seaports to boost trade with Asean

Says ex-Filipino president Ramos

STAR BUSINESS REPORT

Former president of Philippines Fidel Valdez Ramos, who is visiting Dhaka, yesterday said Bangladesh can negotiate with Asean nations to boost its economy.

"Bangladesh can use its seaports to boost trade with Asean (Association of Southeast Asian Nations) countries and the rest of the world," Ramos, who was president from 1992 to 1999, told a luncheon programme with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka.

The former president also stressed the need for joint partnership between Bangladesh and

Philippines to achieve economic goals, including poverty alleviation.

Ramos also lauded the parliamentary democracy in Bangladesh.

Replies to a question he said Bangladesh has a great potential to earn much by exporting medicines.

Presided over by FBCCI President Mir Nasir Hossain, the meeting was attended, among other, by FBCCI First Vice-president Mohammad Ali, Vice-president Dewan Sultan Ahmed, Director Abdul Wahed, Bangladesh Textile Mills Association Chairman MA Awal and Bangladesh Knitwear Manufacturers and Exporters Association President M Fazlul Hoque.

Mir Nasir Hossain said a joint co-operation agreement between the Philippines Chamber of Commerce and Industry and FBCCI was signed in 1989. But the two chambers now need to reactivate the activities, he added.

"The business community of Bangladesh is eager to increase co-operation in trade and investment with its counterpart in Philippines," said Nasir.

Now, the trade volume between Bangladesh and Philippines is nearly \$24 million that is in favour of Philippines as Bangladesh exported items worth \$6.05 million and imported goods worth \$17.20 million in 2004-05 fiscal year.



Commerce Minister Altaf Hossain Choudhury takes a closer look at an apparel after inaugurating the three-day 'Chittagong Apparel, Fabric and Accessories Exposition (Cafaxpo)-2006' at CJKS Gymnasium in the port city yesterday. Commerce Ministry Adviser Barkat Ullah Bulu and European Union Ambassador Stefan Frowein, among others, are seen.

S'pore plans to set up economic zone in India

PTI, Singapore

Singapore is considering setting up a Special Economic Zone (SEZ) in India to help in augmenting FDI from the city state as the two countries on Wednesday agreed to work towards an Asian Economic Community, implement on time Comprehensive Economic Cooperation Agreement and explore the untapped potential for cooperation in science and technology.

The Chinese side will make concerted efforts with the members of the Gulf Cooperation Council including Saudi Arabia to push for the signing of a bilateral free-trade agreement as early as possible, he said.

The two countries should enhance coordination and cooperation under the framework of the World Trade Organization, he said, expressing the hope that Saudi Arabia will streamline visas issuance for Chinese business people and workers.

Saudi Arabia thanks China for supporting its entry to the World Trade Organization, said Minister of Finance Ibrahim Bin Abdel Aziz Al-Assaf of Saudi Arabia.

He expressed his wish that the two countries would enhance cooperation in energy, medical services, education and training as well as finance.

The SEZ issue had come up during Goh's meeting with Prime Minister Manmohan Singh in New Delhi last month and the subject once again came up during Wednesday's meeting where the senior Singapore minister outlined the city state's plan in this regard.

Kalam held substantive talks with Singapore President SR Nathan, Prime Minister Lee Hsien Loong and Goh after a ceremonial reception at the Presidential Palace on the first day of his three-day visit.

The Comprehensive Economic Cooperation Agreement (CECA), signed six months ago, was a "landmark" deal and lays the foundation for further development of bilateral trade, Sikri said.

Given the importance of timeline for implementation of CECA, it was agreed that the two countries stick to the deadline of one year which is August this year, the Secretary said.

Reflecting the seriousness of India and Singapore in operationalising the CECA, Commerce and Industry Minister Kamal Nath will visit this country next month to review the progress in steps taken to realise the deal, according to Sikri.

He said efforts were on to work out the remaining modalities, including setting up of branches of India and Singapore banks in each other's country, to implement the agreement.

China economy likely to slow slightly in '06

AFP, Beijing

China's economic growth is likely to slow slightly as investment and exports lower their current break-neck speed, state media reported Friday.

Overall economic growth in 2006 is expected to reach between 8.5 and nine percent, the Beijing Youth Daily said, citing a report from the National Development and Reform Commission.

This is down from a 9.9 percent expansion in 2005, reported late last month by the Chinese authori-

ties. Fixed-asset investment is forecast to grow by about 20 percent, down from 25.7 percent last year, amid government efforts to curb excessive spending on new capacity, the paper said.

Exports are likely to expand by about 15 percent, down by nearly half from 28.4 percent in 2005, according to the paper.

Private consumer spending is the only driver of economic activity not seen slowing significantly in 2006, with growth targeted at 12.5 percent, compared with 12.9 percent last year.