Star BUSINESS

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REDUCTION IN REVENUE, FOREIGN AID

Govt's domestic borrowing up 130pc in seven months

STAR BUSINESS REPORT

The government's domestic borrowing increased by 130 percent during the first seven months of the current fiscal year due to reduction in revenue and foreign aid.

However, the amount of domestic borrowing will be reduced at the year-end as some donors have already assured the government of increasing their assistance, financer ministry sources said.

During the July-January period of the current fiscal year, the government's domestic borrowing stood at Tk7720crore. Domestic borrowing was Tk3343crore during same time of the previous year.

Of the total domestic borrowing, government borrowing from banking system increased by 208 percent to Tk5503crore, which was Tk1784crore during the same time of the corresponding year.

On the other hand, non-bank borrowing especially through savings instruments increased by 42 percent to Tk2216crore in the first seven months of the current fiscal. Borrowing from the same system was Tk1558crore during the corresponding period of last year.

Foreign aid dropped by 69 percent in the seven months of the fiscal 2006-07, contributing to a huge surge in domestic borrowing. The government received only Tk1003crore in foreign aid during the period against Tk3326crore during the same time of the last fiscal year.

Explaining the reasons behind reduction in foreign aid, Economic Relations Division (ERD) sources said the immediate past 4-party alliance government relied heavily on local financial sources to implement annual development programme (ADP). On the other hand, the political impasse the last year also stood in the way of foreign aid inflow.

However, the present caretaker government has started negotiations with donors in full swing, the sources said adding that a significant assistance will come from both multilateral and bilateral development partners.

The sources said a total of $200 million will come from World Bank's development support credit (DSC) programme by May and government will spend the money on implementing ADP.

The government yesterday increased fuel prices significantly, which may also increase the DSC amount from $200million to $300million, according to the sources.

According to National Board of Revenue (NBR), target of revenue collection growth of the current fiscal year was set at 21percent in the national budget. However, so far the growth in revenue collection is only 9.16 percent, which is also another reason for high domestic borrowing.

The sources said NBR initiated some drives to increase its revenue collection, which may result in 15 percent growth at the end of the current fiscal year.

Fuel import deal with Kuwait extended for another year

UNB, *Dhaka*

The Advisers Council on Public Purchase, known as Cabinet Purchase Committee, yesterday approved a proposal to extend the existing agreement on fuel import from Kuwait by another year.

After the approval by the top policymaking body of the caretaker government, the state-owned Bangladesh Petroleum Corporation (BPC) will now have the scope to continue its import of petroleum fuel from Kuwait Petroleum Corporation (KPC) until December 2008.

Bangladesh annually imports about 2.0 million (20 lakh) tons of refined petroleum from Kuwait while it imports 1.4 million (14 lakh) tons of crude oil from India, Saudi Arabia and some other Middle East countries to meet the entire demand of 3.2 million (32 lakh) tons.

The BPC, a statutory body under the energy ministry, has been importing petroleum from Kuwait since 2005 under an agreement signed in October 2004. The agreement, which was due to expire in December 2007, will now remain valid until December 2008.

The Cabinet Purchase Committee meeting, chaired by Finance Adviser AB Mirza Azizul Islam, approved another proposal of the energy ministry to import 35,000 barrels of lube-base oil from Belgium-based AP Chemicals at a cost of Tk 29.21 crore.

The committee also gave its final approval to a proposal of Bangladesh Chemical Industries Corporation (BCIC) for importing 12,500 metric tons of urea fertiliser.

Billionaire Saudi prince looks to Asia

AFP, *Singapore*

The United States remains obsessed with the September 11, 2001 attacks on its soil and is unlikely to allow Arab investment into sensitive areas, Saudi Arabian Prince Alwaleed bin Talal said in a report Monday.

Speaking to London's Financial Times in a rare interview, the billionaire investor also said his Dubai-listed Kingdom Hotel Investments (KHI) has a one billion US dollar "war chest" and is looking to expand in Asia.

The Financial Times said it spoke with Alwaleed midway through his 10-day tour of Asia, which will take him to China for a meeting with President Hu Jintao this week.

"The US is still obsessed by 9/11 and sensitivities over security," Alwaleed told The Financial Times, referring to the attacks which killed about 3,000 people and for which Al-Qaeda claimed responsibility.

He was quoted as saying the US is unlikely to allow Arab investment into airports, ports and other sensitive areas for several years as a result.

US security concerns over Arab investment gained prominence last year when DP World, controlled by the Dubai government, acquired US operations through a 6.9-billion-dollar acquisition of Peninsular and Oriental (P and O), a deal making it one of the world's largest port operators.

Following fierce congressional opposition to the US part of the deal on security grounds, and despite the backing of President George W. Bush, the Dubai government decided to relinquish DP World's operations at six US ports.

Alwaleed told The Financial Times the Dubai ports issue "was unique and that matter is behind us."

The prince, whose Kingdom Holdings owns big stakes in US companies including Citigroup and News Corp, said he personally has had no problem investing and operating in the US.

But he said KHI, whose portfolio is currently focussed on the Middle East and Africa, is looking to expand its Asian holdings.

Alwaleed, 51, is the company's major shareholder.

Pak 4B Gentel awards contract to REVE Systems to build VoIP infrastructure

4B Gentel (Pvt) Ltd Pakistan, a concern of Pakistan's famous 4B Group, has awarded a contract for building its VoIP infrastructure on turnkey basis to REVE Systems, a leading Bangladeshi software developer company, says a press release.

Under the contract, REVE Systems will provide 4B Gentel with iTelBilling, REVE's own VoIP billing and monitoring solution, along with MERA MVTS Softswitch. iTelBilling will work with MERA MVTS Softswitch and CISCO Gateways of different ranges.

REVE Systems will be responsible for installing and commissioning of the whole system as well as training of the technical people of 4B Gentel (Pvt.) Ltd.

REVE Systems is an authorised distributor for MERA Softswitches and also responsible for providing first level of technical service support in this region.

REVE Systems has so far exported VoIP Software solutions to more than 300 overseas VoIP operators in 25 countries.

PHOTO: BASIS

Geeteara Safiya Choudhury (R), adviser to the caretaker government, hands over BASIS (Bangladesh Association of Software and Information Services) 'Best IT Use Award' to a recipient at a function in Dhaka on Sunday.

Exempt RMG units from fuel price hike for six months

BGMEA urges govt

UNB, *Dhaka*

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has urged the government to exempt apparel sector from the fuel price hike for the next six months.

A delegation of BGMEA led by its President Anwarul Alam Chowdhury made the plea during a meeting with Energy Adviser Tapan Chowdhury yesterday.

The BGMEA leaders urged the energy adviser to extend the government policy support for them in the power and energy sector to flourish the apparel sector.

They urged the adviser to minimize various charges of banks and allocate some incentives for the apparel sector in the next budget for adjusting the extra fuel expenses if it is not possible to exempt them from the fuel price hike.

The adviser assured them of considering their proposal, according to a BGMEA press release.

BGMEA leaders also urged adviser to ensure uninterrupted power and gas supply to the garment factories six days a week and reschedule the peak-hour from 5pm to 7pm.

BASIS 'Best IT Use Award' announced

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BASIS (Bangladesh Association of Software and Information Services) has awarded seven organisations for their role to implement information technology (IT).

The 'Best IT Use Award' was announced on the concluding day of BASIS SoftExpo 2007 at Bangladesh-China Friendship Conference Centre in Dhaka on Sunday.

Unilever Bangladesh Limited, Standard Chartered Bank, Rangs Electronics Ltd, Nandan Food and Beverage Industries Ltd, International Office Machines Limited, ICDDR, B Employees Multipurpose Cooperative Society Ltd and Cosmopolitan Industries (Pvt) Ltd were adjudged the best IT users for using software such as Doorbin, CB Insight, Troyee-Business Solutionware, Easy POS 3.2, Client Relationship Management, MAM CIBS and Kandaree-Apparel ERP respectively.

Handing over the awards, Geeteara Safiya Choudhury, adviser to the ministries of textile, jute, social welfare, and women and children affairs, lauded BASIS role to promote local software.

The BASIS also encourages organisations to use local software.

Sarwar Alam, president of BASIS, also spoke at the award-giving ceremony.

China, US head for fresh trade row

AFP, *Beijing*

China appears headed for a fresh trade spat with the United States, denouncing new US pressure on its trade policies after Washington said it would slap sanctions on imports of Chinese coated paper.

US complaints that Chinese goods benefit from too many state subsidies are unlikely to fade away in the immediate future, especially with campaigning well under way ahead of the 2008 US presidential election.

Last year, the United States recorded a record trade deficit with China of 232 billion dollars -- more than a quarter of its total imbalance.

"This action of the US side goes against the consensus reached by the leaders of both countries to resolve differences through dialogue," commerce ministry spokesman Wang Xinpei said at the weekend, voicing China's "strong dissatisfaction."

"China strongly requires the US side to reconsider the decision and make prompt changes," Wang said.

The comments followed Washington's announcement Friday that it would slap duties on imports of Chinese coated paper, reversing a 23-year-old US policy of not applying duties to subsidised goods from so-called non-market economies such as China.

Dutch-Bangla recommends 25pc cash dividend

Dutch-Bangla Bank Ltd (DBBL) yesterday recommended a 25 percent cash dividend for its shareholders for the year 2006, says a press release.

The recommendation, which was made at a meeting of the board of directors of the bank, will be placed before the eleventh annual general meeting (AGM) for final approval. The AGM is scheduled to be held in Dhaka on April 30.

In 2006, DBBL earned an operating profit of Tk 108.047crore and a net profit before tax Tk73.7crore, up 15 percent and 7.15 percent respectively from the previous year, the release added.

Presided over by DBBL Chairman Abul Hasnat Md Rashidul Islam, the board meeting was also attended by directors Bernhard Frey, Zaheed Hossain Khan, and Shahabuddin Ahmed and Managing Director Md Yeasin Ali.

China looking to deepwater for energy

AFP, *Beijing*

China is increasingly looking to deepwater hydrocarbon resources such as gas and oil to meet growing energy demand from its rapidly expanding economy, an industry group said Monday.

"Deepwater is not the future, it is here," Jim Wang, a board member of the Houston-based Chinese American Petroleum Association, told an industry conference in Beijing.

"Chinese oil companies are going international and going into deepwater to meet domestic demand," he said.