

Star BUSINESS

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WB cites some progress in global graft fight

AFP, Washington

A World Bank report released on Tuesday cited some progress in the global fight against corruption but warned that overall, problems with stability and poor governance remain entrenched in many regions.

"We do not find that indicators, on the whole, have improved significantly but there are striking examples," said Daniel Kaufmann, one of the authors of the Worldwide Governance Indicators (WGI) 1996-2006 report.

A number of African countries showed progress, including Kenya, Nigeria and Sierra Leone in the realm of "voice and accountability;" and Algeria, Angola, Libya, Rwanda in "political stability and absence of violence;" and Tanzania in fighting corruption.

However, the United States stood out for declining in five of six areas over the 10-year span, including control of corruption and government effectiveness, and showing its sharpest decline -- a 20 point slide -- in political stability.

Other countries, such as Zimbabwe, Ivory Coast, Belarus and Venezuela saw their ratings slide in all six areas, which the World Bank used to compare 212 countries, based on data from around 30 different organizations.

Finland led the pack when it came to the fight against corruption, beating out Iceland and Denmark, while Burma, North Korea and Somalia came in last.

However, World Bank officials cautioned against making a general judgment as to which countries improved or declined the most on the whole, and stressed that the ratings are not used to decide which countries receive financial aid from the global lending group.

"We don't want the futility of a horse race," said Kaufmann, who carried out the study along with researchers Aart Kraay and Massimo Mastruzzi.

Thai central bank eases hedging rules

ANN/ THE NATION

The Bank of Thailand, the Thai central bank, has further relaxed the capital-control requirement, after the baht further appreciated to a new 10-year high above the 34 baht per US dollar level due to continued inflows to the stock market.

The central bank on Monday decided to allow non-residents with non-speculative transactions in Thailand to conduct hedging or sell-buy swaps.

The relaxation of the 30-per-cent reserve requirement covers their baht-denominated transactions with local financial institutions.

The BOT expects the move will end the recent volatility and narrow the difference in the baht levels between the onshore and offshore markets.

The baht continued to rise against the dollar yesterday, breaking another 10-year record to 33.77-33.78 level, buoyed largely by foreign inflows.

The Stock Exchange of Thailand, meanwhile, continued to ride the bull, and a leading broker forecast that the SET Index could touch the 1,000 mark in the next 12 months.

Making the prediction, Ayudhya Securities said in its report that the stock market had turned "bullish".

The index is likely to test the psychological barrier of 930 to 1,000 points over the next 12 months, thanks largely to the expected economic recovery during the second and third quarters this year.

The SET added 11.81 points to close at 844.19, after touching the resistance point of 850 in the afternoon session.

The BOT said non-residents (NR) wanting to hedge must have underlying transactions and offshore foreign-exchange hedging outstanding before December 19 last year, the day the central bank introduced the withholding reserve requirement of 30 percent.

NRs must seek BOT approval between July 16 and August 17. Requests received after the deadline will be denied.

BOT director Suchart Sakankosone said the relaxation was aimed at lowering volatility of the baht and the swap rate in the offshore market, and reducing non-residents' hedging transaction costs in the offshore market. He expects the gap between the baht's onshore and offshore rates to narrow.

Govt borrowing from banks 8.48pc behind target in FY07

REJAUL KARIM BYRON

ment's total bank borrowing was Tk 5,667 crore.

Planning ministry sources said Tk 21,600 crore was allocated for the ADP in the revised budget of the last fiscal year, but the total expenditure did not exceed Tk 18,000 crore.

"We don't have data of the entire fiscal year, but we can assume that the whole allocation for the ADP has not been exhausted," said an official of the planning ministry.

The government borrowed Tk 5,977 crore from different banks against the revised target last fiscal year.

Of the total borrowing, Tk 4,547 crore was from different commercial banks and Tk 1,429 crore from the Bangladesh Bank.

In FY 2005-06, the govern-

ment's total bank borrowing was Tk 12,023 crore in same period of the FY 2005-06.

The sources said the total ADP expenditure in the last fiscal year did not exceed the allocation as the last few months witnessed political turmoil, hampering the development expenditure.

The government received \$100 million credit support from the World Bank for education sector in June this year.

The sources said despite failure of targeted revised revenue collection in the last fiscal year, the government borrowing did not increase due to credit support of the World Bank.



Dutch-Bangla Bank Ltd (DBBL) signed an ATM (automated teller machine) sharing agreement with Southeast Bank Ltd at a function on Tuesday in Dhaka. Under the deal, customers of Southeast Bank will be able to withdraw money from the ATM booths of DBBL. Managing Director of DBBL Md Yeasin Ali and Managing Director of Southeast Bank Neaz Ahmed signed the deal, while other senior officials from both the sides were present.

Execution of budget a challenge for govt

Says finance adviser

UNB, Dhaka

Proper implementation of the budget within its current deficit is a major challenge for the government, said Finance Adviser Dr Mirza Azizul Islam.

"Like other developing countries, we've many challenges, but we're considering the high revenue collection target and implementation of the budget within its current deficit as our main challenges," he told reporters after a meeting with Bangladesh Women's Chamber of Commerce and Industry (BWCCI) in Dhaka yesterday.

Referring to the revenue collection target with 17 percent growth, Aziz said the collection rate has so far been good, "but we need to keep up the momentum in the remaining time."

About the budget deficit, he said the country's budget deficit is currently 5.6 percent. "We've to make sure this does not increase further," he said.

Dr Aziz said there is no failure of

the government in the financial sector in the last six months, but he has some discontents. "I won't say I don't have any discontent during the period, but I must say I don't have any dissatisfaction. And that is price hike," he said.

He, however, said the prices of some essential commodities have marked a fall recently. "But, I would be happy if the prices of other goods also come down, I know it's tough as the prices of those have gone up on the world market," he said.

On the remarks of various quarters that it would be difficult to implement the budget, the finance adviser said the government is taking initiatives for proper implementation of the budget. "We're very much active for smooth implementation of the budget and we're aware too of the hindrances that might stand in its way," he said.

About the government's success in the last six months, he said the macro-economy of the country is still stable, disbursement of foreign aid has increased in addition to the announcement of a

budget and import and export policies.

"Before January 11, the disbursement of foreign aid was US\$ 400 million whereas it is US\$ 1.4 billion at the fiscal-end," he said.

The adviser said the government has widened the social safety net in the budget and there is nothing in it that would affect the national economy. "We've also liberalised our import duties where it needed."

In the telecommunication sector, the adviser said, the government has formulated a draft policy for VoIP (voice over internet protocol) business. "This will be sent to the Council of Advisors," he said.

Earlier at the meeting, the adviser assured the BWCCI leaders that the government would consider enhancing the amount of SME (small and medium enterprise) loan from Tk 40 crore for the women entrepreneurs.

"We've to extend our cooperation to the women entrepreneurs to encourage them," the adviser said.

Malaysian firms to go bust if minimum wage set: Minister

AFP, Kuala Lumpur

Malaysian labour union's demand for a 900 ringgit (261 dollars) minimum monthly wage for private sector workers will only result in many companies going bust, a junior minister said Wednesday.

Last month, thousands of workers, led by the country's largest union group, Malaysian Trades Union Congress (MTUC) staged a nationwide protest calling on the government to fix a minimum wage.

"There are about two million foreign workers in this country. If everyone is given a minimum wage as sought by MTUC, many local companies will close," said Deputy Human Resources Minister Abdul Rahman Bakar, according to state news agency Bernama.

The minister, who was speaking to lawmakers in a parliamentary session, said that so far 335 companies had wound up because of high production costs and wages.

"The government will not fix a minimum wage if it is going to affect the national economy," he said.

According to the MTUC, wages of plantation, textile and garment and hotel workers in Malaysia remain below 400 ringgit a month.

About seven million workers would benefit from a minimum wage rule, union officials said.

Southeast Bank, DBBL sign deal on sharing ATM network

Customers of Southeast Bank Ltd will be able to withdraw money from the ATM (automated teller machine) booths of Dutch-Bangla Bank Ltd (DBBL) and use DBBL's POS (point of sale) network for payment of their shopping/ dining bills at shops and restaurants.

An agreement to this effect was signed between the banks on Tuesday in Dhaka, says a press release.

Managing Director of DBBL Md Yeasin Ali and Managing Director of Southeast Bank Neaz Ahmed signed the deal, while other senior officials from both the sides were present.

S'pore growth strongest in 2 years

ANN/ THE STRAITS TIMES

Singapore's trade-driven economy grew at an annualised rate of 12.8 percent in the second quarter, beating market forecasts.

This comes after an 8.5 percent expansion in the first quarter of the year, and is Singapore's strongest growth in two years.

Compared to a year earlier, gross domestic product grew 8.2 percent in the second quarter, the Ministry of Trade and Industry (MTI) said in its advance estimate for the quarter on Tuesday.

Economists had expected second-quarter GDP to grow 6.6 percent from a year earlier.

The economy grew 7.9 percent in 2006.

The strong growth was led mainly by the construction industry, which is estimated to have expanded by 17.9 percent in the second quarter, a 11.6 percent hike from the earlier quarter. Buoyed by the construction of the Integrated Resorts and a flurry of other projects, growth in this sector is expected to be at its fastest pace since the third quarter of 1997.

Also showing robust growth is the manufacturing sector, spurred by strong growth in biomedical manufacturing and transport engineering. The sector is estimated to have grown by 10.2 percent, up 4.4 percent in the first quarter.

Estimates for the services producing industries put the growth at 7 percent, compared with 7.2 percent in the first quarter, with financial services leading the growth.

The advance estimates, based largely on data from April and May, gives an early indication of the economy's performance in the April to June period.

With a slower global economy, Singapore's growth is expected to be more moderate. However, new areas such as financial services, tourism and a fast-recovering construction sector may serve as boosters.

On the back of expectations that the economy will remain robust, the government in May raised its full-year GDP growth forecast to 5 to 7 percent, from 4.5 to 6.5 percent previously.

ALLEGATION OF DISSEMINATING FICTITIOUS INFO

Share trading of ISN suspended

SARWAR A CHOWDHURY

Earlier, the DSE asked the consul office in Germany for information on Rettenwender & de Rooy and its existence in Germany.

The consul office in a reply letter said there is no registered company named Rettenwender & de Rooy. Rather, the consul office found a company named Rettenwender & de Rooy, which is registered in Wakefield, UK.

But, it was found that there is no such company registered in Germany, capital market sources said.

The capital market regulator directed the Dhaka and Chittagong bourses to suspend the trading of ISN.

"We have asked the company to provide a copy of permission regarding doing business in Munich," Iqbal also said.

On June 10, the DSE in its website said ISN has signed an exclusive partnership agreement on software development with 'Rettenwender & de Rooy Limited' having its office located in Munich, Germany.

China says it will work harder to reduce trade surplus

AFP, Beijing

China will work harder to cut the nation's fast-expanding trade surplus, the commerce ministry said Wednesday, a day after data showed the balance hit an all-time high in June.

"We will continue to take measures to reduce the trade surplus and expand imports so as to realise more balanced trade," ministry spokesman Wang Xinpei told reporters.

Wang added the government was also looking into some financial measures to boost imports but he did not explain what those measures would be.

China announced on Tuesday that the trade surplus for June soared 85.5 percent to hit a record monthly high of 26.91 billion dollars.

In the first six months of the year, the trade surplus jumped 83.1 percent to 112.53 billion dollars.

Wang attributed the dramatic jump in June to manufacturers rushing to ship orders before a range of export tax rebates were slashed or removed on July 1.

China announced on June 19 that it would cut or remove export tax rebates for 2,831 commodities, or a third of total exports, from the beginning of this month in another effort to bring some balance to the trade account.

Wang said the trade surplus growth was expected to slow in the second half of 2007 but he did not give any forecast for the full year.

"We expect the growth rate in the second half of the year will slow down, which is what we would like to see," he said.

China's top economic planning said in May that the trade surplus was likely to hit 250-300 billion dollars in 2007, up from a record 177.5 billion dollars last year and a massive increase from 31.98 billion dollars in 2004.

The surplus has been a constant source of friction with its major trading partners, mainly the United States and the European Union, where jobs have been lost as industries have been unable to compete with cheap Chinese imports.

Beijing has been routinely accused of keeping the Chinese currency artificially low to make its goods cheaper, giving its exporters an unfair competitive edge as a result.

Oil prices fall in Asia

AP, Singapore

Crude oil prices declined Wednesday amid expectations that U.S. fuel supply data will show that gasoline stocks rose last week.

Light, sweet crude for August delivery lost 32 cents to \$72.49 a barrel in Asian electronic trading on the New York Mercantile Exchange mid-afternoon in Singapore.

On Tuesday, the contract rose 62 cents to settle at \$72.81 a barrel, a new 10-month high.

August Brent crude fell 21 cents to \$76.19 a barrel on the ICE Futures exchange in London.

In this week's U.S. petroleum supply snapshot by the U.S. Energy Department's Energy Information Administration, due later Wednesday, analysts surveyed by Dow Jones Newswires expect that crude oil inventories will fall 600,000 barrels for the week through July 6.

Refinery utilization is expected to grow by half a percentage point to 90.5 percent during the week. That should boost gasoline inventories by about 640,000 barrels. Analysts projected that inventories of distillates, which include heating oil and diesel fuel, would rise 800,000 barrels.



Dhaka Chamber of Commerce & Industry (DCCI) has achieved '2007 World Chambers Competition' award in the category of Best Skills Development Programme organised by World Chambers Federation-ICC's Specialised Division for Chamber Affairs in association with the Union of Chamber & Commodity Exchanges of Turkey. DCCI President Hossain Khaled received the award on behalf of the chamber from Chairman of International Chamber of Commerce (ICC) Marcus Wallenberg at a function in Istanbul on Friday.