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BOI okays plan to secure $1b FDI by 2006

BSS, *Dhaka*

The Board of Investment (BOI) yesterday approved a mid-term strategic plan to raise the volume of foreign direct investment (FDI) to one billion US dollars in the country by the year 2006.

The volume of the FDI till December 2002 was 300 million US dollars.

The mid-term strategic promotion plan 2003-2006 was approved at the 16th BOI board meeting with Prime Minister Khaleda Zia in the chair at her office. The Prime Minister is the chairperson of the BOI.

The meeting also approved an organogram for the BOI for the first time after 14 years of its inception.

Briefing newsmen after the meeting, BOI Executive Chairman Mahmudur Rahman said the permanent organogram would facilitate the promotion of 30 officials.

Besides reviewing FDI situation in the calendar year 2002, the third BOI meeting during the tenure of the present government took a number of important decisions to accelerate activities of the BOI and attract more FDI. Last meeting of the BOI was held on July 17, 2002.

The decisions include opening of four investment centres aboard, steps to make the BOI officials computer literate and publication of a quarterly investment magazine.

The meeting identified five challenges for the FDI and finalised some measures to overcome those. The challenges are image-building of the country, strengthening of information system, improvement of infrastructure facilities, implementation process and efficiency.

The Prime Minister directed ministries and departments concerned to be more active and to work closely along with the BOI to overcome the challenges.

She also underscored the need for coordinated measures with the private sector to attract more FDI.

Begum Zia called upon all concerned to boost local investment along with the FDI.

The BOI meeting decided to implement the mid-term strategic plan under the four annual work plans.

The target for annual FDI volume has been fixed with a 35.4 per cent growth. The target for the FDI volume is 400 million US dollars in 2003, 600 million dollars in 2004, 800 million dollars in 2005 and 1 billion (1,000 million) dollars in 1006.

To attract more FDI, the meeting decided to set up four investment centres in Dubai, Frankfurt, New York and Singapore. These BOI offices will be included in the organogram.

For making available information about the investment scenario here and the facilities offered by the government for foreign investors, the meeting decided to publish a quarterly investment magazine from April this year.

It also decided that all class one officials and class three employees would be imparted training to make them computer literate to enhance their efficiency.

It was decided that the meeting of the BOI would be held regularly after every three months.

The meeting expressed satisfaction that 43 per cent, the largest ever, of the total FDI in 2002 came to the manufacturing sector that would increase production and help generate employment in the country. Earlier, the FDI was more in the energy sector.

The FDI was also 23 per cent in the intelecom sector, 25 per cent in energy and 7 per cent in the service sectors.

Of the 300 million dollar FDI from January to December 2002, 47 per cent was equity, 38 per cent reinvestment and 15 per cent intra-company borrowing.

The leading source countries of the FDI are Norway, Singapore, Hong Kong, United Kingdom, Malaysia, South Korea, Japan, India and China.

Finance and Planning Minister M Saifur Rahman, Textile Minister Abdul Matin Chowdhury, Industries Minister MK Anwar, Science and ICT Minister Dr Abdul Moyeen Khan, Commerce Minister Amir Khasru Mahmud Chowdhury, Post and Telecommunications Minister Barrister Aminul Haq, BOI Executive Chairman Mahmudur Rahman, Expatriate Welfare and Overseas Employment State Minister Maj (retd) Quamrul Islam, State Minister for Energy and Mineral Resources Mosharraf Hossain, State Minister for Power Iqbal Hasan Mahmud, Prime Minister's Political secretaries -- Haris Chowdhury and Mosaddek Ali, Governor of Bangladesh Bank and secretaries of the miniseries concerned were present at the meeting.

Corruption, inefficiency forcing govt to privatise oil companies

Saifur fires salvo at BPC

M ABDUR RAHIM, *back from Mongla*

Blasting 'wholesale corruption and inefficiency' in the Bangladesh Petroleum Corporation, Finance and Planning Minister M Saifur Rahman hinted at loosening government grip on the country's petroleum business through offering shares of the corporation to the private sector.

The minister said that if he had full discretion he would have immediately privatised the Corporation.

"Before the full disinvestment there should be a public and private sector partnership in the petroleum business in order to ensure good returns to government coffers," the minister observed.

Addressing a ceremony to mark commercial operation of Surja LP Plant at Mongla Port in Bagerhat on Wednesday, the minister said the Southwestern part of the country is lagging behind not because of investment scarcity but of energy crisis like gas.

"The government is contemplating to connect this energy-thirsty region to the national gas grid. Bhola and Sirajganj are the two options from where gas can be brought in here through laying pipe," he said.

Supporting the proposed Padma Bridge at Mawa Point Saifur hoped that the bridge could be a permanent solution in connecting the river-braided region to the national gas grid.

Expressing satisfaction over the ongoing speedy construction of the Rupsha Bridge and the Mongla Air Port, the minister said that upon completion of these two communication infrastructure the whole region would avail quick access to the world market.

"Such access will help in tapping substantial investment which in turn will enhance economic importance not only of the region but also of the country," Saifur said.

"The Mongla Port was initially designated for export handling and Chittagong seaport for import but the previous has miserably failed to prove its worth as an export-oriented port due to want of required infrastructure," he lamented.

Assuring all possible support Saifur said government is pledge-bound to develop the port into a modern one.

Appreciating Summit Surma Petroleum Co Ltd for launching Surja LPG Plant, the minister said it would significantly lessen the pressure on firewood and reduce tree-felling spree in the area.

Later the minister laid foundation stone of the 112,000 MT capacity storage terminal of Summit Surma Tanks Terminal Ltd which would be the largest oil reservoir of the country.

Saifur Rahman also asked the edible oil traders to desist from profiteering motive and not to market half-refined oil which causes serious health hazards to millions.

Sheikh Tayyabur Rahman, mayor of Khunla City Corporation, Matiur Rahman, editor of Prothom Alo, Muhammed Aziz Khan, chairman of Summit Group of Companies, Mosharraf Hossain, member (finance) of Mongla Port Authority, Azam J Chowdhury, chairman, Muhammed Farid Khan, managing director and Engr Hafizur Rahman, executive director of Summit Surma Petroleum Co Ltd and Naser Rahman, local MP were present at the ceremony.

Thirty-seven acres of land has been leased from Mongla Port Authority to construct the LPG plant which is expected to bottle 35,000 MT of gas a year.

PHOTO: SUMMIT GROUP

Finance and Planning Minister M Saifur Rahman was seen with the other guests at the launching ceremony of Surja LPG Plant at Mongla in Bagerhat on Wednesday.

OEL announces feeder service between Myanmar, Bangladesh, India

Oriental Express Lines (OEL) has announced the commencement of a regular feeder service between India, Bangladesh and Myanmar with effect from yesterday in Bangladesh, says a press release.

The service is known as IBM Service.

OEL, one of the most aggressive feeder operators, has taken the lead in exploring this new route and starting such a service for the first time.

Further, the regular service would also facilitate evacuation of empties from Chittagong Yangon into India. Additional tonnage would be deployed soon by OEL to enhance frequency and to cater to customer needs.

Peninsular Services Limited is the exclusive of Agent of OEL in Bangladesh.

IMF's sovereign bankruptcy plan meets opposition

REUTERS, *Washington*

The International Monetary Fund's plan to set up a type of international bankruptcy court to help nations unable to pay their debts to restructure them was met by a wall of criticism Wednesday.

A conference held at the international lender's headquarters to discuss its plan was greeted with opposition from the emerging market nations.

The lender's most powerful shareholder, the United States, reiterated that it would prefer other options to be tried before the IMF's plan. The Paris Club of creditor nations said it has yet to come up with complete opinion of the plan.

While the conference produced some consensus on the need to do something to help nations in trouble fix problems caused by having unsustainable debts, there was little agreement on exactly what to do about it.

"There are concrete reasons at least to express some doubts about the mechanism," said Agustin Carstens, Mexico's deputy minister of finance and public credit of the IMF's plan. The IMF's proposal -- called the Sovereign Debt Restructuring Mechanism -- would give nations a framework to negotiate a debt restructuring with creditors and would also set up a panel of judges to arbitrate disputes in those talks.

The IMF hopes its plan will lead to simpler debt restructurings which would be more transparent and efficient than the current system, where rogue investors can delay restructurings by suing for full payment in the courts. Wall Street, wary of interference from a new bureaucracy, opposes the scheme, saying the use of specific clauses in bond contracts would be a simpler solution.

Indeed, Carstens said he shared some of Wall Street's concerns that the IMF's plan could increase the perception that more nations would default -- something that could increase the cost of issuing bonds for nations like Mexico.

Carstens said that the IMF's plan is, "Perceived as inviting debtors to unnecessarily declare defaults. That will increase the pricing of debts and make it more difficult for emerging markets to tap international markets."

Citibank to launch new Indian firm to sell fixed income products

AFP, *Bangalore*

US-based banking giant Citibank's Indian subsidiary, the largest credit card provider in India, said Thursday it will launch a new company to sell fixed income products.

Sanjay Nayar, chief executive officer of Citibank India, said the new firm -- Citicorp Capital Markets Ltd. -- would help Citibank underwrite government securities and corporate bond market offerings by the central Reserve Bank of India.

"Debt and fixed income products will become quite key with insurance and mutual funds opening up in India," he said.

India's core sector grows 4.2pc

REUTERS, *New Delhi*

India's core sector grew 4.2 per cent on year in December, after expanding just 3.3 per cent a month earlier, as cement and steel demand got a boost from a pick-up in construction activity in Asia's third-largest economy.

Government data showed the rise was lower than the 5.1 per cent growth seen in December 2001, but economists said it was no surprise after last year's poor monsoon, which led to India's worst drought in 15 years.

"The growth number is lower than last year's, but still robust, and continues to support the view that the economic recovery is on," said Dhananjay Sinha, analyst with Bombay-based JM Morgan Stanley.

"Sectors such as coal, steel and cement have been backing the improved economic numbers over the entire fiscal year."

The infrastructure sector accounts for more than a quarter of India's industrial output, often serving as an advance indicator of industrial growth.

It grew 5.4 per cent between April and December, up from 2.5 per cent a year earlier.

Indeed, analysts said other data showed the economy was faring well.

India's tax collections, which reflect economic activity, grew 17 per cent in the first nine months of the fiscal year to March 2003.

The government expects the economy to grow by just five to 5.5 per cent this fiscal year due to a likely drop in farm sector output, but that will still put India in the league of the world's fastest-growing economies.

A Reuters poll of 12 economists, released earlier this month, estimated GDP would growth five per cent.

"We expect the impact of the poor monsoons to be temporary and industrial performance to improve on the back of easier money conditions and an improvement in the global economic scenario," said Sanjeet Singh, analyst with ICICI Securities and Finance Co.

The cement sector, which has fuelled growth in previous months, grew 16.2 per cent in December, compared with a rise of 13.2 per cent in the same month in 2001.

The steel sector grew 7.5 per cent in December, against 7.4 per cent the preceding year.

"These figures suggest that there is strong growth in housing and construction, ... that a lot of infrastructure and construction activity is happening," Sinha said.

Construction activity in the world's 12-largest economy has been on the rise due to cheaper loans, falling real estate prices and tax breaks for the housing sector.

Interest rates have been on the decline after the central bank cut the benchmark bank rate in October-end to a 29-year-low of 6.25 per cent to insulate the economy from the drought.

India's ambitious highway project to link the four corners of the country has boosted demand for steel and cement, analysts said.

The laggard was the electricity sector, which has a near 40 per cent weightage in the infrastructure index. It grew just 2.5 per cent in December, compared with 4.1 per cent in the year-ago period.

The petroleum refining sector actually shrunk 7.1 per cent in December, compared with growth of 9.1 per cent in the same month of 2001 while the crude oil sector grew 1.2 per cent, after constructing 1.2 per cent in the same month the preceding year.

Obesity suit against McDonald's dismissed

REUTERS, *New York*

McDonald's Corp won a major victory for the fast-food industry Wednesday when a federal judge threw out a widely watched lawsuit that blamed Big Macs, fries and Chicken McNuggets for obesity in children.

US District Judge Robert Sweet said the plaintiffs including a 400-pound teenager who said he eats at McDonald's every day failed to show that customers of the world's largest fast-food chain were unaware that eating too much McDonald's fare could be unhealthy.

But the judge did not let McDonald's off the hook completely referring to Chicken McNuggets as a "McFrankenstein creation" of elements not used by home cooks, he said the plaintiffs could refile their case with information backing their claim that diners have no idea what is really in their food or that the products have allegedly become more harmful because of processing.

Cheap Chinese goods ready as US textile quotas near end

REUTERS, *Washington*

US and Caribbean textile producers Wednesday said they feared competition from a flood of low-priced Chinese goods once the United States fully phases out import quotas in a little less than two years.

In testimony before the US International Trade Commission, the American Textile Manufacturers Institute said US textile companies were already facing "extreme price pressures" from China, whose exports to the United States have surged since joining the World Trade Organisation a year ago.

That problem will only increase after Jan 1, 2005, when US quota restrictions on textile and apparel imports are National Textiles, which is based in North Carolina.

He said US companies face some of their fiercest competition from government-owned Chinese companies that routinely lose money.

"When you're competing with China, you're not only competing with low wages, you're competing with companies that do not have to make a profit," Rowland said.

In September, the textile manufacturers asked the Bush administration to restrict imports of certain Chinese apparel products under so-called "safeguard" provisions of the agreement Beijing negotiated to join the WTO.

There has been no response so far from the administration to that request, ATMI Senior Vice President Carlos Moore told the trade panel.

The United States pledged to phase out its textile and apparel import quotas under the 1994 Uruguay Round world trade agreement. It currently has quotas on 46 developing countries that together accounted for 83 per cent of the total value of US textile and apparel imports in 2001.

However, even after the quotas are eliminated, the United States will be allowed to maintain tariffs averaging 24 per cent on textile products and 9 per cent on apparel products -- at least until a new world trade deal is struck.

China, South Korea, Taiwan and other big suppliers face US quotas on the largest number of products. Other countries, such as Nepal, may have limits on only one or two textile goods they ship to the United States.

The US Trade Representative's office has asked the ITC to investigate how ending the quotas will affect the competitive position of US trading partners.

In prepared testimony, ATMI told the trade panel that it expected China to dominate the US import market after the quotas were eliminated.

Vietnam, India and Pakistan are countries that have preferential trade deals with United States would make up a second tier group of suppliers, the textile group said.

Chandri Navarro-Bowman, an attorney representing Dominican Republic textile producers, agreed with that assessment.

SEDF signs MoU with BUET

South Asia Enterprise Development Facility (SEDF) recently signed a memorandum of understanding (MoU) with BUET's IPE department to implement productivity improvement training programme for ready made garment sector in Bangladesh, says a press release.

As a first step to implementing a training programme for the RMG sector, SEDF will be involved in supporting an extensive industrial engineering training programme, in collaboration with BUET/IPE department and an internationally recognised consulting firm, Kurt Solman Associates, Technopak of India.

This would be the launch of a new programme by BUET/IPE Dept., catering for the first time to the RMG sector, where there is a lack of innovative training programmes of international standard focusing of productivity improvement.

Existing technical staff members from RMG companies, as well as industrial engineering students may participate in the 6-week training course at BUET/IPE to learn to set up or manage an industrial engineering cell within factories.

PHOTO: SEDF

Picture shows Thomas Davenport, manager of SME Department of The World Bank Group, Anil Sinha, general manager of SEDF, Deepak P Adhikary, program manager, Business Development Services, Prof. Mahiuddin Ahmed, head of BUET/IPE Department, Raihana Rabbany, project office of SEDF, and Prof Anwarul Azim at a signing ceremony held recently in the city.

India to resume wheat exports to Iraq

REUTERS, *New Delhi*

Iraq, which rejected consignments of Indian wheat due to quality concerns nearly two years ago, is willing to resume purchases, trade officials said Wednesday.

"The first shipment of cleaned wheat will leave for Iraq in the next seven days," Anil Agarwal, co-chairman of the India-Iraq joint business council, told Reuters.

Agarwal said Iraq had confirmed its willingness to buy Indian wheat after an Iraqi delegation, led by the director general of the Grain Board of Iraq, Yousif M Abdul Rahman, inspected wheat cleaning facilities this week at India's western port of Kandla.

"The team was quite satisfied with the wheat cleaning facilities at Kandla," Agarwal said.

Several Indian firms won contracts in 2001 to supply nearly 600,000 tonnes of wheat to Iraq under the UN oil-for-food programme.