Star
BUSINESS

DHAKA MONDAY APRIL 21, 2003

Rahimafrooz introduces new tyre

Rahimafrooz recently introduced new tyre in its RZ tyre range, says a press release.

The new tyre of RZ tyre range, 10.00-20 18 PR, is the premium quality truck/bus tyre with Rahimafrooz guarantee which is specially designed for heavy load applications and suitable for Bangladesh road.

Rahimafrooz has been marketing RZ tyre since 2000. This tyre has achieved customer confidence as a leading brand due to its excellent performance and after sales service.

RZ tyre is available at Rahimafrooz retail outlets in Dhaka, Chittagong, Jessore and at all authorized dealers throughout the country.

Kallol Group markets Titan watch

Kallol Group of Companies import and distribute Titan watches in the country, says a press release.

Titan Industries Limited of India manufactures over 6.6 million watches and 1,50,000 pieces of jewellery annually. The company reported a $160 million turnover in 2001-2002.

Meanwhile the company has launched the titan edge, the slimmest watch in the world.

The watch comprises 19 variants in both stainless and gold plated version.

Emirates SkyCargo cuts fuel surcharge

Emirates SkyCargo has reduced the fuel surcharge on cargo shipments from US$/Euros 0.150.20 to 0.100.15 per kilo, or its equivalent in local currencies, with immediate effect, says a press release.

The surcharge was implemented last month in accordance with fuel index procedures.

The index is based on the average price of aviation fuel in five key spot markets (Rotterdam, Singapore, New York, the US Gulf and the West Coast). These prices are monitored against a fixed base of US$0.535 per gallon equal to index 100.

The surcharge will come down further to US$/Euros 0.10 if the index drops to below 145 points for two consecutive weeks.

Management course ends at BIBM

A 20-day training programme on "Management Course for Senior Bankers" conducted by the Bangladesh Institute of Bank Management (BIBM) concluded on Thursday, says a press release.

A total of 14 senior level officials from different banks and financial institutions participated in the course.

Mohammad Sohrab Uddin, director general of BIBM, chaired the concluding session and distributed certificates among the participants. Sujit Saha, professor and director (Training) of BIBM, and Sharmin Morium, lecturer of BIBM, jointly coordinated the course.

Sony to invest in Toshiba chip plant

AFP, *Tokyo*

Japanese electronics giant Sony will invest about 50 billion yen (416.7 million dollars) in the new semiconductor factory planned by Toshiba Corp., a news report said Saturday.

The two firms will jointly build the facility to mass-produce a new microprocessing unit on the premises of Toshiba's Oita factory in southern Japan, the Nihon Keizai Shimbun said.

"Toshiba, Japan's largest chipmaker, and the Sony group, the country's biggest user of chips, plan to build a production base with global competitiveness," the newspaper said.

Sony and Sony Computer Entertainment Inc., maker of popular PlayStation and PlayStation2 video game consoles, will pay for 20 to 25 per cent of the roughly 200 billion yen needed to build the new plant, it said.

Toshiba approached the two firms for possible investment after announcing its construction plans last December, the Nihon Keizai said.

The facility will mostly produce a new microprocessing unit being developed jointly by Toshiba, SCE, and IBM Corp., it said.

Service, utility sector SoEs come under sell-off plan

Petroleum marketing cos, tea gardens, BSRS on the list

STAR BUSINESS REPORT

The government has decided to privatise some state-owned enterprises (SoEs) in service and utility sectors.

The decision has been taken to make the SoEs competitive and economically profitable.

Previously, privatisation was limited to the real sector owned by five sector corporations namely -- Bangladesh Textile Mills Corporations, Bangladesh Steel and Engineering Corporation, Bangladesh Sugar and Food Industries Corporation, Bangladesh Chemical Industries Corporation, and Bangladesh Jute Mills Corporation, Privatisation Commission Chairman Enam Ahmed Chowdhury said yesterday.

"Coming out from the confined sectors, the government is now gradually opening up telecommunication, power, financial institution, infrastructure, railway, airline sectors inviting more private sector participation in these key areas," he said at a seminar on 'Privatisation in Bangladesh' organised by Bangladesh University in Dhaka.

Accordingly, the new list of SoEs to be privatised includes six petroleum marketing and distribution companies, two tea gardens, one financial institution, Bangladesh Shilpa Rin Shanstha (BSRS), he disclosed.

He said the government is seeking private investment in power sector in the form of build own operate (BOO) and build own transfer (BOT) to mitigate the loss of Power Development Board (PDB).

In response to government's BOO and BOT offers, Wartsila Diesel of Finland has installed a 110 MW bargemounted power plant in Khulna and AES Co of USA has installed a 370 MW combined cycle power plant at Haripur, Narayanganj, he said.

On denationalisation of telecommunication sector, he noted that initiatives are being taken for privatisation through corporatisation of Bangladesh Telegraph and Telephone Board (BTTB).

Establishment of digital exchange at upazila level, cellular telephone service, Internet service, TV channels, marine and rural telecommunication, paging, radio trunking service and riverine telecommunication have been opened up for private operations, he said.

In order to increase efficiency and operating its business on more commercial basis, Bangladesh Railway has associated private sector in some of its activities, he said.

On constraints to privatisation, he said bureaucratic complications, administrative delay, inappropriate valuation of SoEs, liabilities and less response from buyers sometime stand in way of quick deregulation.

About problems of the commission, he said the budget is limited and it cannot appoint any consultant or hire any expert due to fund constraints.

Addressing the seminar, Professor Rehman Sobhan, chairman of independent think tank Centre for Policy Dialogue, said the government should not only privatise the loss-incurring state concerns but also hand over profitmaking enterprises to stimulate private sector-led growth of economy.

He said the government should adopt a clear-cut policy to divest the SoEs which would relieve the country of large-scale plundering in state enterprises.

He urged the government to expedite the denationalisation process to get rid of sheer mismanagement and inefficiency on SoEs that result in huge loss and liabilities.

Mahbubur Rahman, president of International Chamber of Commerce, Bangladesh, Forrest Cookson, former president of American Chamber in Bangladesh, and Quazi Azher Ali, vice chancellor of Bangladesh University, were present at the seminar.

PHOTO: FBCCI

Sri Lankan President Chandrika Bandaranaike Kumaratunga receives a crest of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) from the apex trade body's President Yussuf Abdullah Harun at a meeting between a Lankan delegation and business leaders of Bangladesh at a local hotel yesterday.

PHOTO: GREY

Syed Manzur Elahi, chairman of Apex Footwear Limited, addresses the company's annual general meeting in Dhaka on Thursday. Syed Nasim Manzur, managing director, and directors of the company were also present at the meeting.

US, UK products survive Pakistani boycott

AFP, *Islamabad*

"Bush is a bad man and I don't want to go to Pizza Hut and KFC anymore." That is how Mina, a seven-year-old girl from a well-to-do family in the Pakistani capital of Islamabad, expressed her anguish on seeing pictures of the wounded and maimed in the four-week Iraq war.

Anti-war sentiment has been running high in Muslim Pakistan, despite the goverment's close allegiance to the United States in the international fight against terrorism.

Protests across the length and breadth of the country were marked by emphatic calls for boycotts of US and British products, and the franchise chains of popular American fast food outlets such as Kentucky Fried Chicken, McDonalds and Pizza Hut.

"Our struggle is political and we will continue it until the British and US multinationals close their business in Pakistan," said Farooq Tariq, leader of a Peace Committee formed to oppose the Iraq war.

"The franchise money paid by food outlets and beverage manufacturers for using brand names goes to the war budget of the United States. This is unacceptable," Tariq told AFP.

The Peace Committee, made up of 23 small social, political and labour bodies, has organised small demonstrations outside food outlets to keep customers away.

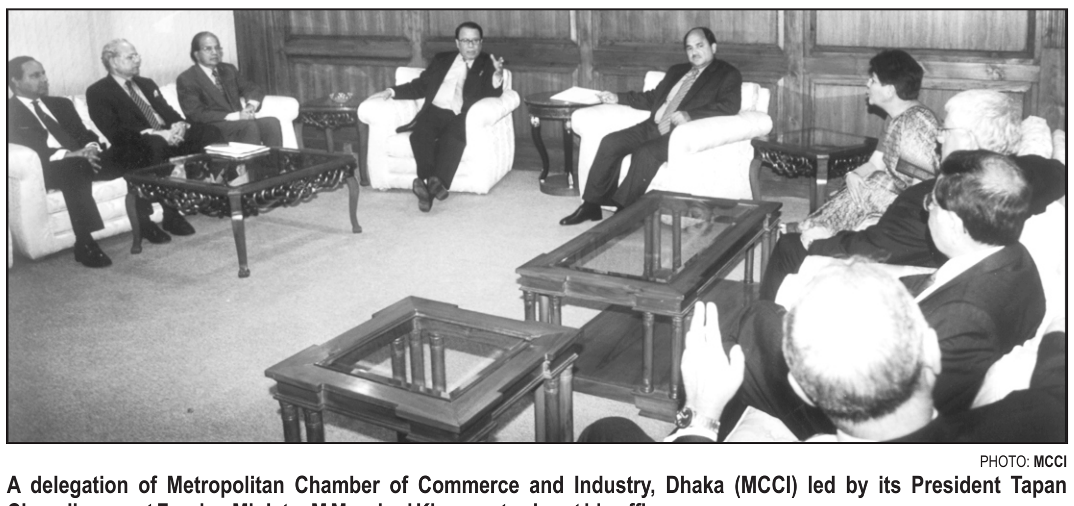

PHOTO: MCCI

A delegation of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) led by its President Tapan Chowdhury met Foreign Minister M Morshed Khan yesterday at his office.

Rebuilt Iraq may squeeze Arab economies: Analysts

AFP, *Kuwait City*

While Arab stocks rally on the war and local firms bag lucrative contracts, some Gulf analysts fear a rebuilt Iraq will be a powerhouse that could squeeze the region's other economies over the long term.

It may be too early to talk about the dawn of the Iraq Decade but all the pieces will eventually be in place for the sleeping giant of Baghdad to become a dominant economic force in the Middle East in the future.

In addition to the world's second-largest oil reserves after Saudi Arabia, Iraq boasts a highly educated workforce and a relatively high percentage of farmable land, providing a solid base for its agriculture sector.

"For the long term it will be a negative for the other nations in the Gulf," says Ali Al-Nimesh, an economist in Kuwait.

"The main thing is the oil price. Once Iraq is fully producing and exporting, prices will go down. Income from the oil sector could be reduced by 20 to 25 per cent in the other Gulf nations' budgets."

So far, the war that brought about the fall of Saddam Hussein has been a boon for the region's pocketbooks.

The Kuwait stock exchange hit an all-time high before a slight correction last week, while the Saudi bourse has chalked up five straight weeks of gains and saw its capitalisation top 100 billion dollars for the first time ever this month.

Meanwhile Kuwaiti firms are already reaping the benefits of the government's support for the war -- the emirate was the main ground base for the invasion -- by landing contracts to provide water, food and services across the border.

The Middle East Economic Digest (MEED) reported that Kuwait's Kharafi National won the deal to lay the Friendship Pipeline to deliver up to one million litres of drinking water daily to the Iraqi port of Umm Qasr, and Kuwait Pipe Industries was subcontracted to provide the material.

While that makes for a rosy picture now, analysts underline that it will be the Americans and not the Iraqis who decide how the lucrative deals for reconstruction are doled out.

"The private sector is overly optimistic. They want to sell something now, but in their hearts they know that the decision making process is not in the hands of the Iraqis," says Jassem Saddoun, from Kuwait's Al-Shall consultancy.

Prime Bank arranges term loan for HP Chemicals

Prime Bank Limited has arranged a syndicated term loan of Tk 3300 lakh for HP Chemicals limited, says a press release.

An agreement to this effect was signed on Wednesday at the head office of Prime Bank Limited.

Southeast Bank Limited was the co-arranger of the loan. Export Import Bank of Bangladesh Limited and Jamuna Bank Limited were the participants of the syndication.

The term loan was sanctioned for setting up a hydrogen peroxide plant at Teengaon, Araihazar in Narayanganj. The proposed plant will produce 13,200 MT of hydrogen peroxide per annum, the release added.

It will be the first import substitute hydrogen peroxide plant in Bangladesh.

Managing Director of Prime Bank Ltd Shah Md Nurul Alam, Managing Director of Southeast Bank Syed Naser Bukhtear Ahmed, Managing Director of Export Import Bank of Bangladesh Mohammad Lakiotullah, Managing Director of Jamuna Bank SA Chowdhury and Chairman of HP Chemicals Limited ATM Hayatuzzaman signed the agreement.

Other executives and officials of the banks and sponsors of the project were present at the signing ceremony.

Iraq faces long road to economic recovery

AFP, *Baghdad*

As the dust of the US-led war on Iraq settles, the Iraqis wake up to questions on how to rebuild the country and rejoin the global economy that kept them at bay for more than a decade.

"Iraq has become a chat room, the people are debating how things should be run, after living 35 years under a monolithic system," said the editor of the economic weekly Al-Iqtissadi, Fadel Ali, referring to the former ruling Baath Party.

The weekly, published by the Iraqi economists' association, stopped with the war one month ago. Its content mirrored Iraq's autarky under the rule of Saddam Hussein, ousted by US-led forces on April 9.

"We did not publish foreign stock markets indices, oil and currency prices. Iraqis have no investments abroad and there is no foreign investment in Iraq. Such reports were meaningless for the population," said Ali.

Although Iraq is an oil exporter, 60 per cent of the 25-million population has been living on rations financed through the UN-supervised "oil-for-food" programme, designed to alleviate the impact of the international sanctions imposed on Iraq after its 1990 invasion of Kuwait.

"Whether oil prices go up or down, it is all the same for Iraqis: a food ration. We had one foreign news page, reporting on main corporate news such as mergers. We called it the dead page, it had no importance," said Ali.

Asian govts offer packages to SARS-hit businesses

AFP, *Hong Kong*

Asian governments are starting to respond to the cries of anguish from businesses decimated by the deadly SARS outbreak with emergency packages to help the worst affected sectors.

Singapore announced relief measures worth 230 million Singapore dollars (130 million US) on Thursday. The other most badly affected economy in the region, Hong Kong, is expected to follow suit as soon as this coming week and Taiwan has stepped in to offer support to local airlines and tourism firms.

The travel and tourism industries have borne the brunt of the Severe Acute Respiratory Syndrome (SARS) outbreak since it started in southern China's Guangdong province late last year and spread to Hong Kong in February before being carried around the globe by air travellers.

Governments, already under severe budget pressure after regional economies were hammered by the regional financial crisis five years ago and 2001's global slowdown, are finding themselves again searching for band-aids for their bleeding economies.

Regional airlines, still recovering from the 2001 slump, have been among the first to send out an SOS, saying up to 50 per cent of their flights have been suspended.

"Airports and air traffic management services can and must reduce their charges, rents and other burdens which they impose on the airlines regardless of the fluctuations of the markets," said Richard Stirland, director-general of the Association of Asia-Pacific Airlines (AAPA).

Such steps were vital to the survival of regional airlines, he added.

Singapore, which like Hong Kong relies heavily on tourism and its role as a regional transport hub, has cut its economic growth target to 0.5-2.5 per cent this year from 2.0-5.0 per cent due to the impact of SARS.

Its assistance measures focus on the devastated tourism industry, which suffered a 61 per cent plunge in visitor arrivals in the first 13 days of April from a year earlier. Hotel occupancy rates fell to 20-30 per cent from normal levels of at least 70 per cent.

The package includes rebates for airport landing fees, a reduction of the levy paid by employers for their foreign workers and property tax relief for shops, hotels and restaurants. It will take effect in May and last until the end of the year.

"This is an immediate response and now we will have to watch very carefully how the situation develops and if there is a need to do more later and there is justification to do more later, we are able to do so," Deputy Prime Minister and Minister of Finance Lee Hsien Loong said.

In Hong Kong, the two local airlines Cathay Pacific and Dragonair have cut flights by more than 40 per cent, hotels, restaurants and bars have emptied and retailers claim sales have been cut in half since the last half of March. Analysts have cut their economic growth forecasts for Hong Kong by around one per centage point because of the SARS.

Hong Kong Chief Executive Tung Chee-hwa said this week the government will announce relief measures "very soon" and there is speculation they will be released during the coming week.

PHOTO: PRIME BANK

Managing Director of Prime Bank Ltd Shah Md Nurul Alam, Managing Director of Southeast Bank Syed Naser Bukhtear Ahmed, Managing Director of EXIM Bank Mohammad Lakiotullah, Managing Director of Jamuna Bank SA Chowdhury and Chairman of HP Chemicals Limited ATM Hayatuzzaman sign a loan facility agreement on Wednesday in Dhaka. Under the deal, HP Chemicals will receive a Tk 3,300 lakh syndicated term loan from the banks.

American Airlines union for new vote on cost cutting

AFP, *Washington*

A labor-management deal designed to save the world's largest airline from bankruptcy appeared in jeopardy Saturday, after the leader of a key union, angered by the disclosure of new executive perks, called for a new vote on the cost-cutting package.

John Ward, president of the Association of Professional Flight Attendants (APFA), said he had sent American chairman and chief executive officer Don Carty a letter "notifying him that APFA intends to reballot the membership on the restructuring participation agreement."

The announcement, made late Friday, came amid a growing outcry among American Airlines union members over a new executive compensation package that came to light just after the unions voted to accept 1.8 billion dollars in annual salary cuts to save the struggling company from going belly up.

The package, revealed in a filing with the US Securities and Exchange Commission (SEC), included hefty retention bonuses for six top airline executives and a special trust to protect the pensions of 45 top company officials in the event of bankruptcy.

Carty said the purpose of the package was to give top managers an incentive to stay with the company in the difficult post-September 11 environment "when many were being offered more generous packages to go elsewhere."

But faced with anger among American employees, he issued his apologies and said the company was cancelling the retention plan.

Ward, however, said he was not impressed.

"No doubt, this cancellation is only a result of the fact that they were caught with their hands in the cookie jar," he said in a statement.

He stressed the flight attendants' union remained committed to doing everything possible to enable the company to avoid bankruptcy but was also determined to protect the best interests of its membership.

"That necessitates that our members be given a fresh opportunity to vote on the proposed terms in an untainted environment," Ward argued.

He did not say when a new vote might take place. But industry analysts believe a new ballot could easily scuttle the cost-cutting plan, to which the flight attendants gave only narrow approval last week -- and only on a second second try.