

## Capacity building efforts elude business bodies

### Commerce minister says at BCI seminar

STAR BUSINESS REPORT

Commerce Minister Amir Khosru Mahmud Chowdhury yesterday lashed out at chambers and trade associations for their lack of capacity building efforts in running modern day business.

Trade bodies cannot live up to their spirit of supporting the business community as their leaders prefer to hold the posts to take privileges rather than make efforts to give institutional shape to their business bodies, he said.

Excepting a few, none of the trade bodies has built required capacity to handle challenges of the globalised era, the commerce minister said, adding that business leaders spare a little time for institutionalising the bodies they represent.

The minister was speaking at a seminar on "SMEs: A Potential Sector for Economic Development of Bangladesh" organised by Bangladesh Chamber of Industries (BCI) held at its conference room in Dhaka.

Expressing his frustration over the activities of chambers, Khosru said they do not carry out research for bettering industry. Their suggestive inputs to ministries are not satisfactory, in-depth and far reaching, as they do not conduct sector-wise research, he added.

"If the trade bodies are sincere and active in their jobs, they can be able to solve themselves 80 per cent of their problems," the minister felt.

Emphasising the role of private sector, especially the trade bodies, in policy formulation for trade facilitation, he said the government has decided to place 25 per cent private sector professionals in Export Promotion Bureau and Tariff Commission.

The prime minister has already approved the proposal and the recruitment process will be completed in three months, Khosru said.

He opined that the combination of dynamism of private sector people and administrative skills of civil servants would best serve the country's needs to boost trade.

The commerce minister said the private sector professionals will be recruited on contractual basis and there will be a special pay scale for them.

He said the government is loosening its grip in business to encourage private sector in becoming key player. "But as the performance of trade bodies is not noteworthy it seems that private sector business leaders are not yet ready to take over as major player in business."

On promoting small and medium enter-

prises (SMEs), Khosru said Bangladesh Small and Cottage Industries Corporation (BSCIC) must be restructured by hiring private sector stakeholders to increase government support in SME development.

Advisor to the commerce ministry Barkatullah Bulu said politicisation of BSCIC has made it an inactive body. Some politicians had abused power to set up BSCIC estate in their constituencies without considering economic viability, he said.

Addressing the seminar, BCI President AK Azad said as the BSCIC has so far failed to promote SMEs, it must be restructured or a separate SME Development Authority may be formed with private sector participation.

He demanded collateral free loan facilities for the SMEs and called for setting up a separate lending institution for such industries.

Dr M Kamal Uddin, director of Institute of Appropriate Technology of Bangladesh University of Engineering and Technology, presented a paper at the seminar in which he recommended offering ten years' tax holiday for export-oriented SMEs.



PHOTO: STAR

Boatmen wait for passengers to ferry them at Babubazar Ghat in Dhaka. Following the commissioning of the second bridge over the Buriganga the number of boat passengers has decreased, much to the frustration of the ferrymen, whose daily incomes have come down.

## Investors' confidence hinges on updating, enforcement of laws

### Two-day SEC-ADB workshop on corporate governance ends

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Laws need to be updated in line with changing business scenario and proper enforcement of the laws must be ensured to gain investors' confidence in the capital market.

This common observation came at technical sessions of the two-day workshop on corporate governance in Bangladesh, which concluded in Dhaka yesterday. The workshop was jointly organised by the Securities and Exchange Commission (SEC) and the Asian Development Bank (ADB).

The speakers also favoured an ADB recommendation on assigning independent directors in every company. They, however, failed to reach a consensus on the modalities of how such directors will be appointed or what will be the basis

of their appointment.

Eminent lawyer Dr Kamal Hossain chaired the workshop's concluding session on legislative recommendations. ADB Technical Assistant Team Leader Alan G Rosenberg presented the keynote paper, prepared by The Aries Group of the United States.

International mutual fund specialist Arthur Sokolow, partner of Rahman Rahman and Haq & Co Abdul Hafiz Chowdhury and Institute of Chartered Accountants of Bangladesh (ICAB) acting President M Farhad Hussain attended as panel discussants.

Dr Kamal Hossain said there are adequate laws for the capital market in Bangladesh but their proper enforcement is absent.

He said there are allegations against companies for not being

able to hold annual general meetings (AGMs) peacefully due to some unruly persons. "All are aware about it but there is no effort to bring these musclemen into book".

Dr Kamal said it will be difficult to find independent directors even if there is an agreement to have them in company boards. "But such an option will surely be helpful to protect rights of the minority shareholders."

"Recently the central bank has directed commercial banks to appoint two independent directors but the banks are yet to appoint them," Dr Kamal said.

Sokolow said independent director might be appointed from the retired businessmen, academics, judges and non-resident Bangladeshis.

ICAB acting President M Farhad Hussain laid stress on a guideline for appointing a chief accountant under the ADB prescribed accounting board in every company.

At present young persons lacking required experiences are seen to be occupying some important posts like chairman and managing director, he observed.

The ICAB acting president said there should be a set of guidelines on fixing the maximum number of directors to sit in a board similar to banks.

The ADB paper suggested that as the audit committees serve the important functions of controlling the financial activities of company management, it should ensure the recruiting, training and monitoring of the committee members.

## Lipro to market Siemens home appliances

Lipro Communications Limited has signed a distributorship agreement with Siemens Bangladesh Limited.

Dr Peter E Albrich, managing director and CEO of Siemens Bangladesh Limited, and M Shakil Wahed, managing director of Lipro Communications Limited, inked the deal on behalf of their respective organisations in Dhaka on Wednesday, says a press release.

Under the deal, Lipro Communications will market Siemens home appliances.

Aminur Rashid, general manager of Siemens Bangladesh Limited, Tofazzul Hossain, manager of Home Appliances, Corporate Communications and Business Development manager Aftab Mahmud Khurshid were, among others, present at the signing ceremony.

## Citigroup tops global list of 2000 biggest companies

Citigroup has topped the global list of 2000 biggest companies in terms at sales, profits, assets and market value.

The Forbes Global 2000 is a comprehensive listing of the world's biggest and most important companies.

The US financial services giant Citigroup, with revenues of \$93 billion, profits of \$15 billion, assets of \$1 trillion and market value of \$211 billion had the best composite ranking based on all four of these measures. Of the companies on Global 2000 list, US-based companies dominated the list, with 776, followed by Japan with 331 and UK with 132.

General Electric had been adjudged as the second biggest company, while American International Group secures -- the third, Exxon Mobil -- the fourth and Bank of America -- the fifth position, respectively.

## EU lifts trade embargo against Iraq

XINHUA, Brussels

The European Union (EU) on Wednesday lifted trade sanctions against Iraq in accordance with UN Security Council Resolution 1483 of May 22, 2003.

The trade embargo, which had been in force since 1996, will be lifted with retroactive effect to May 23, according to an online Newsletter Europe Information Service (EIS).

The only exceptions are trade in arms and heritage goods, which remain banned, the EIS added.

EU Trade Commissioner Pascal Lamy said the EU was ready to do everything it can to support efforts to establish a functioning customs authority in Iraq.

The EU is also considering to offer Iraq the system of generalized preferences, a unilateral tariff system that enables manufactured products and certain agricultural

products exported by developing countries to be sold on the EU market with a total or partial suspension of import taxes.

Since it was imposed 13 years ago when Iraq invaded Kuwait, the total embargo had been amended several times. The final amendment was in May 2002 when the United Nations (UN) decided to maintain the "oil for food" program for the next six months.



PHOTO: BEST FRIED CHICKEN

Renowned actor Bulbul Ahmed cuts a cake to inaugurate a week-long festival to mark the first anniversary of Best Fried Chicken (BFC) at its Uttara outlet in Dhaka on Saturday.

## US Treasury gets new deputy

REUTERS, Washington

The Bush administration on Wednesday tapped an academic to take over the No 2 job at the US Treasury in the latest shuffle at the department that included the resignation of its top debt management expert.

The White House announced that Susan Schwab, dean of the University of Maryland's School of Public Affairs, was its choice to become deputy Treasury Secretary, filling a job left vacant since Feb 27 when Kenneth Dam left it.

## BGMEA hails flag vessels (amendment) bill passage

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Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has welcomed the passage of Bangladesh Flag Vessels (Amendment) Bill, 2003.

In a statement, the association President Kazi Moniruzzaman yesterday said as the amendment will allow foreign feeder vessel operators to carry container cargoes to and from Bangladesh seaports without prior permission, it will help reduce lead time and production cost of garment exports.

He said business community has long been demanding annulment of Bangladesh Flag Vessels (Protection) Ordinance, 1982.

The leader of the country's top export earning sector said the passage of the bill would end the cargo carrying row.

He extended thanks to all Members of the Parliament specially the Prime Minister, Finance Minister, Commerce Minister and Shipping Minister to help passing the bill.

The statement was signed by Md Fashihur Rahman, secretary of BGMEA.

## IFIC Bank engages agent to recover default loans

IFIC Bank Limited has engaged Multi Promotional Services Limited to recover its default loans.

Mashiur Rahman, managing director (current charge) of IFIC Bank, and AT Ahmedul Huq Choudhury, managing director of Multi Promotional Services Limited, signed an agreement to this effect on Monday in Dhaka, says a press release.

Senior executives of the bank and directors of Multi Promotional Services Limited were present at the signing ceremony.

## Repo auction

UNB, Dhaka

The Reverse Repo auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

Ten bids of two-day tenor amounting to Tk 755 crore were received, of which nine bids amounting to Tk 750 crore were accepted.

The rates of interest against the accepted bids ranged from 3.75 per cent to 3.95 per cent per annum, a Bangladesh Bank press release said.

## Agri tech exposition in Oct

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A three-day exposition -- Agri-Invest Bangladesh 2003 -- will begin on October 23 at Bangladesh-China Friendship Conference Centre in Dhaka that will attract foreign investors in agro-based sector, organisers said.

As many as 16 countries including hosts Bangladesh will participate in the show organised jointly by the Ministry of Agriculture (MoA), Board of Investment (BoI) and South Asia Enterprise Development Facility (SEDF).

Denmark, Norway, Australia, India and Thailand already confirmed their participation while another 10 countries will also join the exposition.

Modern agro-processing technology from home and abroad will be displayed in the exhibition that will encourage the agro-based

products manufacturers in Bangladesh, said Mirza Fakhru Islam Alamgir, state minister for agriculture.

Briefing journalists after a joint meeting between MoA, BoI and SEDF yesterday the state minister said the show would also attract foreign investors to invest here significantly in the agro-based sector.

The exhibition will be followed by a seminar where experts will deal with agro-processing and other agro-based issues. "This will create an opportunity of interaction between the local entrepreneurs and the foreign investors," Alamgir said.

"Local entrepreneurs will be able to know the modern agriculture product processing and storage system of the foreign countries", he added.

The state minister hoped the

exposition will help the local agro-processors use the state-of-the-art technology in this sector. "This will provide them with more access for their products to the global market," he observed.

BoI Executive Chairman Mahmudur Rahman said participants in the show will exchange their views and share experiences to increase their knowledge. "We'll see a remarkable development in this sector within the next fiscal year," he hoped.

Bangladesh Agro-Processors' Association President Amjad Khan Chowdhury said the agro-based producers by using the modern processing machinery could help boost export of agro-based products.

Prime Minister Khaleda Zia is expected to formally inaugurate the exhibition.

## S'pore economy shrinks

AFP, Singapore

Singapore's SARS-hit economy contracted sharper than expected in the second quarter, the government said Thursday as the city-state's de facto central bank signalled it would accept a weaker local currency in a bid to boost exports.

The Ministry of Trade and Industry (MTI) said preliminary figures for the June quarter showed gross domestic product (GDP) shrank 4.3 per cent year-on-year.

The forecast was based on the April and May figures when the Severe Acute Respiratory Syndrome (SARS) crisis, which killed 32 people in Singapore and brought the domestic economy to its knees, was at its peak.

GDP contracted by 11.8 per cent on a quarter-by-quarter basis, compared with growth of 1.2 per cent in the three months to March, the MTI said.

The 4.3 per cent annual contraction was worse than an expected two to three percent figure that economists predicted in a poll by financial news wire AFX-Asia.

"The second quarter showing is definitely below market expectations... it has disappointed even the most bearish forecasts," IDEAGlobal deputy head of research Nizam Idris said.

In the second quarter, the MTI

said manufacturing was estimated to have contracted by 7.5 per cent, construction was down 10.9 per cent and the services segment shrank by three percent.

"GDP growth in the second quarter was predictably weak as a result of the weak global environment as well as the SARS outbreak," the MTI said, while forecasting a pick-up in the second half of the year.

"Financial markets have priced in stronger US economic growth in the second half of the year, which would lift business sentiment."

The ministry said the pharmaceutical industry was also expected to see greater demand, while the end of the SARS crisis would lead to a boost for the travel and tourism industries.

The MTI said it would review the 2003 annual growth forecasts, which currently stand at 0.5-2.5 per cent, next month.

Standard Chartered, which had forecast a contraction of 2.1 per cent in the second quarter, said the worse-than-expected outcome was a result of SARS' hitting the tourism and travel sectors harder than initially thought.

"The impact of SARS is admittedly hard to assess and we had viewed that some signs of resilience in the retail sector might have mitigated the full brunt of SARS on the total services sector," Standard

Chartered's chief economist for Southeast Asia, Steve Price, said.

At the same time, Price said that it was important to note that the preliminary figures were calculated only on April and May and an expected improvement in June was expected to lead to a final second quarter contraction of 3.8 percent.

Price said Singapore's economy was expected to grow again in the third quarter, thereby avoiding a technical recession, and maintained Standard Chartered's annual growth forecast of 1.5 to two percent.

But IDEAGlobal's Idris downgraded his 2003 GDP growth forecast from one percent to 0.6 per cent on the back of the Thursday's figures.

MMS International chief economist David Cohen was even more downbeat, cutting his yearly estimate from 0.5 per cent growth a 0.3 per cent contraction.

However economists predicted the Monetary Authority of Singapore's (MAS) realignment on Thursday of its foreign exchange policy band to current weaker levels could boost flagging exports, on which the Singapore economy is heavily reliant.

## India to sell shares of five key state firms

AFP, New Delhi

The Indian cabinet Thursday announced it will sell off part of its holdings in key large state-owned firms including the country's international telecom gateway, Videsh Sanchar Nigam Ltd. (VSNL).

Minister for Privatisation, Arun Shourie, said besides VSNL, the government will off-load stakes ranging between 26 and 49 per cent in software firm CMC. Ltd, petroleum firms IPCL and IDPL, and Bharat Aluminium Co. (BALCO).

After a cabinet meeting, Shourie said the stakes in the five firms,

which are estimated to be worth tens of million of dollars, would be off-loaded through public sales.

The government is keen to push through privatisation of state firms following the overwhelming success of the share offer in the country's largest carmaker Maruti Udyog Ltd.

Maruti made its stock market debut Wednesday, with brisk trading on the Bombay Stock Exchange seeing the share gaining 30 per cent over its initial public offering (IPO) price.

Maruti's initial share offer was oversubscribed last month by up to 10 times by retail investors.

The government has set a revenue target from privatisation of 132 billion rupees (2.75 billion dollars) in the current financial year to March 2004.

Last year it targeted revenue of 120 billion rupees from privatisation but managed to raise only 33.60 billion rupees.

However, the government faces major hurdles including protests from trade unions and some political parties against its plans to sell off state equity in profit-making companies such as VSNL and BALCO.