

# Star BUSINESS

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## Batexpo order declines 27pc

STAR BUSINESS REPORT

Spot orders from foreign buyers at the Bangladesh Apparel and Textile Exposition (Batexpo) 2006 has declined 27 percent this year.

According to a press statement of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), garment exporters received orders worth \$50 million at the Batexpo 2006 that ended yesterday. The Batexpo 2005 bagged orders worth \$68.6 million.

Some 3,000 people, including 50 buyers and 500 representatives of buyers, visited this year's fair.

Prime Minister Khaleda Zia inaugurated this year's three-day Batexpo, the largest annual exposition of garment products, at Dhaka Sheraton Hotel on September 21.

## HP chair resigns

AFP, San Francisco

Hewlett-Packard (HP) chairwoman Patricia Dunn resigned in disgrace and chief executive Mark Hurd apologized for "disturbing" boardroom espionage on Friday as they prepared to answer to a congressional committee about the scandal.

Hurd told a news conference Dunn's resignation was effective immediately and that he would take over her duties as chair of the HP board.

"We believe it is in the company's best interest that she now step aside given the distraction her presence on our board continues to create," Hurd said. "We have never questioned her intentions, her integrity or her ethics."

Dunn had been due to step down in January 2007 but her departure was moved up amid allegations HP's investigators impersonated board members and journalists to get private telephone records.

"Some of the findings uncovered are very disturbing to me," Hurd said at the company's office in Palo Alto, California.

"On behalf of HP I extend my sincere apologies to those journalists investigated and everyone who was impacted."

Hurd said that his offer to testify with Dunn and HP lawyers before the House of Representatives' Energy and Commerce Committee in Washington on September 28 had been accepted.

The hearing will focus on whether private investigators hired by HP spied on board members, employees and reporters in a campaign to plug a company leak.

At issue was whether the investigators impersonated people to gain access to their telephone records, secretly followed people, and tried to trace company e-mail to learn where it was forwarded.

## EU to extend energy crop aid scheme to all member states

XINHUA, Brussels

The European Commission has proposed expanding subsidies for biofuel crops to encourage the production of renewable energy.

Under the proposal, the energy crop aid scheme introduced in 2004 will cover all the European Union (EU) member states. Previously eight countries were excluded.

As a result, the maximum area which can benefit from the aid will be expanded to 2 million hectares from 1.5 million at present.

In addition, the commission proposed Friday allowing the member states to grant national aid of up to 50 percent of the costs of establishing multiannual crops on areas on which an application for the energy crop aid has been made.

Eight countries, which joined the EU in 2004, are going to be allowed to continue with a separate aid scheme until 2010 instead of 2008, said the commission.

The countries affected are the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Poland, and Slovakia.

The farming of energy crops has become economically viable as oil prices climb, said a commission spokesman Friday.

## FOREIGN AID

# Dhaka urges developing countries not to accept harmful conditions

UNB, New York

Dhaka requested the developing countries to avoid competing amongst themselves in a 'race to the bottom' and not to accept harmful conditions tagged to foreign aid.

Addressing the 13th annual ministerial meeting of G-77 and China here Friday, Foreign Minister Morshed Khan urged the Group to develop a set of guidelines that the developing countries could use for accepting foreign aid from the donors to their own terms.

South African Foreign Minister Dr Nkosazana Dlamini Zuma chaired the meeting in her capacity as the Chair of the G-77-and-China lineup. UN Secretary General Kofi Annan and UNDP Administrator Kemal Dervis were among the key speakers at the event.

Khan in his statement called upon the G-77 bloc of developing and least developed nations to intensify its efforts to gain duty- and quota-free market access for all LDCs, pending decisions on NAMA and agricultural subsidies.

He emphasised the need for reconsidering the "single undertaking" principle to facilitate a WTO

agreement on special and differential treatment to the least developed countries.

Khan reiterated his call that the LDCs should be allowed to borrow against their own reserves at zero-interest markups. He congratulated Pakistan on their election as the next Chair of the G-77-plus-China grouping.

The FM also spoke at the Commonwealth ministerial meeting where he apprised the Commonwealth heads of delegation of the progress Bangladesh has made in democracy and good governance. He said that Bangladesh was preparing for the next general election under a neutral, caretaker government.

"While democracy and good governance are necessary conditions, but they are certainly not sufficient to help countries achieve faster economic growth and combat abject poverty," Khan told his audience.

He stressed that duty-free and quota-free market access is an imperative to achieve the necessary growth rates to eradicate poverty.

The foreign minister informed that Bangladesh made consider-

able advancement in disaster management, which has been acknowledged by the international community as the "best practice" model for other countries to follow.

He thanked the Commonwealth Secretariat for taking immediate follow-up actions on Bangladesh's proposals on comprehensive disaster management.

On the sidelines of UNGA, Khan met his counterpart from Bahrain Shaikh Khalid Bin Ahmed Bin Mohamed Al-Khalifa. The two ministers discussed issues of mutual interest, including the agreement on promotion and protection of investments and agreement on avoidance of double taxation, which are being negotiated by the officials of the two countries.

He also met Foreign Minister of Myanmar Nyan Win and discussed the issues of mutual interest. Syrian Foreign Minister Walim al Moualem met Khan and discussed bilateral issues. The Syrian foreign minister briefed him on recent developments in the Middle East.

## S Korea plans levy on airline tickets

AFP, Seoul

South Korea is planning a levy on international airline tickets to raise funds for international aid. Finance Minister Kwon O-Kyu said Friday.

"Seoul is committed to doing its part in helping other countries and will make efforts to raise public awareness of and support for expanding ODA (official development assistance)," Kwon said.

South Korea pledged in May to increase annual aid to developing countries to 960 million dollars by around 2008 from the current 745 million.

Kwon said the government plans to introduce a program requiring people who buy international plane tickets in South Korea to pay a small extra charge to help developing countries.

The tickets tax was promoted by France, whose parliament in January passed a measure that will add a tax of up to 47 dollars for travellers departing French airports.

Twelve countries in March agreed to join France in imposing a tax on airline tickets to fund HIV/AIDS, tuberculosis and malaria programs.

## Nine int'l firms competing to set up power plant in Pakistan

XINHUA, Islamabad

Nine international companies are competing to set up a 1,000 to 1,200 MW coal-based power plant near southern Pakistani coastal city Karachi, the Dawn newspaper reported Saturday quoting official sources.

This comes as a response to Pakistani government's emergency efforts to overcome power shortages in the country.

Nine companies had submitted their statements of qualifications (SOQs) by Sept. 20 deadline to set up in integrated imported coal-based power project near Karachi, sources in the government's Private Power and Infrastructure Board (PPIB) told Dawn.

The competitors include Sumitomo of Japan, Siemens and Reinhold of Germany, Al-Jumaih Group of Saudi Arabia, AES Corporation of the United States and Malakoff of Malaysia, said the report.

The SOQs submitted by the companies would be evaluated by a committee for pre-qualification and ranking by Oct. 20, and the PPIB will notify pre-qualified sponsors on Nov. 1 and issue letters of intent (LOI) on Nov. 15 this year to two bidders, it said.

## Shell acquires China's Tongyi lubricant brand

AFP, Beijing

Shell China has secured a majority stake in Tongyi, the country's third largest lubricant manufacturer, to raise its share of the fast-changing market, the Anglo-Dutch group announced Saturday.

Shell China Holdings acquired 75 percent of the two companies which produce and market the product, the statement said.

Tongyi has been China's leading independent lubricant maker, standing up to the might of Sinopec's Changcheng and CNPC's Kunlun.

## Meghna Life Ins declares 10pc dividend

Meghna Life Insurance Company Ltd has declared a 10 per cent dividend for its shareholders for the year 2005.

The dividend was approved at the 10th annual general meeting (AGM) of the company on Wednesday in Dhaka, says a press release.

Chairman of the company Nizam Uddin Ahmed presided over the AGM, which was also attended by directors and other senior officials.

## CORPORATE GOVERNANCE

# 63pc listed firms abide by SEC guidelines

## Investors' confidence low: Hua Du

STAR BUSINESS REPORT

As many as 63 percent of the listed companies have furnished the directors' annual reports with compliance issues in accordance with the country's capital market watchdog's guidelines on corporate governance, issued in February this year making those mandatory for the companies on 'comply or explain' basis, revealed a paper presented at a roundtable in Dhaka yesterday.

Dr Mahmood Osman Imam, executive director of Centre for Corporate Governance and Finance Studies of Dhaka University, presented the paper at the roundtable on 'Corporate Governance Guidelines of SEC and its Implementation Practices in Bangladesh' held at the CIRDAP auditorium in the city.

Dhaka Stock Exchange (DSE) and Centre for Corporate Governance and Finance Studies of Dhaka University in association with The Financial Express and Channel i jointly organised the roundtable with DSE President Abdullah Bokhari in the chair and Moazzem Hossain, editor of The Financial Express, as moderator.

The sample of the paper includes those listed companies whose annual general meetings were held after the notification of SEC on corporate governance guidelines. The sample covers 111 listed companies.

According to the paper, out of 70 companies furnishing compliance reports, 83 percent complied with the condition of board size and only 33 percent are reported to have complied with the provision of independent director.

With regard to the conditions of appointment of separate chief financial officer (CFO), head of

internal audit and company secretary, 78 percent, 69 percent and 87 percent companies are reported to have complied with these conditions respectively.

It was also disclosed in the paper that 44 percent companies followed the guideline with regard to the formation of audit committee and its reporting to the board or chairman and the stakeholders, while 56 percent companies were found to be defaulter in this regard. Such defaulting companies, however, are reported to be in the process of having audit committees in near future.

Addressing the function, Asian Development Bank (ADB) Country Director Hua Du said the capital market in Bangladesh is still at an emerging stage with market capitalisation amounting to only 6.5 percent of GDP as investors show least confidence in the corporate governance and financial disclosures practiced by many companies listed in the bourses.

"The neighbouring countries are well ahead of Bangladesh in terms of depth in capital market. In India, Pakistan and Sri Lanka, the amount of market capitalisation is 56 percent, 30 percent and 18 percent of their gross domestic products respectively," she said.

There has been limited investment interest and the supply of capital market instruments remains inadequate, Hua Du said, adding that overall transparency of market transactions is low compared to international standards and generally there has been slow development of the underlying market infrastructure.

"Based on the experiences of other countries, sound corporate governance is a prerequisite to developing a deep-rooted and well-functioning capital market. In

Bangladesh, development of a well-functioning capital market is critical to achieve success of the government's national poverty reduction strategy that aims to substantially increase private investment, savings and economic growth," the ADB country director went on.

She said corporate governance interventions are often linked to other reform programmes that include enterprise reform, restructuring state-owned enterprises (SoEs), financial governance and financial market reforms and capital market development.

"Development of the financial markets depends on the corporate governance framework and how closely the country adheres to it. A sound corporate governance structure and a strong regulatory, supervisory and enforcement system need to be in place so that the country can improve the investment climate and attract foreign capital on a competitive international basis," she observed.

Hua Du also laid emphasis on corporate governance guidelines for the non-listed companies too.

Chairman of the Security Exchange Commission Faruq Ahmed Siddiqi said performance of the capital market depends on how far the corporations are practicing the principles of corporate governance.

"The corporate governance framework depends on the legal, regulatory and institutional environment. Stock exchanges, investors, corporations and other stakeholders have important roles to play in the process of developing good corporate governance," he said.



PHOTO: STAR

Rumi Saifullah (2-R), national president of Junior Chamber International (JCI) Bangladesh, speaks at a roundtable on 'Problems in the RMG sector--recent issues and possible solutions' organised by JCI Bangladesh and The Daily Star yesterday in Dhaka. (From right) Asif Touhid, Waqar Choudhury, Aftab Mahmud Khurshid and Mahzabeen Faruque, members of the national governing body of JCI Bangladesh, are also seen. (Story on page 16)

# Dollar steady after big hit from weak data

AFP, New York

The dollar steadied Friday a day after a big selloff as investors looked past a weak report on manufacturing that some analysts said could signal bigger problems for the world's biggest economy.

The euro stood at 1.2783 dollars at 2100 GMT from 1.2779 dollars late in New York on Thursday.

The dollar rose to 116.51 yen, compared with 116.33 yen late on Thursday.

The greenback had fallen to two-week lows against major currencies earlier in the day in a continued response to Thursday's dismal Philadelphia Federal Reserve

survey, which cemented market expectations that the next US interest rate move will be down.

The report "might be remembered as the turning point of the US economy as the release showed widespread economic weakness," said Scotiabank analyst Mark Ellerbeck.

Thursday's report from the Philly Fed "struck a chord with a market that is becoming increasingly sensitive to the prospect of a US slow-down," said Ian Gunner at Mellon Financial.

"However, the one note of caution is that the Philly Fed does occasionally throw up some weak outcomes that are not sustained so

the market will be waiting to see whether this potentially weaker message from manufacturing is replicated in other data."

Despite the moves lower, however, the US currency remained within its recent trading ranges.

Standard Chartered currency analyst Marius Maratheffis said the market was "very rangebound" and continued to lack any real direction.

Currencies were likely to break out of those ranges at some point over the next few weeks, however, as the final quarter gets under way, he said. The dollar will then come under further pressure, with the yen the main beneficiary due to its current undervaluation, he said.



PHOTO: MEGHNA LIFE INS

Nizam Uddin Ahmed, chairman of Meghna Life Insurance Company Ltd, presides over the 10th annual general meeting of the company on Wednesday in Dhaka. Directors and other senior officials are also seen.

# Spirit of entrepreneurship everywhere in Bangladesh

## Private sector expert Stacey Morse tells The Daily Star

Stacey Morse, an international private sector representative and a philanthropist, recently visited Bangladesh to attend the prize giving ceremony of Citigroup Microentrepreneurship Awards (CMA) in Dhaka. Currently living in Hong Kong, Morse received her BS Civil Engineering from Tufts University and an MBA from Harvard University. Having 10 years of experience in investment banking with Lehman Brothers, she is currently a trustee of Prep for Prep (NY), an advisory board member of the Tufts College of Engineering Educational Outreach programme, and a member of the National Selection Committee for the 2005 and 2006 Microentrepreneur of the Year Awards in the Philippines and Bangladesh. The Daily Star (DS) talked to Stacey Morse (SM) to know her preliminary assessment of Bangladesh on her first visit, future of micro-credit and development challenges of LDCs.

Excerpts:

**DS:** Though it is little tough to comment on a country like Bangladesh, with a 2-day visit, we would like to know, what was your impression about Bangladesh before the visit and where it stands now?

**SM:** I arrived in Bangladesh a bit naive. I thought I was well read and knowledgeable of the country, but I learned a lot in my visit. I was under the impression that Bangladesh problems were so great, that even with all their significant accomplishments, little progress had been made towards true poverty alleviation.

All that has changed. I have discovered a very different Bangladesh, where the outlook is very bright. The spirit of entrepreneurship is everywhere, particularly among the women.

The government, NGOs and private businesses have worked together to accomplish more than many are aware of. As in many developed countries, Bangladesh will accomplish more if their political parties put their energy into supporting each other. Despite this, Bangladesh has set an example for the rest of the world in its approach to poverty alleviation.

The holistic approach of micro-finance, healthcare, education, infrastructure building and social development is unique and effective. Bangladesh has become the standard towards which other developing countries strive. One of the most impressive parts of this culture is observing how the Bangladesh community is striving to share their knowledge and experience by helping other countries.



They are contributing to economic growth in Asia, the Middle East and Africa. This effort should be recognised and applauded.

**DS:** You are working in the advisory council of Citigroup micro entrepreneurship awards for the Philippines as well as Bangladesh and known to be a great supporter of micro-credit as a tool for eradication of poverty and women empowerment, therefore our question would be where do you see the future of micro credit and where lies the challenges for the overall success of micro-credit?

**SM:** The future of micro-credit is very bright. It has proven to be the most effective tool for poverty alleviation. The United Nations, private foundations, corporate foundations and governments all over the world are supporting these efforts with funding and manpower resources. I see micro-finance continuing to grow and help differ-

ent sectors of the economy.

Various programmes are targeted for different socio economic groups. Not only are the ultra poor moving out of these dire situations, but also the poor are now moving on to start successful small businesses. The next challenge where we have already seen more success is for these small business enterprises to become completely self-sufficient. Thereby making room for others to follow. I think a critical component to the overall success of the programme is education on all levels including but not limited to basic financial and business practices.

**DS:** How do the LDCs like Bangladesh get into the next trajectory of growth given the inherent challenges?

**SM:** This is a very difficult question to address. I believe we need compulsory education for all children to help break the cycle. Additionally, we need to provide basic education to illiterate parents on the importance of allowing their children to go to school now to prepare for the future. We also need to continue the holistic approach that Bangladesh has modeled. We cannot have sustainable growth unless we have basic infrastructure to support it. Among many of the challenges facing the LDCs is the inability of governments to support these projects. I believe the funding and expertise need to be available to make the next step along with hospitable environments to succeed.