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SEC fines BD Dyeing for dividend non-payments

Star Business Report

The Securities and Exchange Commission (SEC) yesterday fined Bangladesh Dyeing and Finishing Industries Ltd (BD Dyeing) Tk one lakh for non-payment of dividends to its shareholders.

The company also have faces a Tk 10,000 per day fine in case it fails to make full disbursement of dividends.

"The fine has been imposed for defaulting in payments of the declared dividends within the stipulated period and also for submitting false compliance report to the SEC," the release said.

The SEC has also directed the company to pay dividends to shareholders within 15 days of the penalty imposition.

LC openings up 20.65 pc

The opening of letter of credits (LCs) for import by the commercial banks has increased by 20.65 per cent in terms of taka during July-October period of the current fiscal year, a Bangladesh Bank press release said, reports BSS.

It said the increase was due mainly to substantial increase of LCs for import of foodgrains and capital machinery, an official handout said.

A total of Tk 11,517.80 crore worth of LCs were opened during the first four months of the year.

IMF economist speaks to CSE members

Dr Shahabuddin M Hossain, an economist of International Monetary Fund (IMF), Washington DC made a presentation on the "Asian economic crisis — one year after" at a seminar held at the CSE Conference Hall recently, says a press release.

CSE organised the seminar for its members and local personalities. In his presentation, Dr Hossain detailed the economic crisis that hit the East Asian countries, particularly the so called "Asian Tigers", last year and discussed the reasons for this crisis. He highlighted the IMF's role in stabilising the economies.

He mentioned that the weak banking system with poor fundamentals, crony capitalism, currency peg with the US dollars etc, are the major reasons for this crisis.

Dr Hossain did his PhD at the University of Cambridge, UK in 1991 and started working in the IMF in '91. He has done extensive research on the former Soviet Union, Caribbean countries and Southern and West African countries.

CSE Chief Executive A G M Shamsul Kamal presided over the seminar.

Shell chemicals, BASF to set up jt venture plant in Singapore

Shell Chemicals Ltd, London, and BASF Aktiengesellschaft, Ludwigshafen, Germany, have signed a letter of intent to form a new 50/50 joint venture for producing Styrene Monomer (SM) and Propylene Oxide (PO) in Singapore.

The final investment decisions by the Boards of the relevant Shell companies and the BASF Board are expected to be made next year, says a press release.

The new facility would be built at the Seraya site in Singapore where Shell already has an SM/PO plant in a joint venture with Mitsubishi Chemical Corporation (MCC).

The projected plant, which is planned to be on stream at the end of 2001, would be the fourth plant worldwide utilising Shell's advanced proprietary SM/PO technology and would have a production capacity of 250,000 metric tons p.a. of PO and 550,000 metric tons p.a. of SM.

At present BASELL, another BASF/Shell joint venture, is building a similar plant at the Moerdijk site in the Netherlands.

Shell would enter into an arrangement with MCC for long-term off-take rights for a substantial volume of SM from the planned new facility.

In addition to the planned SM/PO plant, Shell would expand its PO conversion capacity on the Seraya site through an investment in a world-scale polyol plant and an expansion of the existing propylene glycol unit.

"This envisaged investment, which demonstrates our faith in the economic development of the Asia Pacific Region, would provide a great opportunity for both parties to further grow their styrene monomer and propylene oxide businesses and strengthen their worldwide position in these markets," said Rob Van Loon, Shell Chemicals Ltd Vice president SMPO & Urethanes.

Govt plans Apparel Board to keep RMG sector on track

By Rafiq Hasan

The government is going to set up a separate body called "Apparel Board" for effectively tackling the problems that often throw spanners into the smooth development of the country's garments sector.

The Board will handle the distribution of garments export quotas among the exporters.

It will also maintain statistics on the garments sector, obtain Generalised System of Preference (GSP) visas, create new markets for Bangladeshi garments, organise garments fairs, conduct researches on various aspects of the sector and formulate rules and regulations for the industry.

The board will also help garment factories develop new designs and improve the quality of their products.

It will also formulate new strategies on keeping the country's garments export on track following withdrawal of quotas for the US and Canadian markets after the year 2005.

According to the plan, the government will spend around Tk 1.50 crore annually for the Board. The board will be a self-sustaining organisation and will generate its own income by selling its services.

According to the Commerce Ministry sources, the Establishment Ministry has already approved the proposed Board having around 59 posts. The proposal is now awaiting green signal of the Finance Ministry.

Once it gets the Finance Ministry approval, it will be sent to the Cabinet for a final decision, according to official sources.

The Garments sector is the highest export earner of the country fetching some US $3.4 billion last year. There are as many as 3070 garments factories in the country.

The commerce minister will be the chairman of the Board and a person holding the post of director general will be its executive head. According to the proposal, the Board will have three directors and seven deputy directors.

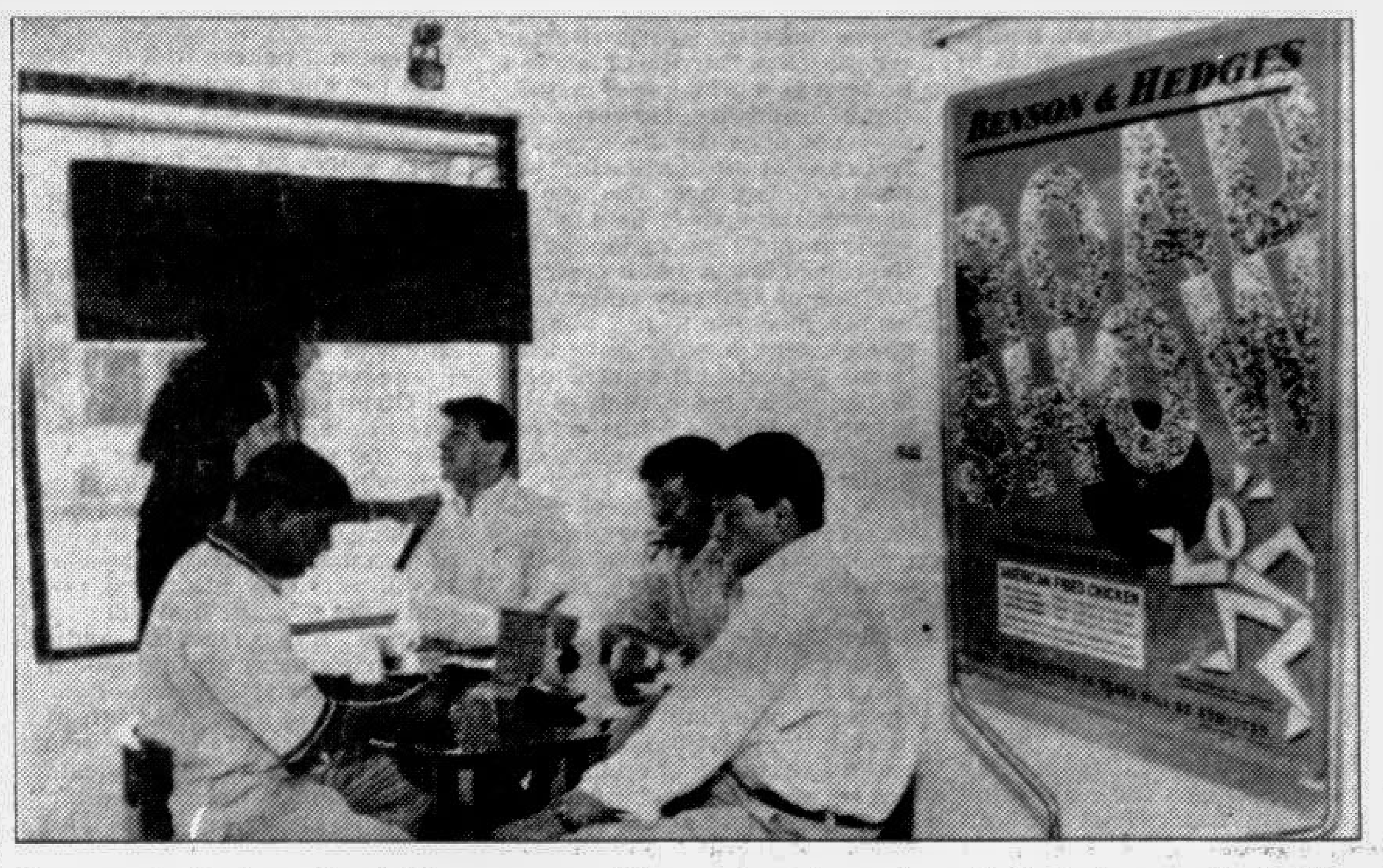
The government felt the need for a separate Apparel Board as the existing Textile Cell at the Export Promotion Bureau (EPB) did not have adequate expertise to look into the problems facing the garments sector.

The EPB is being run by civil servants and officials from different organisations who do not have proper knowledge about the garments industry.

Earlier, in 1995, the Commerce Ministry had prepared a proposal for setting up the Board in response to the demand of the garments manufacturers.

But the plan did not materialise because of lack of interest of the previous government, sources said.

But the ministry opened the file again following the declaration of a separate apparel board by Prime Minister Sheikh Hasina at a gathering of Garments owners a few months back.



Benson & Hedges Road Show, a travelling entertainment pack to bring music to the masses, made a stop at a fast food outlet in city yesterday. —Benson & Hedges photo

General Secretary of Bangladesh Computer Samity (BCS) Ahmed Hasan speaking at a post-BCS computer fair press conference at the National Press Club yesterday. — Star photo

BCS finds fault with govt's software loan plans

Star Business Report

Computer dealers yesterday slammed a government decision to provide "working capital" to viable organisations who are members of the Bangladesh Association of Software and Information Services (BASIS).

Under the scheme, the government will provide five crore taka with a view to encouraging export of information technology (IT) services to the global market.

"This is not a transparent way of selecting organisations for giving loans," Bangladesh Computer Samity (BCS) General Secretary Ahmed Hasan told a press conference in the city yesterday. " There are many genuine enterprises which have been refused membership of the association.

Another condition for availing of the government loans is that "the organisation must have five successfully-completed data processing/software supplying cases, duly backed by client-satisfaction certificates from the recipients of orders".

"Such conditions are unprofessional as the fund should be made available to those who are newcomers in the field of software and are trying to export IT services," BCS President Aftab ul Islam said.

BCS Computer Show '98 a grand success

Terming the BCS International Computer Show '98 a "grand success" the officials said that this year the fair attracted around two lakh visitors, five times more than last year's.

The total sales at the fair amounted to some Tk 21 crore. The software companies won orders wroth Tk 1.5 crore while the publications houses made Tk 10 lakh.

★ The most attractive inclusion in the fair was the software cell. Some 3600 programmers got registered with the cell during the fair," the BCS GS said.

Action plans

The organisers also focused on a number of problems relating to the sector.

★ The country still lacks an Intellectual Property Rights (IPR) law to protect the interest of the software programmers.

★ The effort to okay "Internet top-level domain registration" has fallen flat due to interministerial squabbles. The domain registration represents countries through different abbreviations, like UK for England, IN for India, SL for Sri Lanka and SG for Singapore. Bangladesh could be represented by the codename BD.

★ The government has also failed in giving a clear decision on standardising the ASCII code for introducing Bangla in computers.

Recommendations

The Samity also put forward several recommendations for the development of the software industry.

★ Telecommunication system should be upgraded to international standards.

★ High-speed data transmission should be ensured.

★ All districts should be brought under the V-Sat network

★ Soft loans should be provided to small software industries at soft terms.

★ Private sector participation in reaching computer education to primary and secondary levels should be ensured.

★ Computer Science faculties should be opened in all the universities.

★ The government organisations should be computerised.

★ Efforts must be taken to attract foreign investment in the computer industry.

Padmarag Express private operation proves a failure

From Our Correspondent

GAIBANDHA, Dec 20: A private company, which took the management job of Bangladesh Railway's (BR) Padmarag Express in the northern region, has surrended the train service after facing huge losses in the last four months.

Messrs Angur Enterprise won the management contract of the Padmarag and suffered a loss of nearly Tk 12 lakh in 138 days.

According to the Enterprise, non- cooperation of BR employees in maintaning locomotives and coaches was the main reason for its failure to run the train service with profits.

Meanwhile, the western railway authority is now operating Padmarag under its own management from December 19 after the lease contract with Angur Enterprise was cancelled. BR authority, however, again called fresh tenders from private firms for leasing out the train's management on December 20.

The BR authority leased out the management of Padmarag Express for one year to Angur Enterprise of Kawnia.

Benson & Hedges Road Show in city

Star Business Report

Benson & Hedges organised a road show to bring music to the masses.

The show was a travelling entertainment pack and it stopped at well-known fastfood outlets and restaurants in the city recently, says a press release.

On various nights, the pumping bass of well-known tunes could be heard coming out of spots such as Hot Hut, American Fried Chicken, Spaghetti Jazz, Hard Rock Cafe and DBC to name a few.

The road show gave the youth of Dhaka an opportunity to sing, dance and have a great time with friends.

During the sessions, the MC mingled with the crowds with a microphone asking questions about songs and artists for participants to answer.

B&H intends to stage more roadshows to give the young adults of Dhaka more opportunities to let themselves go and have fun.

Crisis cuts profits

SAS to end its services to Hong Kong

HONG KONG, Dec 21: An international airline said Monday it will end services to Hong Kong because Asia's economic downturn and higher operating costs at the Chinese territory's new airport are undercutting its profits, says AP.

Scandinavian Airlines System, which flies four times weekly to Hong Kong, will stop services on March 1, said Per Mollen Jensen, general manager in Hong Kong for the Stockholm, Sweden-based carrier.

It will become the first airline to pull out of Hong Kong since the US $20 million Chek Lap Kok opened in early July to a string of humiliating computer glitches affecting both passenger flights and cargo handling.

Services have been back to normal, but airline officials have been complaining about the steep landing and parking charges — about 20 per cent higher than before.

Jensen said the Hong Kong routes have been unprofitable for the past two years because of fewer passengers, increasing competition from other European airlines and higher costs to operate from the new Chek Lap Kok airport.

"It's quite expensive to use the new airport, and Hong Kong is generally a very expensive place to operate, he said.

The number of passengers is off by about 20 per cent from the Airport Authority's forecast as Asian travelers, hit by the regional financial contagion, stay home, said Chris Donnolley, a spokesman for the government body running the airport.

Faced with the same problem, Singapore recently slashed landing charges by 10 per cent at the Changi airport, Hong Kong's main competitor.

The move is expected to save airlines US $ 11 million next year, officials said.

16 foreign cos keen to invest Tk 24.20b

Sixteen foreign companies of thirteen countries have recently showed their interest to invest Tk 24.20 billion in Bangladesh in different sectors, reports BSS.

The companies were registered with the Board of Investment (BOI) during the month of September.

According to BOI sources, out of the total amount Tk 24130.96 million would come as foreign investment with the implementation of the projects.

The countries which have expressed their willingness to invest in Bangladesh are United Kingdom, Japan, USA, Taiwan, South Korea, Singapore, Turkey, China and India.

The construction of a five star hotel and motel in the capital is one of the largest projects, registered with the BOI in September.

The Hotel Oberoi of India would provide 499.79 million taka for the construction of the proposed hotel while a total of 2568 million taka would be spent for the project.

The hotel will have 235 rooms with all facilities of five star hotels, The annual income from the hotel has been projected at Taka 500 million.

A Japanese company would invest 9000 million taka as foreign equity for the construction of another hotel and motel in Bangladesh. The hotel will have room accommodation, restaurant service for 2000, a business centre and a health club for 1000 persons.

A South Korea company is planning to set up a hotel and restaurant where it will invest 1.30 million taka. The restaurant will sell various kinds of soup, cooked meat, various Korean fast food items like Shang Sun Guyi, Man Du and Chiga.

Lee Hang Packaging, a Singapore based company, will invest 24 million taka for setting up a hundred per cent export oriented poly bag manufacturing industry.

Taiwanese company, Fu-Wang Bowling and Services, would come up with business in bowling yielding a 15.75 million taka annually with the implementation of the projects.

Chinese investors had expressed their willingness to invest in the manufacturing of 360 tons of knit fabric worth 67.68 million taka.

South Asian nations urge WTO

Implement spl treatment for LDCs to expedite free trade

Business leaders from different South Asian countries unanimously urged WTO to immediately implement provision on special and differential treatment for the developing countries and LDCs to accelerate the process of trade liberalisation.

Attending the First South Asia Regional Conference of the International Chamber of Commerce (ICC) in New Delhi recently, top business leaders from Bangladesh, India and Sri Lanka observed that a serious review must be made to find out if the pursuit of economic globalisation is taking its right shape or being backlashed, says a press release.

The two-day conference of the Paris-based World Business Organisation, held on December 16-17, was attended by ICC President Helmut O Maucher, Secretary General Maria Cattui, National Committees from Bangladesh, India and Sri Lanka and representatives from International business organisations.

Bangladesh was represented at the conference by a 6-member delegation led by ICC Bangladesh President Mahbubur Rahman. The other members of the delegation are Managing Director of Prime Bank Ltd Kazi Abdul Mazid, Managing Director of HRC Group Mirza Ejaz Ahmed, Chairman of Eastern Insurance M Haider Chowdhury, Director of Beximco Group Iqbal Ahmed and ICC Bangladesh Secretary Mohiuddin Babar.

Presenting the keynote speech on 'Trade Liberalisation: Opportunities and Concerns' at the conference, ICCB President Mahbubur Rahman said protectionist pressures are increasing with many new conditions set by the developed world. He warned that these are tending to disrupt and distort the implementation of the WTO rules and regulations.

Widening disparities in trading conditionalities pursued by some developed and even some developing countries are thwarting to put the gains of global economic integration at great risk. These are worrying trends for keeping the global trading system in harmony, he added.

The ICCB President said certain regulatory measures undertaken by some developed countries are posing to infringe the opportunities of the least developed countries.

Supporting the view, business leaders from Sri Lanka and India maintained that the economies of the developing and least developed countries could be made vibrant by eliminating the protectionist measures pursued by the developed bloc. They hoped that the World Trade Organisation will ensure the establishment of a non-discriminatory trade regime.

Dhaka Sheraton Hotel General Manager San Amalan welcomed Dr Poonam Khetrapal Singh, WHO Executive Director , SDE, at the hotel. Director-PR, Rashida Muhiuddin, presented a bouquet to her. —Sheraton photo

FDIs in China in '98 may match last yr's figure

BEIJING, Dec 21: Foreign Direct Investment in China for 1998 is likely to match last year's figure of 45.28 billion dollars, official media reported Sunday, says AFP.

"Affected by the Asian financial crisis, Foreign Direct Investment from Asian countries and regions has been on the slide since the beginning of this year," State Planning Commission economist Wang Yungui told the China Daily business weekly.

"Fortunately the drop has been made up by increases from Europe and the United States," he said.

Wang said that with Foreign Direct Investment inflows hitting 41.07 billion dollar during the first 11 months of this year, realised foreign direct investment this year was likely to match the 1997 level of 45.28 billion dollars.

But while he predicted a further rise in foreign investment in China next year, the paper quoted Ma Yu, researcher with the China Academy of International Trade and Economic Co-operation, as saying Direct Foreign Investment would fall next year.

"After the investment fad in China over the past few years there are almost no new fields for foreign investors to explore," Ma said, "most industrial sectors are plagued by over-capacity."

He said big inflows of investment were not likely next year.

Pledged foreign investment in China topped 565 billion dollars by the end of November, with 263 billion dollars of it taken up.

Weak prices to force oil giants to merge in '99

LONDON, Dec 21: Oil majors will stampede for new trophy deals in old Middle East haunts in 1999 while pursuing a merger spree back home to cut costs and raise market share; says Reuters.

Battling low prices and weak demand, big oil's herd instinct will drive companies into each others' arms and fire a parallel race for the world's cheapest and biggest reserves in the Gulf.

Both trends gathered pace and are drawing of the world's energy map in 1998, spurred by a disastrous 40 per cent price crash born of Asian economic collapse and rising Iraqi exports.

As the century closes, hungry corporate cannibals will dine again on Wall Street for more mega-merger economies of scale.

"We think that there is more consolidation to come — alliances, joint ventures, mergers and acquisitions," said Jay Wilson of bankers JP Morgan.

Prospects for an early oil price recovery are remote with a stubborn stock overhang and rescue efforts mired in bickering inside producer club OPEC.

Sweeping budget cuts forced on oil firms by the price rout will take a good two years to provide big falls in crude supply — too late to save weaker explorers and even some large integrated companies.

A Reuters poll of experts projects an average price for benchmark brent crude of just 13.50 dollars a barrel in 1999, unchanged from this year after a 30 per cent slide.

"The only thing you can conclude is that there is going to be more consolidation," said Exxon Chairman Lee Raymond.

The Texas-based firm is merging with mobil to form the world's largest company of revenue, reuniting the largest successors from the 1911 break-up of John D Rockfeler's standard oil.

The 240 billion dollars giant will dwarf a proposed 110 billion dollars British Petroleum and Amoco combination created to nip the heels of the larger royal Dutch/Shell.

Already earning pre-merger incomes greater than those of many countries where they operate, such new goliaths will have the muscle to grab the lion's share of the best upstream prospects and widen downstream access to the consumer.

Such titans don't want only multi-billion dollar savings.

They target more leverage from new technology by spreading it over a wider base, improving returns on capital to shore up a must have status with institutional investors.

They also want sheer size to attract Middle East countries seeking capital from foreign partners to expand their reserves, the world's most plentiful and the cheapest to extract.

Rod Peacock of JP Morgan, a banker involved in Exxon and BP's respective mergers, says oil super-giants offer Gulf states unrivalled technology, financial strength and global reach.

"Being big wins you a seat at the table. It means people pay attention to you," said Bob Maguire, a Managing Director at Morgan Stanley Dean Witter.

That seems to be the case in Kuwait, seeking to boost its output capacity in an undeclared race for foreign capital with other Gulf states as well as Venezuela, Nigeria and the Caspian.

"I think it made our life much easier," said Kuwaiti Oil Minister Sheikh Saud Nasser Al-Sabah.

"Instead of negotiating with BP and Amoco separately, we have both of them in one. Instead of Exxon and Mobil, we have them both in one."

The Gulf signals the return next century of Middle East OPEC powers to their former position at the heart of the global oil industry after 20 years as nationalised backwaters, dusting cobwebs from some of the oldest oil relationships. The reopening also pressures state giants Saudi Arabia and Mexico to join the investment race or risk losing out.

It also means that the upside-down world of international oil exploration, where the bulk of development has occurred in costly areas like the North Sea, will see a return to commercial normality as investment shifts to the Gulf's low-risk fields.

"I suspect that by 2005, 2010, we will see the normal laws of economics reasserting themselves, with the volume increases going to the low-cost producers," Royal Dutch/Shell Chairman Mark Moody-Stuart told Petroleum Intelligence weekly.