

# Cool buyer response leaves SOE divestment in limbo

By Shahriar Karim

Lukewarm response to sell offers of the state-owned enterprises (SOEs) has left the government's privatisation programme in the wilderness.

The Privatisation Board (PB) floated tenders for selling off seven SOEs last November, but received only two offers for one of the units.

The PB was forced to float fresh tenders for the rest five units in January which will close in March, 2000. But officials fear the response may be the same again.

Earlier, the PB floated tenders for divesting 15 SOEs between November, 1998 and August, 1999. Only two of the bids saw the final stage, leaving no other option for the Board but to call fresh bids.

Huge long and short-term liabilities, separation of land from the factories, excessive delay in plant handover and excess manpower are some of the

factors which are keeping buyers at bay, officials said.

Most SOEs identified for privatisation have huge long-term liabilities, which the buyers have to bear. In many cases, the net worth of the units have become negative, rendering the SOEs unattractive to potential buyers.

To reverse the situation, the PB had floated a tender for a textile mill in Laxmipur in August, 1999 segregating its short and long-term liabilities. It was an experiment of the Board to see if such measures attract better response.

But the PB received only one offer for the unit which was again much below the expected price, sources said. As a result, the unit had to be put on sale again in January this year.

So far, the PB has been able to finally hand over only 18 units in six years since it

started work in 1993.

The government showed some interest in privatising the SOEs following the donor-slapped conditionalities since the '80s to stop hemorrhage of the national exchequer which run up to as much as Tk 2500 crore annually.

According to the World Bank, gross losses of the SOEs amounted to \$423 million in 1997, which is about one per cent of the GDP. 16 per cent of the Annual Development Programme (ADP) and 27 per cent of the disbursed aid.

The Bank also thought that it was too expensive to maintain the 259,000 employees of the SOEs since each of the jobs cost about Tk 175,000 per year. This is eleven times the country's per capita income and twelve times the wage of a rural off-farm labourer.

Only six units have so far been sold out and the shares of

nine off-loaded through the share market after a privatised businessman, Kazi Zafarullah took over the Board's charge in 1997. Some others are in various stages of privatisation.

"In fact, it has become a regular practice for the Board to go through the tendering and re-tendering process due to inadequate response from the prospective buyers," said a high PB official.

The buyers now allege that superfluous manpower of the SOEs make the units unattractive as the government could not continue the 'golden handshake programme' due to fund constraints.

But PB officials say that the Board had acted as per the advice of the private sector to segregate the liabilities of the units before selling them, and yet, the result is not satisfactory.



The Sadarghat river port was empty yesterday as the launches and other goods-carrying vessels stayed away from regular sallies due to a opposition called hartal yesterday.

— Star photo

## FBCCI seeks appointment with Clinton during visit

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has sought an appointment with US President Bill Clinton during his visit in Dhaka late next month, reports UNB.

FBCCI officials said the appointment has been sought through the American Embassy in Dhaka.

Abdul Awal Mintoo, president of the apex body, in a letter to the US State Department sought the appointment on behalf of the business community of Bangladesh.

Earlier, during his visit to USA, Mintoo had approached the State Department for arranging an appointment with Clinton.

The private sector operators have also requested the US counterpart to pursue the Clinton administration for the appointment.

The business community has sought the appointment to gear up cooperation between the private sectors of the two countries, he added.

In the official talks during Clinton's visit, issues like the increase of garment quota, financial and technical assistance for infrastructure, agriculture, information technology and social sectors and debt relief are likely to come up.

USA is the single largest destination of Bangladesh's readymade garments that enjoy preferential access to its market.

3-day workshop begins at IUBAT tomorrow

A three-day workshop on economic management begins here tomorrow, reports UNB.

International University of Business, Agriculture and Technology (IUBAT) in collaboration with Canadian Consortium of Management Schools (CCMS) and Dalhousie University, Canada will organise the workshop at the IUBAT campus.

A good number of scholars and practitioners engaged in teaching and research programmes in economics, business administration and commerce at various universities, colleges, research and training institutions will take part in the workshop, according to a press release.

Purabi Insurance declares 10 pc dividend

Purabi General Insurance Company Limited has declared a 10 per cent dividend for its shareholders, says a press release.

The announcement was made at the company's 11th annual general meeting held in the city recently.

The meeting, presided over by company chairman Moeckbul Hossain MP, was addressed by Directors Ahsanul Islam Titu, Moni Hossain and shareholders Walid Bari Chowdhury, Sheikh Fazlul Karim and Li-akat Ali.

Riyadh defends recent rise in oil prices

TOKYO, Feb 16: Saudi Arabian Oil Minister Ali Naimi said Wednesday that the recent rise in oil prices was "reasonable" in the light of price fluctuations over the past 50 years, reports AP.

"Today's oil price is not excessive," said Naimi, who arrived Tuesday for a two-day visit.

Addressing an energy symposium in Tokyo, Naimi said that the average international price of crude oil during the last six months was "a reasonable one."

## Workshop on Private-Public Partnership projects

## Regulatory framework must for risk management

Star Business Report

Participants at a workshop in the city yesterday underscored the need for public-private partnership for rapid infrastructure development of the country.

They also sought a fool-proof policy for such partnership projects with a view to striking a balance between public benefit and profit-making by the private sector.

The three-day workshop on public-private partnership (PPP) projects in Bangladesh was jointly organised by the Board of Investment (BOI), ESCAP and ECE at the BIAM auditorium.

Chairing the session, Chairman of the National

Board of Revenue (NBR) Abdul Muyeed Chowdhury said the civil servants have an important role to play in the formulation of policies as politicians depend on them.

He brushed aside the criticism that the country went for a rapid liberalisation without properly studying its effects and said that nothing harsh had been done to free the market.

But he also cautioned that Bangladesh cannot afford to make mistakes and get entrapped like the Southeast Asian countries.

Talking about infrastructure development, he said that it was high time the policymakers seriously thought about bringing

commercial capital to this sector.

Based on his experiences, Michael Dymacek of the ECE-BOT Group said a PPP project needs to be prepared in such a way that the income generated by them can cover their construction and operation costs.

Graham Rowcroft of the British Trade International said that regulatory frameworks were essential for risk management of the partnership projects.

Barry Metzger of EEC-BOT Group said that liberalisation should take place with the support of proper legal reforms and strengthening of the regulatory institutions.

## KCITF-2000 begins on March 24

KHULNA, Feb 16: A 15-day international trade fair, the first of its kind in Khulna, will be held at the Circuit House maidan here from March 24 to April 7, reports BSS.

The fair, "KCITF-2000" (Khulna Chamber International Trade Fair-2000), will be organised by Khulna Chamber of Commerce and Industries (KCCI) in collaboration with ITPC (International Trade Promotion Centre) and GTZ of Germany, KCCI President S M Nazrul Islam said.

Thirty pavilions and 200 stalls will be set up in the trade fair by different organisations both from home and abroad.

Different companies from India, Pakistan, China, Iran, Taiwan and Sri Lanka have already confirmed their participation.

Prime Minister Sheikh Hasina is expected to inaugurate the fair while leader of the opposition in the Parliament Begum Khaleda Zia will attend the concluding day function.

## Minister says at confce in city

## Power output rises to sustainable level

State Minister for Power, Energy and Mineral Resources Prof Rafiqul Islam yesterday said the country's power generation capacity has increased to a sustainable level to meet the peak season demand, reports BSS.

Referring to the increased power demand during March to May, the minister laid emphasis on rational use of power in the peak season for avoiding load shedding. It is difficult to maintain the level of sustainable power generation due to the absence of adequate reserve margin, he added.

The power situation will improve further after the coming dry season, the minister said. He was speaking as the chief guest at the first national conference of Diploma Engineers' Association of Bangladesh Power Development Board (DAPDA) at the WAPDA auditorium in the city.

The conference was also addressed, among others, by Secretary in Charge of the Power Division Arzabul Kar, Chairman of Power Development Board Qamrul Islam Siddiqi, President of Jatiya Sramik

League Abdus Salam Khan and Member-Secretary of the association Prodip Kumar Ghosal. Convener of the association Sajadur Rahman presided over the meeting.

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The minister hoped that the reserve margin of power generation would increase soon following implementation of the government steps to improve the power situation. The government of Sheikh Hasina has taken steps to ensure power for all by the year 2020, he added.

## Hartal destroys economy: BCI

President of Bangladesh Chamber of Industries (BCI) Khondoker Mosharraf Hossain yesterday urged all political parties to reach consensus to search for alternatives to hartal, reports BSS.

The BCI leader in a press statement expressed concern over continued strike enforced by the opposition and cautioned that hartal would gradually cripple the economy of the country.

"Our economic interests are hampered amid tough competitions in globalised world order and the backbone of our economy will be destroyed if the opposition continues frequent hartal calls," Mosharraf said.

He said the disappointing situation discourages the foreign investors and Bangladeshi products are losing grounds in the international markets as the local entrepreneurs often fail to meet shipment deadlines due to hartals," Mosharraf said.

## Seamark wins Business in Europe Award

Seafood Marketing International (Seamark) has been named the first winner of the 1999 "Business in Europe" Award launched by Barclays Bank and the Financial Mail on Sunday newspaper in the United Kingdom, a press release of the British High Commission said yesterday, reports BSS.

The award was initiated to recognise the achievements of British companies exporting to Europe. In addition to the award itself, the Manchester-based Seamark won a prize of 20,000 for its outstanding contribution to doing business in Europe, the release added.

Seamark exports 85 per cent of its production of frozen seafood, mainly to other European countries. A significant percentage of its production is sourced from Bangladesh and then re-exported as value added products.

Apple unveils new product line

TOKYO, Feb 16: Apple Computer on Wednesday unveiled improved, faster models of its popular iBook and PowerBook laptop computers at the Tokyo MacWorld Expo show, reports AP.

Apple also announced it has increased the performance of its Power Mac G4 line, which runs professional applications. With its hot-selling Mac, iBook and G4 computers drawing kudos from customers and envy from competitors Apple has been reaping the benefits of a remarkable financial turnaround under chief executive Steve Jobs.

Apple also said that its new Mac OS, the next version of the software that runs the company's computers, will deliver high-quality Japanese lettering for p21 or on the screen.

Apple will be working under an agreement with Dainippon Screen Manufacturing Co, the leading font-developer in Japan, Apple said.

The new operating system, scheduled to be available later this year, is designed to make it easier to organize and work with computer programmes and files, according to Apple.

The improved version of the colourful iBook features double the memory and hard drive of the current model as well as a faster processor. The iBook sells at the unchanged price of 198,000 yen (\$1,800) in Japan and 1,599 in the United States.

A new "graphite" coloured iBook Special Edition, which has an even better processor, costs 218,000 yen (\$2,000) in Japan and \$1,799 in the United States, it said.

## Bill Gates slapped with million dollar tax bill

SEATTLE (Washington), Feb 16: The home of the world's richest man boasts 84 kilometres (52 miles) of fiber optic cable, touch-sensitive pads controlling lighting, music, and climate, seven bedrooms, 24 bathrooms and a sauna, reports AFP.

It also boasts a whopping tax bill — more than one million dollars.

King County sent out annual property-tax bills Monday, and Microsoft founder Bill Gates and his wife Melinda were dinged for their home, which was valued at 109.5 million dollars.

The Gates' mansion and land on the eastern shore of Lake Washington have nearly doubled in value since their last assessment, driven by Seattle's real estate market.

"Most of the appreciation was in the value of the mansion itself, which leaped from 49.2 million dollars to 97.6 million," King County assessor

Scott Noble told AFP.

The value of the land went up comparatively little, from \$1.1 million to 11.8 million dollars.

The estate has the highest value of any residence in Washington state, "and likely the nation," Noble said.

In 1997, the couple protested a \$600,000 dollar-plus tax bill, but eventually paid the full amount.

The swimming pool has an underwater music system, and swimmers can dive under a glass wall and emerge outdoors by a terrace.

The ornate, paneled library is where Leonardo da Vinci's 16th century notebook the Codex Leicester (which Gates bought for \$30 million dollars), is displayed.

Visitors wear small electronic pins, letting built-in computers know who and where they are. Lights, heat, music and other settings adjust automatically according to visitors' personal needs and tastes.

The massive Gates estate sits on two hectares (five acres) and took seven years to build. It features a 20-room main house and a man-made trout stream with its own salmon run.

Though most of the home is buried in the hillside, it has

completed by the first of August at the latest. But we want to have it as early as possible," said Representative David Dreier, a California Republican and member of the party's House leadership, who is leading the campaign for passage of the accord.

The timing of the vote is critical. The congressional session will be cut short by the November election, and some lawmakers may balk at the trade agreement as the campaign heats up. White House officials have warned.

The White House has already begun to lobby lawmakers, and Clinton was scheduled to meet with more than a dozen undecided Democrats later on Tuesday to increase the pressure.

But the trade agreement has been a hard sell.

Labour unions traditionally allied with Clinton's Democratic Party, have singled out the agreement for attack and have put congressional Democrats on notice that they will pay at the polls in November if they support it.

In the House, Republican outnumber Democrats by a slim margin of 222 to 211 with two independents. Some Republicans will oppose the pact, making Democratic support a necessity. The pact faces fewer hurdles in the Republican-led Senate.

"We plan to have this vote

convince the Republican-led Congress to grant Beijing favourable access to US markets — so-called permanent normal trade relations status.

Permanent NTR would guarantee Chinese goods the same low-tariff access to US markets as products from nearly every other nation. China currently benefits from this status on a year-by-year basis.

House Republican Leader Dick Armey of Texas said he hoped Congress would vote on permanent NTR before July, but only after the European Union completed its WTO pact with China, and other negotiations were concluded.

"We will extend permanent normal trade relations to the Chinese people," Armey told reporters. "We will bring this bill to the House floor at the earliest possible moment after the administration presents a responsible package."