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MCCI seeks withdrawal of CIB report for capital financing by banks

Star Business Report

Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka has demanded that the Credit Information Bureau (CIB) report be withdrawn completely in respect of working capital financing by banks.

However, the chamber said it may be retained in case of term financing for new industries.

" The CIB has been particularly misused by the nationalised commercial banks," MCCI President Latifur Rahman told Finance Minister SAMS Kibria yesterday. " They have taken cover under the scheme and ignored accountability for loan recovery."

An MCCI delegation met the finance minister at his office yesterday.

"This does not mean that we do not support actions against the defaulters. In fact, we fully support punitive actions against wilful defaulters under the Bankruptcy Act and those who defrauded the banking system under the penal code depending on the circumstances of the offence."

The MCCI also observed that the present tendency of bracketing all defaulters on equal terms must be stopped as it sometimes becomes temporarily difficult to fulfil the loan repayment obligations for business difficulties.

The MCCI delegation highlighted a recent Indian decision to exempt industries in Assam and Tripura from paying excise duty which will make Bangladeshi companies to offer cost-competitive products.

The MCCI chief also told Kibria that the present tax holiday and accelerated depreciation schemes, which are due to expire on June 30 this year, should be continued for another term. He also said the timeframe for exemption of import duty on generators which expired on December 31, 1999 should also be extended by another two years.

Latifur Rahman said an equity participation fund should be created immediately to provide equity support to new investments in view of the stalemate in the capital market. He also said the bank interest rate should be reduced further by another two percentage point.

The chamber said the 'massive increases' in basic wages, and other allowances of workers as recommended by the National Wages and Productivity Commission will be beyond the capacity to pay by the public sector enterprises.

"In fact, the recommendations amount to violation of terms of reference which clearly stipulated that wage increases should be recommended in conformity with the capacity to pay by the sector," Rahman said.

The MCCI also demanded a clear definition of infrastructure facilities, lack of whic is denying some bonafide investors tax exemption.

The committee members of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) led by its president Latifur Rahman met Finance Minister Shah A M S Kibria at his office yesterday.
— MCCI photo

Huawei Tech says

Switching network Simplification to better telecom service

Star Business Report

Dominated by complex networking and switching technology, Bangladesh's telecommunication system can be improved by simplifying its switching network and upgrading service network.

This was stated at a presentation on "Network Planning in Bangladesh Telecom" yesterday at Sonargaon hotel.

A Chinese company, Huawei Technologies, made the presentation.

Chinese Ambassador in Dhaka Wang Chungui, Member (Planning) of Bangladesh Telephone and Telegraph Board (BTTB) Shahid Matiur Rahman and Chinese Economic Councellor Zhao Jinqui spoke on the occasion while Huwei Technologies Director (network planning)Liu Yifei made the presentation.

In his presentation, Yifei said Huawei changed the complex Chinese telecom network by simplifying the switching network structure and introducing optical access network.

The company also upgraded the signaling system.

As a result telephone penetration in China rose up to 13 per cent in 1999 from one per cent in 1990.

Pointing to the limitations of Bangladesh's current access network situation, he said it has small coverage, limited bandwidth and complex maintainance procedure at a huge investment.

He also said that the traditional acess mode has become the "bottleneck" of the current telecom network.

As the telephone connections in villages are limited because of the present technology, he advocated that the Wireless Local Loop (WLL) would be beneficial for the rural Bangladesh.

The WLL's advantage is its lower installation and maintainance costs, quicker deployment, enhanced services and network flexibility.

Huawei's products have large capacity, flexible networking capability, reliable synchronisation and unified network management, he claimed.

M Haider Chowdhury, Chairman of Bahrain Bangladesh Finance & Investment Co Ltd, is seen with new foreign investors to the company from Oman at a function held at a city hotel on Sunday.
— Star photo

Ctg Dry Dock signs deal with S'pore co for ship repairing

In accordance with the government policy, Chittagong Dry Dock Ltd, an enterprise of Bangladesh Steel and Engineering Corporation (BSEC), singed a joint venture agreement yesterday with Singapore Offshore Petroleum Services Pte Ltd (SOPS), a subsidiary of SEMBCORP LOTISTICS at BSEC Bhaban in the city, reports BSS.

J M Akbar, Managing Director of Chittagong Dry Dock Ltd, and Loh Hung Tang, General Manager of Offshore Petroleum Services Pte Ltd, singed the accord on behalf of their respective organisations, a press release said.

The company was attended by Director (P&D) Sultan Ahmed Sikder, Director (P&E) Khandaker ARM Nurun Nabi and other senior officials of BSEC.

The agreement allows collaboration in the field of marine logistics and ship repair. Under the agreement Chittagong Dry Dock Ltd is expected to earn initially Tk 1.25 crore foreign currency every year.

The agreement provides use of modern technology in ship repair, transfer of technology and HRD which will improve productivity and increase annual turnover substantially, the press release added.

BBFI starts anew with Omani fund

Star Business Report

With a new Tk. 60 million capital from Omani investors, a joint venture leasing company, Bahrain Bangladesh Finance and Investment Co. Ltd (BBFI), started its second leg of journey Sunday with the pledge to create new entrepreneurs.

The company, which started operation in May, 1996, with a paid-up capital of Tk. 25 million, is now better equipped to play a major role in lease financing, hire-purchase, trade financing and project financing, officials hope.

Recently a group of new foreign investors under the leadership of Muscat Finance Co. Ltd from Oman have participated in the capital of the company and this resulted in the increase of the paid-up capital from Tk. 25 million to Tk. 85 million.

Now the total foreign investment in the BBFI stands at Tk. 63 million while the local investment is Tk. 22 million. The authorised capital of the company is Tk. 250 million.

The goal of the company is to generate resources from within and outside the country and extend financial assistance to companies.

The company also pledged to play an active role for the growth of the seconday capital market. BBFI is member of the Chittagong Stock Exchange (CSE).

Muscat Finance Co. Ltd (SAOG) from the Sultanate of Oman is the biggest investor in this group.

While addressing, a ceremony to mark the fresh fund infusion, Major General Amin Ahmed Chowdhury, Ambassador of Bagladesh to Oman, said high interest rates were obstructing investment in the country.

Blaming the inefficiency of the banks for the high lending rate, Chowdhury said that loan sanctioning system should be simplier while banks' monitoring should be improved.

Chairman of Muscat Finance Co. Hassan Kamer Sultan and Chairman of BBFI M Haider Chowdhury also spoke on the occasion.

Samata to get Tk 15m from Sweden

Samata, a Bangladeshi Non-Government Organisation, is to receive about Tk 15 million from the Swedish International Development Cooperation Agency (SIDA) the project called 'empowerment through resource mobilisation'.

An agreement to this effect was signed by the two organisations at Swedish Embassy in the city yesterday, says a press released.

The Swedish Ambassador in Bangladesh, Anders Johnson, and the Executive Director of Samata, Abdul Kader, initialled the deal on behalf of their respective organisations.

The support will cover the years 2000-2002.

Samata will operate in three thanas of Goalunda, Rajbari sadar and Pangsha in Rajbari district with the overall objective to improve the condition of the rural landless and women through mobilisation of different kind of resources.

The grant is in line with Sida's policy of giving support to local initiatives and empowerment of poor people.

The activities correspond with the Swedish aim of poverty reduction and strengthening of the relations between the local community and the local administration.

New Chairman, Secretary of Ctg ICMAB

Dilip Kumar Sengupta, Chairman.

Md Shafiqul Islam Talukdar, Secretary.

Dilip Kumar Sengupta, Chief Accountant of Aramit Ltd, has been unanimously elected Chairman and Md Shafiqul Islam Talukder, Finance Executive of Chittagong Stock Exchange, Secretary of the Chittagong branch Council of the Institute of Cost and Management Accountants of Bangladesh for the year 2000.

The election was held at a meeting of the council in Chittagong recently, says a press release.

The meeting was presided over by the out-going Chairman of Chittagong branch Council, Md Fazlul Islam Chowdhury, Director of Rhythm Garments Ltd.

Imam Uddin Noori, Deputy Chief Accountant of TSP Ltd, was elected Vice-Chairman while Md Arshad Ullah, Manager (Cost) of Sunman Group of Companies Treasurer.

Other elected members of the council are: Farid Uddin Ahmed, Md Salamat Ullah, Sobhit Bikash Barua, Nazmul Huda Chowdhury, Md Anisur Rahman Chowdhury and Md Rafiqul Alam.

The National Council nominated Prof. Shamsun Nahan Ali, Principal, Govt College of Commerce, Chittagong, and A B M Humayun Kabir, Financial Controller and Company Secretary of FUCHS-GHL Lubricants (BD) Ltd., as members of the

Unilever to fire 25,000 staff

ROTTERDAM, Feb 22: Anglo-Dutch consumer products giant Unilever said Tuesday it will lay off 25,000 employees, or about 10 per cent of its global workforce, as part of a sweeping restructuring, reports AP.

The company made the announcement as it released year-end 1999 earnings that showed a 5 per cent drop in net profit.

The company said the lay-offs would be made over the next five years, mainly in Europe and the Americas, as it closes 100 of its 250 production sites in a move to regroup its manufacturing operations into regional networks.

Unilever is known for a wide array of household name products including Lipton teas, Calvin Klein fragrances, Dove soap, Close-Up toothpaste and Breyer's ice cream. It said its 1999 net profit slipped to 6.14 billion guilders ($2.97 billion) from 6.49 billion guilders ($3.28 billion) in 1998.

Late last year, Unilever disclosed that it would focus on just 400 of its current 1,800 brands. On Tuesday, it said it will invest 1.5 billion euros ($1.5 billion) to market that smaller product lineup over the next five years.

Unilever said the restructuring would cost an estimated 5 billion euros ($5 billion).

"We are determined to deliver a step change in Unilever's growth rate and further improve its operating performance," said Unilever chairman Antony Burgmans.

He predicted growth of 3 per cent to 4 per cent, based on expectations of improved conditions in emerging markets as well as in Western Europe and North America.

In the past year, Unilever posted an increase in operating profits and margins in all regions but Latin America, where "difficult economic conditions" coupled with increased competition in the laundry sector hurt results.

The company said it will also invest 200 million euros ($200 million) this year to expand its Internet business activities, and will introduce over the next two years a Web site where consumers can buy its products.

Burgmans said Unilever would "continue to look aggressively for value-adding acquisitions and alliances that will further consolidate and reshape our industries."

WB signs first grant agreement with East Timor

DILI, Feb 22: The head of the World Bank signed the agency's first grant agreement with East Timor on Monday's while dismissing allegations that past aid had been used to fund anti-independence militias there, says AP.

Under the agreement, the World Bank will disperse $ 21.5 million over 2 1/2 years for community and local government projects, UN officials said.

Pak forex dealer sees stable rupee

KARACHI, Feb 22: The Pakistani rupee should remain stable as long as the country's monetary authorities keep to an informal rate arrangement made with the kerb market, the head of the country's kerb foreign exchange dealers said, reports Reuters.

"They (central bank) can keep the rupee stable if they stick to the commitment they made to us," Malik Bostan, chairman of the Forex Association of Pakistan, said yesterday.

But he said he was worried about calls from exporters to devalue the rupee in a bid to boost exports. Pakistan's central bank has also come out against a devaluation.

"Any devaluation will again lead to people holding back foreign exchange in the hope of a windfall gain and then we will not be able to deliver our part of the deal as we will no more have a surplus," he said.

Bostan said the unofficial rate arrangement with the central bank was mutually beneficial.

"We keep the kerb rates close to the interbank rates, about a couple of rupees higher or so, and they buy the surplus (dollars) that we collect from expatriate Pakistanis," he said.

ANZ Grindlays holds customer meet at N'ganj

ANZ Grindlays Bank organised a customer meeting with some of the customers of its Narayanganj Sales and Service Centre at Narayanganj Club recently, says a press release.

This was part of ANZ's initiative to obtain customer feedback about the products and services the bank offers.

Neil Merrick, Deputy General Manager and Head of Personal Financial Services, and N. Shafkat Chowdhury, Senior Manager (Marketing) of the bank spok. on the occasion. Presentations were made to the customers about the different products and services of the bank.

An open discussion session was also held.

Pak forex financing gap stands at $1.9b

Analysts advocate quick multilateral funding

KARACHI, Feb 22: Pakistan needs quick multilateral funding to plug a growing external financing gap that could accentuate a foreign exchange crunch, analysts said today, says Reuters.

"The fundamental problem remains in our external sector," said Nadeem Naqvi, research head at International Asset Management Co.

He said the military-led government needs International Monetary Fund support to overcome a funding gap that seems to be growing.

"The next few months will be crucial for Pakistan to secure disbursement of funds and a commitment from international financial institutions of continuing support," he said.

According to the central bank, Pakistan had a foreign exchange financing gap of $1.9 billion during July-December, the first six months of the current fiscal year.

A trade deficit of more than $1 billion and services payments were mainly responsible for the gap, bankers said.

Services payments include interest on debt and payments to shipping companies, airlines and profits of multinationals.

Finance Minister Shaukat Aziz said last week Pakistan needed funds from multilateral donors before June to manage its foreign exchange payment needs.

Pakistan has about $1.5 billion in foreign exchange reserves, enough to finance six weeks of imports.

The government is worried about a delay in the release of funds from the IMF, which has held back tranches from a $1.56 billion loan programme since last July after Pakistan failed to hit targets set for receiving the programme.

The financing gap comes despite debt payment relief as a result of a restructuring of $3.1 billion in debt by the Paris Club of official creditors for a period from July 1998 to December 2000.

But analysts said that advantage was lost because of the widening trade gap, rising oil prices and a lack of foreign direct investment, crippled by the government's fight over tariffs with independent power producers.

The hike in international oil prices has deprived Pakistan of the relief it was expecting, said Mansoor Ali, research head at investment bankers Jehangir Siddiqui & Co Ltd.

Crude oil prices have tripled in the past year.

Naqvi said Pakistan needs to balance its current account by containing petroleum and food imports.

"First, a fundamental shift has to come from a balancing of our current account. That balance is not there," he said.

He said the government's focus on replacing oil with gas and increasing wheat and edible oil output was the right strategy.

Jehangir's Ali said any negotiations with the IMF should be for a bigger funding programme.

"Pakistan will need to request additional, exceptional funding when the current debt rescheduling runs its course," he said.

Naqvi said another major jump in debt payments would come in 2002/2003.

Neil Merrick, Deputy General Manager and Head of Personal Financial Services of ANZ Grindlays Bank, is seen with the high net worth customers of its Narayanganj Sales and Service Centre at a customer meeting held at Narayanganj Club recently.
— ANZ Grindlays photo

Asian stock markets close lower

HONG KONG, Feb 22: Asian stock markets closed lower Tuesday amid investor concerns about last week's fall on Wall Street and mounting tensions between China and Taiwan, says AP.

In Bangkok, where the losses were the heaviest, the Composite Index tumbled 28.92 points, or 7.1 per cent, to 379.43.

The Thai market suffered more than other regional bourses because foreign investors continued to sell off stocks amid concern over the slow progress of debt restructuring, traders said.

Sentiment was building that Thailand's new bankruptcy laws don't have the teeth to actually force debtors into agreements with creditors, said SG Asia Credit dealer Eric Holman.

The Japanese benchmark 225-issue Nikkei Stock Average

down 153.17 points, or 0.78 per cent. On Monday, the average closed down 245.28 points, or 1.23 per cent.

Tokyo prices tumbled on a big sell-off of high-technology and Internet related issues.

Investors were trying to lock in profits on the high-flying tech stocks ahead of the resumption of New York trading after Monday's US holiday, players said.

Investors also remained cautious over uncertainty about the direction of New York markets. On Friday, the Dow Jones industrial average tumbled 295.05 points, or 2.8 per cent, to close at 10,219.52.

Elsewhere:

Manila: Philippine shares closed lower as foreign selling continued, amid concerns over an ongoing probe into trading irregularities involving shares of gambling operator BW Resources.

The 30-company Philippine Stock Exchange Index fell 34.01 points, or 1.9 per cent, to 1,799.83, its lowest closing level since Dec 15, 1998, when the index ended at 1796.73.

Wellington: New Zealand share prices closed lower in line with weaker regional markets and on a lack of foreign investor interest due to a public holiday in the United States on Monday. The benchmark NZSE-40 Capital fell 18.93 pints, or 0.9 per cent, to 2,012.92.

Sydney: The Australian stock market closed lower, with most blue-chip share prices slipping amid concern about the Wall Street drop. The benchmark All Ordinaries Index closed at 3,101.2, down 15.9 points, or 0.5 per cent.

Seoul: Share prices closed mixed, with the key index rising on some bargain-hunting. The Korea Composite Stock Price Index rose 4.70 points, or 0.5 per cent, to 850.02.

Kuala Lumpur: Malaysian share prices closed lower, in line with weaker regional markets. The Composite Index, which tracks 100 blue-chip stocks, closed at 1,000.83, down 6.30 points, or 0.6 per cent.

Singapore: Singapore shares closed lower but off the sessions' lows as the benchmark index recouped part of its losses in afternoon trading on selective bargain hunting in blue chips. The benchmark Straits Times Index closed at 2,106.62, down 9.23 points, or 0.44 per cent.

Jakarta: Indonesian shares closed lower. The Composite Index fell 9.568 points, or 1.6 per cent, to 583.420.

S&P, Moody's cast opposing views on Japanese economy

TOKYO, Feb 22: Depending on whom you believe, Japan is either crawling out of its worst recession in half a century and building the base for a durable recovery, or sinking inescapably into debt, says Reuters.

Starkly different reports in recent days by two big international credit ratings agencies, Standard & Poor's and Moody's Investors Service, highlight a split in views on the risks facing the world's second-biggest economy.

Moody's announced last Thursday that it might downgrade government bonds issued in yen because of the explosion of public debt. But S&P overnight reaffirmed its top-notch rating on the view that the government can manage its debt burden.

Yet even if S&P's more benign view is true, the government will still come under pressure later this year to come up with a plan to bring debt under control through tax hikes or sharply reduced spending. And that raises concern whether the nation's fragile economic recovery could survive either course of action.

Moody's reawakened the markets to the nightmare scenario of a giant economy, addicted to fiscal stimulus and losing its punch, slipping so deep into debt that it cannot grow its way out.

The government has spent more than 120 trillion yen ($1.1 trillion) since 1992 trying to revive the economy from the funk it tumbled into with the collapse of the nation's asset-price bubble of the late 1980s. That has left Japan with a public debt soon to equal 130 per cent of gross domestic product — the worst in the industrial world.

S&P, by contrast, largely buys the government line that massive government spending and a year of near-zero interest rates leave the economy poised to recover under its own steam, allowing a prudent paring of debt in coming years.

Government debt is "manageable in the context of Japan's economic and external strengths," S&P said in affirming Japan's triple-'A' rating.