

# Star BUSINESS

DHAKA FRIDAY MAY 4, 2001

## Biman's steady growth continues

Biman Bangladesh Airlines has achieved steady growth in passenger, cargo carriage and revenue earning in the three quarters (July 2000-March 2001) of the current fiscal 2000-2001 compared to the same period in the previous year, says a press release.

The airline has achieved 16 per cent growth in revenue earning during July 2000 to February 2001, compared to the corresponding period of previous year.

During the period under review, the airline has achieved 11 per cent system growth in passenger, 15 per cent growth in cargo uplift and 40 per cent growth in mail carriage over the same period of last year (July 1999-March 2000).

In the passenger carriage, the highest growth of 11 per cent was achieved in the international sector. It was followed by 12 per cent in regional sector and five per cent in domestic sector. In the cargo uplift in international and regional sectors, the growth was 25 per cent and 16 per cent respectively.

Domestic mail declined by nine per cent during the period, but registered a growth of 38 per cent in regional sector and 58 per cent in international sector. The growth in all sectors might be attributed to the recent increase in capacity, for Biman has leased two DC-10-30s and two Airbus A310s.

Biman has carried 10,30,693 passengers, 28924 tons of cargo and 21 tons of mail during the first three quarters of the current fiscal year, in the corresponding period of last year, the airline carried 9,25,657 passengers, 25188 tons of cargo and 15 tons of mail.

## Kibria critical of IDA for anti-private sector procurement guidelines

IDCOL concludes first financial closing

### STAR BUSINESS REPORT

Finance Minister Shah AMS Kibria has criticised the International Development Association (IDA) procurement guidelines and said if the Bretton Woods institution truly wants to help the private sector, it should adopt rules pertinent to the private sector practices.

"It is unlikely that IDA can help develop market economy if it asks the government to take all the risks and constrains the private sector to rules made for the public sector. I gather from both foreign and local sponsors that IDA rules are inconsistent with private sector business practices," he said.

The Finance Minister was speaking as chief guest at Infrastructure Development Company Ltd's (IDCOL) first financial closing of two-tranche loan facilities to Meghnaghat Power Project at Sonargaon Hotel in the city Wednesday.

Frederick T Temple, Country

Director of the World Bank, Yussuf Abdullah Harun, President of Federation of Bangladesh Chambers of Commerce & Industries (FBCCI), Dr Masihur Rahman, Chairman of IDCOL and ERD Secretary, Scott Kicker, Managing Director of AES Meghnaghat Ltd, and Dr M Fouzul Kabir Khan, Chief Executive Officer of IDCOL, also spoke on the occasion.

Kibria mentioned that IDCOL must not participate in Haripur 360 MW power project and three small power generation units -- each having 10 MW capacity -- of Rural Electricity Board (REB) due to stringent IDA procurement guidelines.

"IDCOL's loan of US\$80 million to AES for 450 MW power project at Meghnaghat is the largest loan by a Bangladeshi financial institution, which puts us on the global map of project lenders," he added.

To ensure financing of infrastructure projects in general and power projects in particular, the

government borrowed \$225 million from IDA for placements as debts in infrastructure projects. As part of this scheme, IDCOL was set up as a government owned company, the minister stated.

The government has contributed in a number of ways to implementation of both AES Haripur and AES Meghnaghat projects, he said, adding that the government has also given an undertaking to fulfill the obligations of Power Development Board to make the project bankable.

Kibria urged the PDB and DESA to take effective measures so that they can fulfill their payment obligations to the two power projects.

Speaking at the function, ERD Secretary Dr Mashur Rahman said investment in power generation is lumpy and recovery period is long compared to investment in manufacturing.

IDCOL's resources received from IDA can be used as debt, he said. "IDCOL cannot participate in

equity. The procurement procedures are also designed for public sector procurement. In order to make such financing more responsive to the needs of the private sector, the institution needs to be more flexible."

Yussuf Abdullah Harun earlier mentioned that there was not any effective financial institution to fund infrastructure projects.

As IDCOL's first financing was to a multinational company, it would encourage foreign direct investment in the country, he hoped.

Dr M Fouzul Kabir Khan said it

took IDCOL a little less than one

and a half years to fully negotiate with other lenders for the Meghnaghat project.

"Our biggest frustration is our inability to finance three 10MW REB power projects sponsored by a domestic entrepreneur. We are presently working with IDA to devise ways to support good bankable projects sponsored by domestic sponsors," Kabir stated.



PHOTO: IDCOL

Finance Minister Shah AMS Kibria speaks as chief guest at the concluding session of the first financial closing of Infrastructure Development Company Limited held at a city hotel on Wednesday.

## STAR to invest \$240m in Koos group cable TV

AFP, Taipei

STAR has committed an investment of 240 million US dollars in a cable TV joint venture with Taiwan's Koos group, officials said Thursday.

"To be sure, the STAR injection is meant for investment in Taiwan's cable TV industry at large, not just confined to operators run by the Koos group," said Chester Koo, GigaMedia Ltd chairman and China Life Insurance Co.

Both GigaMedia and China Life are affiliated with the Koos group.

The penetration rate of Taiwan's cable TV is among the highest in the world, over with 80 percent of the island households linked to cable television systems, he said.

The Koos group, a leading business group here, will take an 80 percent stake in the joint venture and STAR, a multi-platform content and service provider, will hold the balance.

"STAR has already put the money (240 million dollars) into an exclusive bank account managed together by the two parties."

The joint venture will take the form of an overseas holding company that controls the capital and a Taiwan-based service company that executes future investments, he said.

**DHL celebrates arrival of 1st Boeing 757SF at Brussels hub**

DHL Worldwide Express recently celebrated the arrival of the first Boeing 757 Special Freighters at its Brussels hub, Belgium, from the new fleet of 44 B757 announced in October 1999, says a press release.

This new fleet will be gradually introduced across DHL's Europe and Africa network. It will ensure that DHL continues to exceed all international noise and emission standards.

The converted B757SF will be one of the quietest aircrafts operating in Europe, with noise levels significantly lower than the requirements set by ICAO for Chapter 3 aircraft.

"Minimising the environmental impact of our operations is an essential objective and a public promise of DHL. This new state-of-the-art fleet cuts emissions by 20 per cent per ton, noise by 77 per cent and contributes to deliver on our promise," comments Uwe Dorken, Chairman and Chief Executive Officer, DHL International.

The B757SF's advanced 'all-weather' landing capabilities also enable the planes to be landed in weather conditions offering just 50 metres runway visibility, compared to 550 metres for the current B727s, which the B757SF is replacing, giving improved reliability throughout the DHL network.

## Malaysia eases rules on foreign property investment

AFP, Kuala Lumpur

Malaysia said Thursday it has relaxed its rules on property purchases to attract more foreign investment amid the world economic slowdown.

The new regulations, announced by Prime Minister Mahathir Mohamad in a statement, make it easier for foreign companies and individuals to buy property.

Some restrictions on locals are also relaxed to spur economic activity.

The announcement comes a day after authorities lifted the last capital control affecting foreign investment in the stock market.

Mahathir said the government was committed to ensure an open and business-friendly economic environment.

Foreign investment guidelines will be eased to expedite investment processes and to encourage more foreign and domestic in-

vestment," he said in the statement.

The new rules, effective April 25, are part of additional fiscal measures in a supplementary three billion ringgit budget announced by the premier on March 27 to shore up the economy.

Foreigners are now allowed to buy all types of residential and commercial properties worth more than 250,000 ringgit (65,790 dollars), including old or soon-to-be-launched projects.

Previously, foreigners were only allowed to acquire projects which had already been completed or 50 percent completed.

They no longer need to set up a company with local shareholders and can now borrow the purchase cost from local banks.

Under an existing "Silver-Hair Programme" to attract foreigners to retire in Malaysia, they will now be able to buy homes costing 150,000 ringgit and above in designated areas.

Malaysia's export-driven economy is bracing itself against a possible global slowdown.

## EU charges ROK of pricing ships below cost

REUTERS, Brussels

The European Union Wednesday accused South Korean shipyards of distorting the international market by pricing ships below cost, but put off a decision on whether to launch a trade complaint against Seoul.

In its latest report on world shipbuilding, the EU's Executive Commission said significant over-capacities in South Korean shipyards, combined with a need to generate new orders to assure sufficient cash flow, prevented a recovery of shipbuilding prices.

None of the South Korea shipbuilding contracts it had examined had been priced at a level which covered operating costs, profits and debt repayments, the Commission said. South Korean yards incurred losses averaging 14 per cent on these orders, it said.

"Korean shipyards are still distorting the international market," the European Commission said in a statement accompanying the report. It accused South Korean yards of "unfair trading practices."

The EU has repeatedly accused Seoul of paying its shipbuilders illegal subsidies which it says threaten the existence of European competitors.

The Commission had been expected at its meeting this week to propose starting a World Trade Organisation (WTO) case against South Korea over its shipbuilding practices.

It has been thought likely to combine this move with a recommendation to allow temporary government aid for European shipyards facing South Korean competition, EU sources said.

However, decisions on these two aspects have been postponed until the Commission meets against next Tuesday to allow time for Commission officials to complete their work, EU sources said.

"The larger part of this increase in ordering has been to the benefit of South Korean shipyards which have seen market share increase again," it said.

The range of the implicit yields were 6.45-6.55 per cent, 6.90 per cent, 7.15 per cent, 7.55-7.60 per cent and 8.39-8.45 per cent per annum respectively.

## Banks face 45pc provision, 23pc capital adequacy dearth

SHAHRIAR KARIM

The country's commercial banks face 45 per cent provision shortfall, amounting to Tk 4,435.25 crore, according to December 31, 2000 figures.

Against a requirement of Tk 9,112.15 crore, the banks have kept provision of Tk 5,719.65 crore, according to banking sources.

The four nationalised commercial banks alone have a provision shortfall of Tk 3,556.62 crore, which is more than 80 per cent of the total provision shortfall.

On the other hand, the capital shortfall of the country's banking system stands at Tk 14,38.13 crore or 23.39 per cent against a requirement of Tk 61,481.16 crore as

of December 2000.

The capital shortfall of the foreign commercial banks (FCBs) operating in the country, stands at Tk 6,05 crore or 0.80 per cent against their capital adequacy requirement of Tk 760.35 crore.

There is a provision to have eight per cent capital adequacy by the banks against their risk weighted assets and the Bangladesh Bank is constantly reminding the banks to meet their capital shortfall.

As the country's central bank geared up its vigilance in recent years, the banks have made progress in reducing defaulted loans. The private commercial banks (PCBs) have shown marked improvement. However, the nation-

alised commercial banks (NCBs) and specialised banks are still lagging behind.

The classified loans of the NCBs stand at Tk 11,733.79 crore or 38.56 per cent of their total loan portfolio as of December 2000, while the classified loans of the specialised banks stand at 6,366.72 crore or 62.56 per cent. Classified loans of the PCBs are around 22 per cent of their total loan portfolio.

Among the four NCBs, Sonali Bank topped the list with Tk 5,160.15 crore classified loans followed by Agrani Bank with Tk 2,936.85 crore and Janata Bank with 2,363.62 crore as of December 2000. Rupali Bank's classified loans stand at Tk 1278.49 crore.

## US corporates keep investing despite economic downturn

REUTERS, New York

Some of the nation's largest companies are increasing their spending on assets such as machinery and computers this year, an indication that the US economic downturn may be less severe than previously feared.

Capital spending has declined as the economy slowed in the past year, mostly due to lower spending on information technology.

The trend worried the Federal Reserve, which cited softening capital investment as one reason for a surprise cut in interest rates last month.

The plaque commemorates the plant's recent achievement highlighting the 2000 MT production record set by the urea plant on February 15.

The urea plant, designed by Stamicarbon by of the Netherlands, was designed to produce 1725 MT of high-grade granular urea daily.

After modifications to the process done last year, the plant has been demonstrating increased efficiency and is producing a much higher tonnage than its design capacity.

The recent 2000 MT production rate means that plant is now producing at 116 per cent of its original nameplate capacity.

The plaque was presented to M Saber Ali, Director of Operations, who accepted the honour on behalf of all the employees of KAFCO.

During his speech, the managing director spelled out all the difficulties and achievements of the plant through the years and pointed out positive developments in the last year.

The Director of Operations thanked the MD for the honour saying that the production record is testament to the fact that all the honest labour by the employees of the plant has not gone in vain.

The lunch, hosted by the managing director, was the first of its kind since the inception of KAFCO in 1991 and was attended by all plant employees, management and staff.

Among others attending the lunch were David Horn, Director of Finance, Dr M Shariful Huq, Director of Sales & Marketing Mizanur Rahman, Head of HR & Training, K A Joarder, General Manager of Production Fazle Ruby, General Manager of Maintenance and Talukdar Mansur Alam, General Manager of Technical Services.

KAFCO, Bangladesh's flagship joint foreign investment project, produces high-grade ammonia and granular urea for sale in the international market.

The 2000 MT/day urea production record was achieved at the plant on 15 February, 2001.

Sealed tenders are invited from BRDB enlisted contractors for the undermentioned repair works under the project expansion of infrastructure & training facilities of Bangladesh Rural Development Training Institute of Khadiimnagar, Sylhet under Bangladesh Rural Development Board.

**Bangladesh Rural Development Board**

Construction Section  
Palli Bhaban (4th Floor), 5, Karwan Bazar, Dhaka

### Tender Notice

Sealed tenders are invited from BRDB enlisted contractors for the undermentioned repair works under the project expansion of infrastructure & training facilities of Bangladesh Rural Development Training Institute of Khadiimnagar, Sylhet under Bangladesh Rural Development Board.

**Gr No** **Name of work** **Estimated cost (for each)** **Earnest money (for each)** **Time for completion of work**

1.	Repair & development of Hostel No 1&2	Tk 13,00,436/-	Tk 32,600/-	45 days.





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