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African nations out to woo country's RMG entrepreneurs

Star Business Report

Strengthened by duty and quota-free access to the US market, some of the Sub-Saharan African countries are trying to woo Bangladeshi readymade garment (RMG) manufacturers to relocate their factories there.

Although the USA passed a bill styled US-TDA 2000 in October last year, paving way for quota and duty-free access of apparels of 72 Sub-Saharan and Caribbean countries to its market, most beneficiary countries are yet to reap the benefit due to their lack of expertise in RMG manufacturing.

In this context, the country's RMG manufacturers are receiving proposals from these African countries to invest there as the local entrepreneurs have acquired skills over the years, according to industry sources.

Moreover, as Bangladeshi apparel exports to the US market is facing a dangerous dip in recent months following the US recession, the Sub-Saharan countries found it a chance to grab upon to woo Bangladeshi entrepreneurs.

"We are receiving a good number of offers from the Sub-Saharan countries and many of our entrepreneurs are giving a thought to those. As we are facing difficult times and there is a dearth of orders, we may relocate our factories or set up new ones in those countries provided we get a better package," Quazi Moniruzzaman, acting President of the Bangladesh Garment Manufacturers and Exporters Association (BMEA) told The Daily Star.

The latest such offer came from Nigeria. A visiting Nigerian business delegation yesterday met the BGMEA officials in the city and asked them to invest there either in joint venture RMG projects or in fully foreign-owned projects.

Nigerian Investment Promotion Commission Chairman Akin Sawyerr led the delegation to meet with the BGMEA leaders. Acting President of BGMEA Quazi Moniruzzaman represented the local side.

The visiting Nigerian delegation also called on Commerce Minister A Khosru Mahmud Chowdhury and talked about strengthening bilateral trade and encouraging Bangladeshi investment in Nigeria.

The Nigerian side informed the BGMEA leaders about the incentive package the African country is offering to foreign investors. The BGMEA asked the Nigerian delegation to send them in writing the incentive package Nigeria is offering.

"We have decided to send a BGMEA delegation to Nigeria to have a first hand experience of the infrastructure facilities and to know about the incentive package they can offer," Moniruzzaman said.

Moreover, he said it has to be examined whether the Nigerian government would allow skilled Bangladeshi workers. "If we can't take our skilled workers, we won't be able to work there. Besides, we also have to see what is their law about repatriation of profit."

Meantime, many foreign investors having RMG units in the country's Export Processing Zones (EPZ) are very much reluctant to expanding their units. Rather, they are looking for investing in those countries which have quota and duty benefits, according to business sources.

WB Vice President for South Asia says

Good governance, law & order needed to revamp economy

UNB, *Dhaka*

Bangladesh has the potentials to prosper if problems in governance and law and order are honestly addressed, says a top World Bank executive.

Bad governance and corruption held back the people's potentials, while structural weaknesses resulted in poor economic performances over the last couple of years, said visiting WB Vice President for South Asia Mieko Nishimizu in Dhaka yesterday.

"You need to fight corruption and bad governance," she suggested while talking to news agency journalists on Bangladesh economy and social aspects. WB Country Director Frederick T Temple was present.

A new Jamuna Bridge can be built in every 18 months if corruption is tamed and everything is governed well, she said, quoting a WB assessment.

Good governance and the state of law and order are of utmost importance to put the economy back on the track, she felt.

Nishimizu frankly spoke about structural weaknesses of the economy and corrective measures, social sector achievements, public sector losses, problems of electricity and port and so one.

She appreciated Bangladesh's efficiency in disaster management, bringing down population growth and raising school enrollment especially of girls. All these "tremendous achievements" were made in a few decades, and very few countries could claim such credit, she said.

The government did a lot to improve health and education over the years, but the whole system started to suffer because of poor governance, she said, referring to deteriorating standard of education and poor health services in public sector.

Replying to a question, the WB official said gas export can benefit Bangladesh people if it is well-executed and export money is properly utilised.

Nishimizu said during her meetings with government leaders, she had communicated the Bank's concerns over the declining trends in the economy with depleting foreign exchange reserves and increasing fiscal deficits.

Exports have started suffering the impacts of September 11 incidents that shocked the global economy and many workers in apparel sector lost jobs, she observed.

"Fiscal situation has to be corrected as quickly as possible," she said, expecting immediate steps to off-load loss-making state agencies, downsize bureaucracy, seal revenue leakage, regularise collection of utility bills and drop less priority and politically motivated development projects.

The World Bank vice president referred to the losses of state-owned enterprises (SOEs), roughly Tk 30 billion in last fiscal year, and said economy is really bleeding.

She prescribed quick disinvestment of SOEs to stop wastage of tax payers' money just for paying for the losses and inefficiency of SOEs.

Nishimizu expressed her dissatisfaction at the performance of nationalised commercial banks, saying the "heart of the economy" is half-blocked and needs to be cleared.

About the poor rate of electricity subscription, she said electricity users are minority and "it's a national shame."

She felt electricity distribution system should come under a well-governed private sector to properly collect power tariffs and to check electricity theft.

WB country director Fred Temple also felt the need for commercialisation and privatisation of distribution system and suggested that the government take immediate steps to reduce the system loss.

Nishimizu also mentioned the problem in Chittagong port and wondered how external trades could run smoothly if the port remained clogged.

In addition to the economy, she said, there are two more essential areas -- education and health -- that need significant improvements to help a nation flourish.

The government also recognises the fact," she said, giving the impression she had after meeting the government leaders during her stay in Dhaka.

She noted that the government spends a lot of money for health sector, but quality of health service in public sector has not improved and people choose to go to private hospitals.

New Vice Chairman of Premier Bank

M. Nurul Amin has been elected Vice Chairman of the Board of Directors of the Premier Bank Limited, says a press release.

Nurul Amin is also the Chairman of O.S. City Group of Industries -- a leading export house of the country. As a recognition of his contribution to the business, he has been awarded 'Export Trophy' and accredited the status of commercially important person (CIP).

He is also associated with different socio-cultural organisations in the country. He is the trustee of Omar Sultan Foundation, a charitable organisation, which offers scholarship to poor and meritorious students.

Amin, who obtained his bachelor degree in 1982 from the University of Chittagong, hails from village West Alahabad under Chandnaish thana in Chittagong district.

PM tells BFFEA team

Body to be formed to solve frozen food problems

UNB, *Dhaka*

Prime Minister Begum Khaleda Zia has said an inter-ministerial committee will be formed to boost frozen food export by addressing the problems of the sector.

The prime minister was talking to a delegation of Bangladesh Frozen Food Exporters Association at her office yesterday.

The delegation led by BFFEA President Salauddin Ahmed met the prime minister and apprised her of different problems of the sector that hindered export.

Responding to them, Khaleda assured necessary steps for immediate and long-term measures tackle the hindrances.

The inter-ministerial committee will comprise of representatives from Livestock and Fisheries, Commerce, Land and France Ministries, and from the exporters association.

The committee, headed by the fisheries minister, will recommend measures to solve the existing problems of the sector.

Stressing the importance of raw materials and agro-based products, the delegation said the export of frozen food has declined to some extent due to the present global economic recession as well as declining production in this sector.

They said BNP government in 1991-96 had taken steps to rejuvenate the frozen food sector while attention was not given to the sector in last five years.

The delegation also mentioned that an initiative was taken in 1993 to form a shrimp development board but it was not followed up.

Livestock and Fisheries Minister Sadek Hossain Khoka, Commerce Minister Amir Khasru Mahmud Chowdhury, State Minister for Commerce Barkatullah Bulu, political secretaries to PM, Haris Chowdhury and Mosaddek Ali, were also present.

Eicher, Rangs Motors sign agreement

An agreement was signed between Eicher International Limited and Rangs Motors Limited in Dhaka recently, says a press release.

A Rouf Chowdhury, Chairman of Rangs Group, and S Vaitheeswaran, Director of Eicher International Limited, signed the deal on behalf of respective companies.

Under this agreement, Rangs Motors Limited will expand marketing of all types of Eicher commercial vehicles with CKD and CBU configuration in Bangladesh.

In 1985, Eicher started manufacturing Mitsubishi Canter buses and trucks in technical collaboration with Mitsubishi Motors Corporation of Japan. Currently, Eicher commercial vehicles posses advanced technology of both Japan and Europe. The vehicles now being marketed in Bangladesh meet the environment friendly Euro-1 norm and upgradation to Euro-11 norm is in the offing.

Rangs hopes to introduce heavy trucks and other commercial vehicles that have passed the trial stage by June next year.

A Rouf Chowdhury, Chairman of Rangs Group, and S Vaitheeswaran, Director of Eicher International Limited, sign an agreement in the city recently. Under the deal, Rangs will assemble and market Eicher vehicles in Bangladesh.

EU ready to give more access for Indian textiles on conditions

AFP, *New Delhi*

European Union Trade Commissioner Pascal Lamy said Thursday he was willing to sign a bilateral trade deal with New Delhi in exchange for greater European access to the Indian market.

Lamy, in New Delhi to attend Friday's EU-India Summit, said the 15-member EU would be willing to offer "reciprocal concessions" to Indian exporters.

"We are ready to give India more access in textiles and address its concerns on agro-products like gherkins and mushrooms if New Delhi agrees on a bilateral trade deal," Lamy told reporters on the sidelines of a business summit here.

"We have already met the Indian demand for enhancing sugar export quotas," he added.

Lamy, who led the EU delegation to the marathon World Trade Organization meeting in Doha, Qatar this month, has a mandate to enter into bilateral trade deals with non-European countries up to 2005.

"A quid pro quo arrangement could be worked out with India if it is ready to reduce its own tariffs and give greater access to products which matter to the EU," said Lamy.

He said that if New Delhi signed a bilateral trade deal, the EU would "provide technical assistance" to help Indian agro-food exports match EU sanitary standards.

The EU is India's biggest trading partner, accounting for 30 per cent of its imports and exports. It is also traditionally India's largest source of foreign direct investment.

Indo-EU bilateral trade is pegged at over 20 billion dollars per annum. India's share in EU's global imports is around just 1.0 per cent.

W Bengal trade team due in city tomorrow

A 7-member business delegation of Bengal National Chamber of Commerce & Industry is due in the city tomorrow, says a press release.

The team comprises Niranjan Saha, President of the Chamber, Mr. S.K. Roy, Samir Kr. Ghosh, Bhaskar Sen, S.R. Saha, G.P. Sarkar and D.P. Nag.

During its stay, the team will meet Amir Khosru M. Chowdhury, Minister of Commerce, M.K. Anwar, Minister of Industries, senior government officials and Presidents of some leading Chambers of Commerce in Dhaka to extend invitation for participating in the 15th Industrial India Trade Fair being organised by the Chamber jointly with the government of West Bengal at Kolkata Maidan during December 21-31, 2001.

Export Promotion Bureau of Bangladesh has been participating the fair regularly and the inaugural session of the fair has been addressed by the ministers and chamber presidents of Bangladesh for the last few years.

Exim Bank reduces interest rates

Exim Bank has decided to reduce lending rates by 1 to 3 per cent in various categories of advances, says a press release.

The decision was taken at a meeting of the board of directors of the bank held in the city on Wednesday with its acting Chairman Engr. Aminur Rahman Khan presiding.

In view of the recent government policy to boost trade, commerce and exports, the board decided to reduce the interest rates.

Japan insurer's collapse bodes ill for industry

AFP, *Tokyo*

The collapse of a Japanese insurer Thursday due to huge costs related to the September 11 terrorist attacks in the US shocked market players and raised fears of similar firms going under, analysts said.

"I was very surprised," said Credit Suisse First Boston (CSFB) insurance analyst Walter Altherr. "It is unusual that a Japanese non-life insurer falls into distress in general."

Ailing middle-sized Taisei Fire and Marine Insurance Co. Ltd. became the world's first insurer to fail due to the terror blitz in the United States, while fellow insurance firms warned of huge losses.

"From information available so far, Taisei appears to be the first to go under due to payments related to the terror attacks," said Yoshikazu Fukaya, an analyst at Toyo Securities. "Something that should not happen really happened. An effect of that is seen now."

Taisei's collapse -- the second post-war failure by a Japanese non-life insurer -- was triggered by a reinsurance loss of 74.4 billion yen (604.3 million dollars) as insurance firms filed claims related to the aerial terror attacks on landmark buildings in New York and Washington.

"Most... believe that Japanese insurance companies were not heavily exposed to what happened on September 11, but now we know at least one company was," said BNP Paribas analyst Naoto Odagiri.

"There are expectations that a few more (were exposed). Stock prices are falling down in the same industry," he said.

Investors Thursday fled the non-life insurance sector after Taisei's announcement as its shares were halted on sell indication only at 320 yen. Taisei will be delisted from the Tokyo Stock Exchange on February 28.

General insurer Nissan Fire Marine Insurance Co. Ltd.'s share price plunged 17.8 per cent to close at 461 yen, while non-life insurer Yasuda Fire and Marine Insurance Co. Ltd. lost 4.8 per cent to 779 yen. The Nikkei-225 average finished up 0.3 per cent at 10,696.82.

"The impact (of the attacks) is hard to judge in general," said CSFB's Altherr. "But most of the trade centre claims are well known so there should not be too many surprises ahead."

However Japan's Aioi Insurance subsequently slashed its full year forecast due to a 100 billion-yen reinsurance charge brought by the terrorist attacks.

The nation's fifth largest non-life insurer now expects to lose 76.5 billion yen in the full year to March from a 10.5 billion-yen profit seen earlier.

Nissan Fire cut its full year forecast to a net loss of 22.0 billion yen from a profit of 4.8 billion yen seen earlier, putting terror-related losses at 74.4 billion yen.

A survey by Japan's non-life insurance association has shown claim settlements related to September 11 would reach 30.4 billion yen -- a fraction of the figures released by Taisei alone.

"The problem at Taisei, which has relatively large capital gains on its securities holdings, means that re-insurance payment is much larger than had been considered," said Shinko Securities analyst Hironari Hayashi.

Insurers worldwide are in for a rough ride following the terror blitz, but other Japanese firms should survive the fallout despite suffering huge losses, analysts said.

ECB denies it is set to relax budget targets

AFP, *Frankfurt*

The European Central Bank rejected a newspaper report on Thursday which said it was willing to let euro-zone governments postpone their targets for achieving budget stability if the region does not stage a healthy economic recovery.

The Financial Times newspaper had quoted "senior ECB officials" as saying that the European Union's stability and growth pact, under which governments set target dates for putting their budgets in balance or surplus, may need to be interpreted more flexibly in view of the severe economic slowdown.

But a spokesman for the bank rejected the report.

"The ECB is opposed to a change in the pact as suggested by the article," the spokesman told AFP. "Our position regarding the pact has not changed."

The FT noted that the ECB believed governments should continue to adhere to the goal of achieving fiscal balance over the medium term. Neither was there any suggestion governments might ignore the pact's stipulation that deficits should not normally exceed three per cent of gross domestic product.

But it quoted officials as saying the stability pact, drafted by the European Union in 1996, was drawn up under different economic conditions and should be "intelligently adapted."

"It's difficult to say this now, especially in public. But next year, if the economic rebound isn't significant enough, it will have to be addressed," FT quoted one official as saying.

The FT noted that the ECB was not in charge of administering the stability pact, so it would actually be up to governments to set new target dates.

But the ECB's attitude was crucial because it could in theory tighten monetary policy if it thought governments were reneging on their fiscal commitments.

Objectives set a year ago envisage the 12-country euro zone as a whole having no budget deficit in 2003.

GP, Vanik sign deal on phone bill collection

GrameenPhone Limited recently signed a bill collection agreement with Vanik Bangladesh Limited, says a press release.

GP subscribers who have Vanik credit cards do not have to visit bank branches to pay their bills.

Under the arrangement, GP subscribers who have Vanik credit cards will have the option to authorise both GrameenPhone and Vanik for sending the billing information to Vanik by GP (in addition to the bills normally sent to subscribers) and charging of the billed amounts from the credit cards by Vanik.

N.K.A. Mobin, Director of Finance Division of GrameenPhone, and E.C.S.R. Muttupulle, Chief Executive Officer of Vanik Bangladesh Limited, signed the agreement on behalf of their respective organisations.

Ola Ree, Managing Director of GrameenPhone, was present at the signing ceremony.

Shafi Borham, Consultant-GKC, and Nasar Hassan Khan, Coordinating-Acquiring of Vanik Bangladesh Limited, and Md. Mahbubur Rahman, Manager-Finance of GrameenPhone, and some other officials of both organisations were also present on the occasion.

PHOTO: **GP**

N K A Mobin, Director of Finance Division of GrameenPhone, and E C S R Muttupulle, Chief Executive of Vanik Bangladesh Limited, sign agreement on phone bill connection on behalf of their respective organisations in the city recently. Ola Ree, Managing Director of GrameenPhone, was also present on the occasion.

Standard Bank cuts lending rates

Standard Bank Limited in its 34th meeting of the Board of Directors took the decision to reduce interest rates by 1.5-2 per cent on different loans and advances, says a press release.

In the case of import L/C interest, the rate has been re-fixed at 7 per cent from the previous rate of 10 per cent.

The Board of Directors of Standard Bank Limited has taken this decision following Bangladesh Bank's rate cut decision and several directives of the Finance Ministry.

'HK should consider free trade deal with China'

AFP, *Hong Kong*

Hong Kong businesses Thursday called on the territory's government to look into the feasibility of a free trade agreement with China.

"Hong Kong and China are two separate WTO members and so China cannot give special benefits to businessmen in Hong Kong," Hong Kong Chamber of Commerce (HKCC) director Eden Woon said, referring to the World Trade Organization.

"If, however, there is a free trade agreement with China, Hong Kong businessmen can enjoy special benefits from China," he said.

The world's most populous country is due to formally join the WTO after a 15-year struggle on December 11.

Chamber members held discussions with the government Thursday, to exchange opinions with Hong Kong Chief Executive Tung Chee-Hwa on how to boost the ailing local economy.

Last month, the territory's government trimmed back its economic growth forecast for 2001 from 3.0 per cent to 1.0 per cent after second quarter growth slowed to 0.5 per cent from a year earlier.

Hong Kong has been hurt by weak exports and investment due to the United States-led global slowdown made worse by the September 11 terrorist attacks on New York and Washington.

"I think that the future of Hong Kong will depend on how it cooperates with the Chinese economy," Woon said.