

Terrorism plagues RMG industry, BGMEA tells police chief

STAR BUSINESS REPORT

Threatened by widespread terrorist activities and toll collection, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) made a fervent appeal to the newly appointed Inspector General of Police (IGP) Madabbir Hossain Chowdhury to save the industry from the onslaught of the thugs.

ABGMEA delegation led by its President Kutubuddin Ahmed met the IGP at his office yesterday and informed him about different criminal incidents that have made the business people feel insecure, meeting sources said.

Already hit hard by the global recession, the readymade garment sector is becoming more vulnerable due to such criminality, the BGMEA delegation told the new police chief.

They particularly mentioned the recent incidents of armed clashes between different terrorist groups belonging to the ruling BNP in Narayanganj over the control of waste fabric business.

Usually the apparel makers in Narayanganj sell their waste fabric through tenders. But for the last one month a new breed of terrorists under the banner of the ruling party have been threatening the RMG manufacturers not to sell fabrics to any one excepting them. Even the terrorists forced apparel factories to sell the items to them at low prices.

These terrorists divided in different groups fought several gun battles in

broad daylight in Narayanganj to gain control over the business. As a result, about 500 RMG manufacturers have become hostage to the terrorists.

Against this backdrop, the BGMEA delegation informed the IGP that RMG manufacturers are unable to sell waste fabrics. Huge stockpiles of unsold fabrics have worsened working environment at the factory premises. Many international buyers have threatened to cancel work orders for lack of proper environment created by piles of waste fabrics, the BGMEA leaders said.

They also said when apparel export is dipping dangerously, terrorist activities are further threatening the very existence of the sector, BGMEA leaders feared.

Assuring the BGMEA delegation of the present government's pledge to wipe out terrorism, IGP Mudabbir Hossain Chowdhury said his department would solve the problem on a priority basis.

The new police boss also told the BGMEA leaders that the police department is going through changes, which would yield result in next one month. He also suggested the BGMEA leaders to inform the SP of respective districts about the criminal activities. The IGP asked the BGMEA leaders to inform him if the SPs fail to take actions.

The BGMEA delegation also included its vice presidents Quazi Moniruzzaman and Shafiqul Islam Mohiuddin, directors A Mannan Kochi, A Razzak Sattar and Zakaria Taher Sumon.

Holcim signs club loan with 5 banks

Holcim has signed an agreement with 5 leading banks of the country for a club loan for working capital has a ceremony held in the city recently, says a press release.

The number 1 cement producer in the country signed this loan on standardised terms with Citibank NA, Credit Agricole Indosuez, HSBC, Pubali and Standard Chartered Bank.

Pubali Bank is the coordinating bank, while Credit Agricole Indosuez is the inter creditor agent for the loan facility. For the first time in the Bangladesh cement industry such a loan was extended without any personal guarantees.

Thanking the banks for extending this service, the Chairman of Holcim, Latifur Rahman, said "This confirms that banks have great confidence in the management and performance of Holcim. Our banking partners also have a lot to gain from this relationship."

Ramit Budhraj, CEO of Holcim, said. "Our partner banks have always been a great support to us because we have consistently shown solid financial performance. Holcim will continue to provide leadership and innovation to the cement industry in the country. The recent launch of a new product reaffirms this leadership role. This new loan agreement will lay the foundation for our future growth".



Holcim recently signed a club loan agreement with 5 leading banks. Photo shows (from left) Ali Reza Iftekhar, Head of Credit of Standard Chartered Bank, David Rees, CEO of Citibank N A, Ramit Budhraj, CEO of Holcim, Latifur Rahman, Chairman of Holcim, Mirza Ali Insaf, GM of Pubali Bank, D Das Gupta, GM of Credit Agricole Indosuez, and Simon Jukes, Senior Corporate Banking Manager of HSBC, at the signing ceremony.

ADB, IMF, WB, UNDP to meet on Asian poverty

AFP, Manila

The Asian Development Bank (ADB), the International Monetary Fund (IMF), the World Bank and the UN Development Programme (UNDP) are to hold a regional conference on poverty reduction in Asia in Hanoi from December 4-6, it was announced here Saturday.

The conference will review poverty reduction strategies in the Asia-Pacific region, identify obstacles in designing such strategies and look into lessons to be learned from such cases, the ADB said in a statement from its headquarters in the Philippine capital.

Similar regional conferences will be held in Bolivia and Hungary. An earlier conference was already held in Senegal in September.

The input from the conferences will be used in an international conference on poverty reduction strategies to be held in Washington from January 14 to 17, sponsored by the IMF and the World Bank, the ADB added.

US economy slumps sharply in third quarter

REUTERS, Washington

The US economy slumped much more sharply during the third quarter than first thought, the government said Friday in a report that prompted fresh White House demands for stimulus measures to help-pull out of recession.

The Commerce Department said gross domestic product (GDP), the broadest measure of total economic activity within US borders, contracted at a revised 1.1 per cent annual rate in the three months from July through September for its sharpest fall in more than a decade.

That was triple the 0.4 per cent rate of decline estimated a month ago and was the poorest quarterly economic performance since a two per cent contraction in the first three months of 1991, when the economy was last in recession.

Business profits -- vital for fueling investment that helped power the record expansion after the 1990-91 recession -- completed a full year of decline by shrinking once more during the third quarter.

President George W Bush quickly renewed a call for Congress to approve economic stimulus measures. These have become embroiled in partisan differences about whether more tax cuts or increased spending would produce the quickest and most useful benefits.

"The president believes that, given this latest report, it's just unimaginable that the Senate could possibly leave town without completing its work on the stimulus," White House spokesman Ari Fleischer said.

Congress wants to wrap up business and recess for the year, while Bush is insisting that lawmakers

agree upon stimulative measures that he can sign into law by Christmas. On Monday, the National Bureau of Economic Research that dates US business cycles said the United States entered recession in March.

Stock prices showed scant reaction, with the Dow Jones industrial average rising 22.14 points to end at 9,851.56 while the Nasdaq composite index eased 2.68 points at 1,930.58.

Bond prices were mostly firmer on optimism that more interest-rate cuts lay in store in view of the fact that the economy might be weaker than previously anticipated.

Economist Lyle Gramley of the Mortgage Bankers Association said the steady fall in business profits was "one more reason for thinking that while we likely are going to get out of this recession fairly soon, it's going to be a slow rebound."

BFFEA, SSFIA renew MOU

BSS, Dhaka

Bangladesh Frozen Foods Exporters Association (BFFEA) and Singapore Sea Food Industries Association (SSFIA) renewed their Memorandum of Understanding (MOU) to continue existing bilateral trade relations, a press release said here yesterday.

BFFEA president Salahuddin Ahmed and SSFIA president Aung Peng Hawk signed the MOU on behalf of their respective sides.

The MOU was signed during the BFFEA's team's visit to Singapore. The six-member delegation returned home Friday night after attending two seminars there.

Slowdown shows deficiencies of globalisation: UN

REUTERS, Bangkok

The slowdown in the world economy has revealed some of the deficiencies of globalisation and the need for closer regional cooperation, a United Nations agency said Friday.

"There can be little doubt that the 1997 crisis (in Asia) and the 2001 slowdown have been significantly intensified by the trade and financial market linkages between countries that globalisation has facilitated," the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) said in a report.

"It said the slowdown -- compounded by the September 11 attacks on the United States -- would likely hit Southeast Asia the hardest."

"The adverse effects of financial

market integration and of trading links have been found to be so severe that few countries have the ability to shield themselves," it said. UN officials presenting the report said that greater cooperation between Asian countries would help to mitigate the worst effects of the current slowdown.

"The challenge to us is how Asia-Pacific countries can weather out this synchronised economic downturn. We cannot expect the US to provide the engine, we cannot expect Japan to, we cannot expect the European Union to," ESCAP Executive Secretary Kim Hak-Su told a news conference.

"What can be done amongst ourselves start looking at regional trade promotion."

He said ESCAP had 61 member countries, the vast majority of which had not benefited from

globalisation. "Nine countries dominate 90 per cent of trade in our Asia Pacific region," Kim said. "So one can argue that globalisation is not evenly spread, not benefiting large numbers of countries."

The report said Southeast Asia was the most vulnerable region to the global downturn in trade.

"It's prospects are ultimately bound to up with developments in the United States and Japan ... The heavy dependence on exports means that a revival of growth in the last quarter of 2001 or early 2002 is unlikely to occur," it said.

"Another possible growth-dampening event on the horizon is China's accession to the WTO (World Trade Organisation) with a probable erosion of market share in a range of manufactured goods in this subregion."

EXIM Bank joins SWIFT network

EXIM Bank has joined SWIFT network, says a press release. The SWIFT system of the bank becomes live today.

All the AD branches of the bank in Dhaka and Chittagong are included under the SWIFT live connection.

Under this arrangement, the bank's six authorised dealer branches will be able to transmit letters of credit and other messages directly to their correspondents and other affiliates via SWIFT.



PHOTO: SUNBEAM

Photo shows Hasna Moudud, Mustafa Zaman Abbasi, Barrister Mahub Uddin (Khokon), representative of Saregama (HMV) Swandip Dang, Mitas Chatterjee and Managing Director of Sunbeam M Nesar Uddin at the signing ceremony of an agreement between Saregama India Ltd (HMV Company) and Sunbeam International Corporation (PVT) Ltd held at a city hotel recently. Under the accord, Sunbeam will produce and market Saregama's music cassettes in Bangladesh.

Next WTO chief calls for sympathy for poor nations

REUTERS, Bangkok

The next head of the World Trade Organisation urged international agencies and rich countries Friday to be more sympathetic to developing nations to speed up the opening of emerging markets.

WTO Director-General designate Supachai Panitchpakdi told a business seminar that institutions such as the World Bank and the International Monetary Fund had to be "more global."

"These are global institutions but they do not always have a global view and global management," Supachai said in a speech on impact of globalisation on Asian nations.

"They should be accordingly managed to serve the international,

global community.

Supachai, who will take over the helm of the WTO next year, said lack of participation by poor countries in these agencies, including the world trade body, had been a major factor hampering free trade around the world.

"I don't think the voices of the rest of the world vis-a-vis the more advanced countries would be actually heard. Sometimes, they might be heard, but easily forgotten. Sometimes they might be heard but not understood."

One example of a lack of understanding of the problems faced by the developing world was the insistence by some rich countries on certain labour and environmental standards that poorer countries could not afford to meet.



PHOTO: JANATA BANK

Murshid Kuli Khan, Managing Director of Janata Bank, inaugurates one stop service at Mouchak Market branch of the bank in the city yesterday.

Indonesia bows to pressure in crucial privatisation deal

AFP, Jakarta

Indonesia's cash-strapped government, bowing to regional pressure, announced Friday it would only go ahead with a partial privatisation of the country's largest cement producer.

The proposed new deal with Mexico's Cemex SA, if it goes ahead, will cost Jakarta an estimated 260 million dollars in lost revenue at a time when it is struggling to contain this year's budget deficit.

State Enterprises Minister Laksamana Sukardi said the government would exercise a put option to sell a 51-per cent stake in Semen Gresik to Cemex for around 530 million dollars.

It would then use part of the proceeds to buy back two of the three operating units -- Semen Padang and Semen Tonasa. Final proceeds would be an estimated 250-270 million dollars.

The announcement is likely to dismay economic analysts who see the sale of Semen Gresik as crucial to the stalled privatisation programme.

Local authorities have fiercely opposed the sale of the two subsidiaries -- Semen Padang in West Sumatra and Semen Tonasa in South Sulawesi.

But the World Bank has warned Jakarta to overrule provincial government attempts to take over the local affiliates or put its future asset sales at risk.

It was unclear if Cemex would still go ahead with the deal without the two units, which account for about half the total annual output. A spokesman could not be reached for comment.

On November 1 the provincial parliament in West Sumatra temporarily took over Semen Padang, which they want separated from the parent.

South Sulawesi officials also say they want Semen Tonasa to remain locally-owned and not to fall into foreign hands. Thousands staged a rally this month to back up the demand.

Sukardi said the government's privatisation team has made the decision "to continue to privatise by selling 51 per cent of Semen Gresik shares to Cemex." This would raise Cemex's stake in the company to 76.5 per cent, with the public's share remaining at 23.5 per cent.

Under the plan Cemex would maintain a 49-per cent stake in each of the units in Sumatra and Sulawesi, which would be spun-off into separate state entities.

Sukardi told a press conference the value of buying back 51 per cent of Semen Padang and Semen Tonasa would be subject to negotiations with Cemex, but he expects net proceeds of 250-270 million dollars after paying for the buybacks.

CURRENCY

Sunday Business Solutions

Do you have business problems? Write to us at:

Sunday Business Solutions
The Daily Star, 19 Karwan Bazar, Dhaka, Bangladesh. E-mail: dsbusins@gononet.com

The Daily Star has introduced a business solution column which appears on Sundays. While running your business, you come across problems and wish someone would help. This column will provide you with insights to solve your problems. Write to us or to Sarwar Ahmed, MBA (sarwar@asia.com) who hosts this column.

Issues
Organizations, business or otherwise, are prone to issues. An issue is an event that happens either internal or external to the organization that has an impact on its reputation and business, therefore its objectives, usually on the downside. Sometimes issues can have a disastrous consequence for the organization.

Let's look at an extreme example remember the tragedy of Bhopal, India? If my memory is not wrong, Union Carbide's chemical plant in Bhopal spewed out deadly gas that killed thousands of people. Along with the innocent people of Bhopal, the company went dead, too. This is an issue.

The latest I heard was on CNN recently. A Starbucks outlet in New York the chain specializing in coffee and snacks, charged an ambulance rescue worker \$130 - for water bottles on September 11th. When news leaked out, the management quickly refunded the rescue worker, made coffee and snacks free for the rescue workers and donated a million dollars to the New York fund. However, these appealing moves will not easily remove the dent in their reputation, the perception of making a fast buck on a national (September 11) tragedy.

An issue, if not handled quickly and appropriately can escalate into a crisis for the company. Downplaying the issue can lead to public perception of the company being indifferent. This creates hostility and mistrust and eventually, anything the company says is not acceptable. Therefore, when an issue arises, quick action is essential to ensure that the basic trust between company and public does not erode.

The event which triggers the issue is a problem and the company has to solve the problem. In case of Starbucks, they quickly did their patchwork to mend their fences with the public. But what was the main problem? Charging the 130 dollars by the sales person in a situation of national crisis. Rationally, you can't blame the sales person he was doing his job. That he could give away free water in such an emergency was never told to him. I am sure a lot of companies are re-writing their operations manuals after this incident.

We are part of a greater environment. There are various stakeholders with various interests. For example, our government today faces the sensitive issue of gas export. You get to hear the pros and cons. Interest groups have their own view of this issue. What do we do?

Issues usually have an 'issue champion' a person, persons, organizations who are hostile to the organization's position. This issue champion builds, dramatizes and escalates the public perception against the organization.

If you are wise, you will not attack the issue champion saying things like, they are wrong and we are right. Instead, focus on the issue what led to this situation, what is the problem and what are you doing to solve it. Problem solving breaks the bond between the issue champion and the public. However, don't make tall promises, which ultimately, if are not fulfilled, will create even more problems. Say what you will do in concrete terms and in the immediate future.

For example, in case of gas export, the government should present facts to allay the fears of the public. What stocks do we have, how long will this last, what is the consumption pattern etc. These facts must be from an authentic source. Once the public is convinced that we do have a '50 year' reserve, gas export will be a lot easier to sell.

Finally issues are won by the right winning mentality. If the company views an issue as an opportunity to improve itself, and not as a public irritant, the company will be a lot wiser and a winner.