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Massive privatisation plan to woo donors

List includes Adamjee Jute Mills, Rupali Bank

SHAHRIAR KARIM

In a desperate bid to woo the donors for a meaningful aid commitment, the government is contemplating a massive privatisation drive with the aim to have 'some positive results' by June.

In every meeting with the government, the donor agencies the World Bank and IMF are making it clear that before committing any fund they want to see the government's "good intentions and clear cut plan" for future reforms especially a "meaningful privatisation drive".

Against this backdrop, in a recent meeting with the World Bank the finance minister disclosed that they are planning to privatise 140 SOEs by 2003 and 32 of them sharp by June this year.

Earlier, the Privatisation Commission under the new leadership of Enam Ahmed Chowdhury prepared a list of 78 SOEs, which also include a nationalised commercial bank (NCB), Rupali Bank, for privatisation.

High on the lists is the Adamjee Jute Mills, known as white elephant. The Cabinet Sub-committee on Economy sat with the lists last week, but could not take any decision.

The policy planners will sit with the prime minister on February 10 to chalk out the overall plan for the privatisation drive, according to official sources.

A proposal is now awaiting cabinet approval to amend the Privatisation Commission Act to pave the way for closing down the loss-making state owned enterprises (SOEs) and selling off the profitable ones, which is not allowable under the present law.

"We are very much committed to the privatisation issue. So, we have taken initiative to amend the law. There are five or six clauses that we think should be amended in the present privatisation law for a successful drive," Enam Ahmed Chowdhury, Chairman of the Privatisation Commission, told The Daily Star.

He also said they are taking every move to take out the government from any sort of business. "We believe that the government does not have anything to do with business. This is the job of the private sector."

Chowdhury also said they are taking move to contract out the management of Parjatan motels as first step of giving the onus of tourism sector on the private sector.

He also said as both the major political parties have a consensus on privatisation so it would not be a problem accelerating the process.

Since the creation of Privatisation Board as the special agency in March, 1993 by the then BNP government to implement the programme of divestiture of SOEs, till-to-date 17 units have so far been handed over to the new buyers, shares of 15 companies offloaded and eight units handed over to the workers and employees.

But this time the Privatisation Commission is working hard even till late night to set the ground for speedy privatisation under the leadership of former bureaucrat turned politician Enam Ahmed Chowdhury, who has experience of privatisation in central Asia.

Chowdhury as an official of IDB (Islamic Development Bank) monitored the privatisation process in central Asia.

The donors have long been pressing for all out privatisation and this time they have made it a precondition for any aid commitment. The government is desperate for substantial aid on the back of the country's falling exports that have put more pressure on the balance of payment situation.

The World Bank thinks that the inefficient public sector is one of the reasons why Bangladesh failed to boost GDP growth to 7 per cent by the end of 1990s. Moreover, the public sector took away half a percentage point of the private sector's 6.5 per cent GDP growth in FY2000, according to the Bank.

The net loss of the SOEs averaged Tk 9.2 billion annually during fiscal 1991 to 2001, with an accumulated loss of Tk 101 billion. Some 30 to 40 per cent of the conventional fiscal deficit stems from financing the loss-incurring SOEs.

As a result of a sharp increase in SOEs' deficits in fiscal 2000 and 2001 financed through the annual development programme and outside it both the conventional and the consolidated fiscal deficits registered a sharp rise. These deficits, constituting 9 to 12 per cent of total domestic credit during fiscal 1994 to 2000, have had a significant effect on credit creation and consequent monetary expansion in the economy.

According to a World Bank estimate, each job at a SOE costs Tk 175,000 per year that is eleven times the country's per capita income and twelve times the wage of a rural off-farm worker.

IMF seeks help from critics to fight for free-market economy

IPS, *Washington*

The International Monetary Fund (IMF) wants its critics in civil society to join it in fighting for a global market economy better suited to the interests of developing countries.

The fund will continue to push rich countries to increase aid to poor ones and open their markets to the exports of the developing world by lowering tariffs on imports and subsidies for domestic producers, according to IMF Managing Director Horst Koehler. In turn, activists should join the fund in urging developing countries to implement economic reforms designed to move them along the road to market.

Activists said they saw some potential to stand on common ground but that the IMF's stance on market liberalisation in developing countries needed a rethink.

"I would urged the faith-based and civil society organisations to bring the same energy and commitment to a new campaign for increased aid and better access to international trade, that they have shown in advancing the case for debt relief," Koehler told participants at a conference on humanising the global economy here Tuesday.

Koehler said the groups must show solidarity with the fund "by pressing for action on increased aid, trade, and more rapid structural change in the advanced economies."

Koehler acknowledged that non-governmental organisations (NGOs) were instrumental in building consensus among wealthy nations on the need to finance debt relief for the world's most heavily indebted poor countries.

"It is unconscionable for the United States, Japan, and the European Union to spend hundreds of billions of dollars on agricultural subsidies to maintain marginal activities for the benefit of a small segment of their population, while undermining agricultural sectors that are central to peace and development in poor countries," Koehler said. "Yet this is exactly what is happening now."

Koehler singled out the United States -- the world's leader in economic globalisation and democratic proselytising -- for its protectionism.

"If it could exercise this leadership also in the phasing out of such unsustainable subsidies, it would pay off, not just for poor and vulnerable countries, but for the American people," he said.

According to the IMF, US price support payments for cotton alone cost more than two billion dollars a year, an amount larger than the annual cotton production of all of sub-Saharan Africa.

The European Union spends more than two billion dollars a year to buy up excess domestic sugar, which it then dumps on world markets. This means that sugar producers in Latin America, Asia, and Africa incur double losses: market access and market price.

Japan's agricultural subsidies remain the highest of any advanced country and serve, for example, to shut out Asian rice producers while allowing domestic growers to maintain prices at eight times the world market rate.

"In my view, the true test of the credibility of wealthy nations' efforts to combat poverty lies in their willingness to open up their markets and phase out trade-distorting subsidies in areas where developing countries have a comparative advantage -- as in agriculture, processed foods, textiles and clothing, and light manufacturers," Koehler said.

Rick Rowden of the Washington-based advocacy group Results, said his group mostly approved of Koehler's call -- but on condition that developing countries be allowed to retain their trade barriers to give them time to develop their own industries and exports.

"We need to also call for the inverse of that (Koehler's) call," Rowden said. "Developing countries should be allowed to retain their trade barriers."

Fed leaves rates unchanged

AFP, *Washington*

Federal Reserve policymakers Wednesday left key interest rates unchanged, ending a string of 11 rate cuts over the past 13 months.

The Federal Open Market Committee left the key federal funds interest rate target at 1.75 per cent, remaining at its lowest level since 1961.

The largely symbolic discount rate remains at 1.25 per cent, the lowest since 1955.

This is the first time the FOMC has left rates unchanged since its December 2000 meeting, after 11 cuts last year.

The move came amid signs that the US economy was stabilizing and emerging from the recession that began last March.

"Signs that weakness in demand is abating and economic activity is beginning to firm have become more prevalent," the Fed panel said in a statement.

"With the forces restraining the economy starting to diminish, and with the long-term prospects for productivity growth remaining favorable and monetary policy accommodative, the outlook for economic recovery has become more promising."

But the Fed, in a signal to markets about its stand for future actions, added that "the risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future."

Seminar on IP address management held

A daylong seminar titled 'Effective IP Address Management: Asia Pacific Policies and Procedures' was held on Tuesday is the city, says press release.

The country's first ever seminar on IP address management was organised and sponsored by Spectra Solution Ltd on Internet service provider.

Experts from Asia Pacific Network Information Center (APNIC) of Australia were present at the seminar.

Spectra Solutions and APNIC have recently teamed up to train network engineers in planning and operating Internet facilities. As part of their collaborative plans to improve the status of IP management in Bangladesh, the seminar was organised, the release said.

APNIC, the regional Internet registry for the Asia Pacific, is one of three firms in the world responsible for managing the public IP address resource pool. APNIC trains Internet technical staff throughout the Asia Pacific region.

At the seminar several topics including Internet registry policies, IP address allocation and assignment procedure, IP address management, APNIC database procedures, in-addr.arpa procedures, AS assignment procedures and IPv6 overview and policies were discussed.

One stop service inaugurated at Rupali Bank's two branches

Dr Momtaz Uddin Ahmed, Chairman of Rupali Bank Limited, formally inaugurated the 'one stop service' at the bank's Ladies Branch, Mohammadpur and Gulshan Branch on Wednesday to extend better service to the customers, says a press release.

Md Yeasin Ali, Managing Director, general managers and some of the clients of the bank were also present on the occasion.

Now the number of branches which came under the service stood at three including one at Sylhet. More branches of the bank will come under the service in the near future, the release added.

Maritime instt workshop held

A workshop titled "STCW 95 & Use of Simulators in Maritime Education & Training" was held on Wednesday in Maritime Institute of Science & Technology premises in the city, says a press release.

Abdul Malek, DG of Department of Shipping, was present as chief guest. Renowned maritime lawyer & IT professionals were also present.

In the workshop, key features of STCW 95 were discussed by Capt M Shafiqullah.

Govt plans to set up another EPZ in Ctg

OUR CORRESPONDENT, *Chittagong*

The government is actively considering setting up another export processing zone (EPZ) in Chittagong.

This was disclosed by Commerce Minister Amir Khasru Mahmud Chowdhury while addressing the closing ceremony of the 10th Chittagong International Trade Fair (CITF) titled Millennium Fair at Polo-ground here on Tuesday night.

The commerce minister said the new EPZ to be constructed on 240 acres of land in Steel Mills area at Patenga will open up new employment opportunities for around 25 thousand people.

He also said the government has already taken up different short, medium and long-term plans for the development of the port city. The plans were taken in line with Prime Minister Khaleda Zia's assurance of immediate initiatives for turning the port city into commercial capital in real sense. The Prime Minister made this assurance while inaugurating the CITF.

Khasru further said as part of different development plans for the port city ECNEC has already approved proposals for setting up a new bridge over the river Karanaphuli.

"Decision has also been taken for establishing an IT Village in Chittagong and introducing a special airline at Chittagong MA Hannan International Airport," the minister said.

He said the bridge over the Karnaphuli will help industrialisation on the other bank of the river.

The commerce minister lauded Chittagong Chamber of Commerce and Industry (CCCI) for organising the CITF, which he thought will to play a significant role in expanding the country's trade and commerce.

State Minister for Forest and Environment Jafrul Islam Chowdhury while addressing the ceremony invited entrepreneurs to set up more export-oriented industrial units in Chittagong, giving assurance that the present government is ready to provide all-out support to entrepreneurs.

Presided over by CCCI President Farid Ahmed Chowdhury, the closing ceremony was also addressed, among others, by CCCI Senior Vice President SM Nurul Haq, Vice President MA Latif and Fair Committee Chairman Rahbar A Anwar.

PHOTO: RUPALI BANK

Dr Momtaz Uddin Ahmed, Chairman of Rupali Bank Ltd, inaugurates "one stop service" at the bank's Gulshan Branch in the city on Wednesday. Also seen in the picture are Md Yeasin Ali, Managing Director, and Md Zahurul Huque, General Manager of the bank.

Japan to pay $150m to cattle farmers hit by mad cow scare

AP, *Tokyo*

Japan will spend 20 billion yen ($150 million) to buy up to 370,000 cows from domestic cattle farmers hit by sharp sales declines because of a scare over mad cow disease, an official said Thursday.

The measure will be taken under a one-year programme starting Feb 1, said Tamotsu Sakurai of the livestock industry bureau with the Agriculture Ministry.

Sakurai said the cows -- 300,000 dairy cattle and 70,000 beef cattle over the age of three -- will be purchased through agriculture industry associations across Japan.

Sales of beef and other dairy products have been hit since Japan confirmed its first case of mad cow disease in September. Revenues of dairy farmers as well as retailers have suffered as a result.

In November, health officials confirmed two more cases, bringing the total to three.

Under the programme, the government will pay 40,000 yen ($300) per milk cow and 50,000 yen ($376) per beef cow, Sakurai said.

Also, meat processing firms will receive 10,000 yen ($75) in assistance for each government purchased cow they process into meat, Sakurai said. Processed beef will be sold on the domestic market, but if no buyers can be found, it will be incinerated, he said.

Afghanistan needs 2 months to prepare for Tokyo aid: WB

AFP, *Kabul*

Afghanistan will need another two months' preparation before it will be able to start managing the 4.5 billion dollars pledged for reconstruction aid, the World Bank said Wednesday.

The aid, pledged over five years at the international donors' conference in Tokyo, can start arriving "as soon as there's a mechanism" for it to flow into, the acting manager for the World Bank in Afghanistan, William Byrd said.

"We hope as soon as possible, but it should be within a couple of months," he said.

A team of World Bank and International Monetary Fund (IMF) officials which arrived Sunday "is in Kabul to help the interim administration to build a central capacity and put in place effective, transparent and accountable systems to manage reconstruction."

Byrd said the task was necessary because "the government capacities and the finances are very limited."

"Capacities means people and systems. It means having trained people in place, it means having the technology, the accountability mechanisms," he said.

The World Bank-IMF delegation is scheduled to leave Thursday after four days of talks with the governor of the Central Bank, Abdul Qadir Fitrat, and the ministers of finance, commerce and planning.

China bans more meat imports

AFP, *Beijing*

China has destroyed allegedly contaminated meat products from Brazil, Argentina, Israel and Spain and suspended the import of pig offal from several countries including the United States and France, state press said Thursday.

Quarantine offices in the southern region of Shenzhen destroyed around 1,000 kilograms of beef from Brazil and Argentina, the China Daily reported.

Also destroyed were 3.8 tonnes of goose wings from Israel and five tonnes of frozen pork tripe from Spain.

The products were contaminated by foot-and-mouth disease, the poultry illness Newcastle disease and swine fever respectively, Shenzhen quarantine official Huang Wanli was quoted as saying.

Also Thursday it was announced that the State General Administration for Quality Supervision in Beijing had suspended imports of pig offal from 20 exporters in countries including the United States, Canada, France and Belgium.

About 1,000 tonnes of pig offal imports had been found to be contaminated with listeria bacilli and salmonella germs since November, the paper said.

PHOTO: STAR

G J Renardel de Lavalette and A G C J van de Sande of Organon International inaugurate the new head office of Organon Bangladesh at Mascot Plaza at Uttara in the city yesterday.

Organon takes initiative for market expansion

STAR BUSINESS REPORT

With a view to expanding business in the country, Organon Bangladesh, a subsidiary of Organon Holding BV of the Netherlands, has decided to relocate its head office.

As part of the expansion programme the company moved its head office to Mascot Plaza at Uttara in the city yesterday.

Overseas delegates from N V Organon G J Renardel de Lavalette and A G C J van de Sande inaugurated the new head office.

With launching of Bangladesh operation in 1964, Organon is the only manufacturer of hormonal products in the country. It markets oral contraceptives, anabolics, corticosteroids, haemostat, oxytocies, androgens, infertility and hormone replacement therapy.

Out of total 21 Organon products available in Bangladesh, 15 are manufactured locally.

Local Organon factory located at Tongi is equipped with facilities for manufacturing injectables, tablets and capsules. The quality of the products is controlled with blister-packing machines and air handling system.

Managing Director of Organon Bangladesh A M Chowdhury said the company will increase its product items and go to other areas of pharmaceutical products to boost market share in the country and relocation of the head office is the first step of the expansion programme.

PHOTO: SHAHJALAL BANK

The 7th meeting of the Board of Directors of Shahjalal Bank Limited (SBL) was held recently in the city. Presided over by Chairman of the bank Sajjatuz Jumma, the meeting discussed various issues relating to banking policies. Members of the Board and Managing Director Matin Uddin Ahmed were present at the meeting.