

Credit default by banks hits export

Two-day ICC, Bangladesh workshop begins in city

STAR BUSINESS REPORT

International Chamber of Commerce (ICC), Bangladesh President Mahbubur Rahman yesterday said the country's export is suffering due to an alarming rise in non-payment by Bangladeshi banks against credit documents.

He said the ICC Bangladesh is receiving an increasing number of such complaints of non-payment, a violation of uniform customs and practices (UCP) rules adopted by the banks worldwide.

The ICC, Bangladesh president was speaking at a welcome session of a two-day workshop on "Parties Obligation for Collections (URC 522) Documentary Credits (UCP 500) and the eUCP" at a city hotel.

ICC president said at times the importers seek legal protection against payment even where bankers are willing to pay. "This malpractice lowers the image and credibility of Bangladesh in international arena that often forces us to provide additional confirmation for payment against our L/Cs (letter of credits) from first class international banks at a high cost and credit rating of Bangladesh goes down to a further low," the ICC president said. "Be-



PHOTO: ICC, B
President of International Chamber of Commerce (ICC)-Bangladesh Mahbubur Rahman (2nd from right) speaks at the inaugural session of a 2-day ICC workshop on "Parties Obligations and Responsibilities for Collections (URC 522) Documentary Credits (UCP 500) and the eUCP" at a local hotel yesterday. ICC, B vice-presidents Latifur Rahman and A S M Quasem are seen on his right while resource person Vincent O'Brien from Ireland is seen on his left.

sides, there are cases where the exporters of the country are also denied payments against export L/Cs by the beneficiary banks overseas on some pretexts".

The ICC president called for the modernisation of the country's foreign exchange regulation and Bangladesh exchange control guidelines in view of the changing needs of business from time to time.

Over one hundred senior and mid-level executives and professionals from banks, readymade garment units, transnational companies, freight carriers and IT firms are participating in the workshop.

The workshop is aimed at improving skills of the participants in critical management or risk in export and import related banking transactions.

The ICC rules and related guides are the uniform customs and practices (UCP) for documentary credits and the latest version of UCP is known as UCP 500. With the evolution of e-commerce and the application of advanced technologies and standards, the importance of electronic documents is growing in the world of international trade, ICC president said.

The ICC Banking Commission approved the new eUCP in November 2001, which will come into effect from April 1 this year. It contains 12 articles dealing with the electronic presentation of documents under documentary credits. The eUCP supplements the UCP 500 and the newly developed UCP 600 will be in place in 2003.

Mahbubur Rahman also informed that it is the first full range workshop on eUCP in Bangladesh.

Among others, Federation of Bangladesh Chamber of Commerce and Industries (FBCCI) President Yusuf Abdullah Harun, ICC Bangladesh Vice Presidents Latifur Rahman and ASM Quasem, Dhaka Chamber of Commerce and Industries (DCCI) President Matiur Rahman, Chairman of Square Group Samson H. Chowdhury and Vincent O'Brien, a consultant to UK Institute of Export, attended the welcome session of the workshop.

Speaking on the occasion, Vincent O'Brien said the market is changing fast and getting more complex everyday where only the highest standard product will survive.

Privatisation of another SOE finalised

Fresh sale offer for five others decided

RAZIUR RAHMAN

Privatisation Commission yesterday finalised the process of handing over of another state-owned textile factory, Chisty Textile Mills Ltd, to private sector.

The decision came at a Commission meeting where fate of eight state-owned enterprises (SOEs) came up for discussion. Tenders for the eight SOEs were floated in January this year. The meeting, however, decided to make better bargain in the case of two other enterprises, Chittagong Chemical Complex Ltd and Daulatpur Jute Mills Ltd.

The meeting decided to go for re-tendering in case of the rest five SOEs—Star Jute Mills, Shyampur Sugar Mill Ltd, Renwick Jaineswer & Co Ltd, Nishat Jute Mill and Dhaka Leather Company Ltd.

Chisty Textile Mills Ltd, located in Comilla, has remained closed since June 1998. Only one bidder participated in the invitation sale of the textile mill. The bidder offered

Tk 4.6 crore and also agreed to bear all outstanding long-term loans amounting to Tk 6.4 crore.

The textile mill was established in 1962 and was taken over by Bangladesh Textile Mills Corporation in 1972. It has accumulated loss of around around Tk 21 crore, officials said. The government will hand over the enterprise following approval by the cabinet.

There had been five aspirants for the Chittagong Chemical Complex, but name of two appeared in the shortlist and it was decided to go for better bargain.

Regarding the Daulatpur Jute Mills Ltd, the meeting agreed to negotiate with the lone bidder to try for a better price, meeting sources said.

The meeting decided to go for re-tendering in the case of Star Jute Mills, Shyampur Sugar Mill Ltd and Renwick Jaineswer & Co Ltd as no bidder participated in the sale offers. The meeting, however, found offers for other two SOEs -- Nishat Jute Mill and Dhaka Leather

Company Ltd-- unacceptable.

Two participated in bids for Nishat Jute Mill and one in Dhaka Leather Company Ltd.

Privatisation of Shyampur Sugar Mill Ltd and Renwick Jaineswer & Co Ltd will be done through off-loading of shares.

Talking to this correspondent, FBCCI President Yusuf Abdullah Haroon, an ex-officio member of the Privatisation Commission, said the commission is trying to hand over the SOEs to private sector at the earliest possible time.

Chaired by Privatisation Commission Chairman Enam Ahmed Chowdhury, the meeting was attended, among others, by FBCCI President Yusuf Abdullah Harun, SEC Chairman Maniruddin Ahmed, Abu Hena MP, Hafiz Ibrahim MP, Ali Asgar Lobi MP and secretaries of commerce, industries and jute ministries.

Bangladesh becoming important market for Standard Chartered

Two high profile officials tell *The Daily Star*

SHAHRIAR KARIM

Despite different economic malaise, Bangladesh is increasingly becoming an important market for a multinational bank like Standard Chartered which sees bright prospect of its operation here and adds value to the local economy.

And the bank, which emerged as the largest foreign bank in Bangladesh after acquisition of Grindlays operation in the Middle East and South Asia (MESA), is aiming to grow even bigger on increased volume of international trade.

With that aim on the board Standard Chartered has roped in deals with other international financial institutions to facilitate Dhaka's international trade even in a bigger way and also to spread risk.

The views were expressed by the two visiting officials of the bank, Osman Morad, Regional Head of Institutional Banking in MESA and Chief Executive of the bank's Bahrain operation, and Jeremy Parrish, Global Head of Banking Relationships of Standard Chartered, in an exclusive interview with *The Daily Star* on Sunday.

Osman Morad and Jeremy Parrish came to Dhaka to attend a two-day annual conference on institutional banking (IB) in the Middle East and South Asia (MESA)



PHOTO: STAR
Osman Morad (R), Regional Head of Institutional Banking in MESA and Chief Executive of Standard Chartered's Bahrain operation, and Jeremy Parrish, Global Head of Banking Relationships of Standard Chartered, talk with The Daily Star on Sunday.

region.

They said to facilitate support to Dhaka's international trade in a more efficient way Standard Chartered concluded a US\$ 52 million deal last year with IFC, a World Bank affiliate, and FMO, a Dutch financial institute.

"This deal will help us to bring down the risk and handle the international trade in a more efficient way," said Osman Morad, a frequent visitor to Dhaka.

"And most important we will be

able to handle bigger volumes of trade," said Jeremy Parrish, who for the first time came to the city.

It is for the first time a multinational bank has chosen Bangladesh as the venue for an international conference, which ended on Sunday.

Parrish and Morad said the holding of its IB annual conference in Dhaka implies the country's growing importance to the bank. They also claimed the Standard Chartered is on the top in facilitating

the country's international trade.

"Standard Chartered is the number one bank in Bangladesh as far as international trade is concerned. In most of the international trade deals, we work as a correspondent bank for many of the local banks," said Osman Morad.

When asked whether Standard Chartered's contribution to the country's industrial endeavour too meagre as far as long-term project financing is concerned, Jeremy Parrish said, "Basically project financing is not our speciality. Not that we do it in other places. Our speciality is to help international trade. But, still we are contributing to Bangladesh's industrial development."

Standard Chartered's local officials claimed their record of financing industrial projects is not bad, rather a bit above the benchmark. About 18 per cent of local Standard Chartered's credit went to long-term project financing and 60 per cent of the total credit is for industrial sector, they said.

The bank is growing stronger on its innovative and diversified products in Bangladesh with its 19 branches.

"The Standard Chartered staff here are very innovative. They modify different bank products giving sort of a local touch to those, which is the strongest point," said

Parrish.

Morad said his bank is contributing to bring global banking standard to Bangladesh. "We have provided training to 400 local bankers last year. This is a part of our commitment to help improve the banking services and standard here."

The bank's operation in MESA is growing fast with a 60 per cent increase in revenue last year.

However, the British-based bank Standard Chartered, which mainly operates in Asia, saw a bad year in 2001 globally. The pre-tax profits for 2001 fell by 20 per cent to 1.15 billion dollars as bad debts soared. And also provisions for bad debts climbed by 56 per cent to 731 million dollars.

"This is due to a huge non-performing loans (NPL) mainly from exposure to the economic crisis in Argentina, wholesale banking in Malaysia and personal bankruptcies in Hong Kong and recession in Singapore and Taiwan," said Osman Morad.

"The global economic slowdown and the September 11 terrorist attacks on the United States had a negative impact on almost every bank," said Jeremy Parrish.

"Despite this, the bank's revenue increased by 11 per cent last year," Morad said.

Bank Asia bids farewell to its founder MD

Bank Asia Limited accorded a farewell reception to its founder Managing Director Quazi Baharul Islam on Wednesday, says a press release.

Islam completed his tenure with the Asia on February 28. He was associated with Bank Asia from its inception and took over as Managing Director in October, 2000 and he relinquished the charge on June 30, 2001. Later, he worked as Consultant to the Chairman.

Chairman M Sayeduzzaman, Vice-Chairman A Rouf Chowdhury, Director Mohd. Safwan Chowdhury, Managing Director Syed Anisul Huq, among others, spoke on the occasion. They recalled the contributions of Quazi Baharul Islam to the formation of the bank and paid respects to him. Quazi Baharul Islam reciprocated the sentiment and termed his association with the bank remarkable one.

Malaysia urged to invest in Bangladesh

BSS, Dhaka

The executive chairman of Board of Investment Mahmudur Rahman yesterday urged the Malaysian entrepreneurs to invest in Bangladesh using the "excellent investment climate" here.

The BOI chairman said this when Malaysian High Commissioner in Dhaka Ashari Bin Sani made a courtesy call on him at his office, according to a press release.

Union Capital gets Tk 30m investment facility from Shahjalal Bank

Shahjalal Bank Limited (SBL) has sanctioned an investment facility of Tk 30 million to Union Capital Limited (UCL) for lease financing, says a press release.

An agreement to this effect was signed between Shahjalal Bank Limited and Union Capital Limited (UCL) on Sunday in the city. Managing Director of Shahjalal Bank Matin Uddin Ahmed and Managing Director of UCL Ashfaq U Chowdhury signed the agreement on behalf of their respective organizations.

Discussion on 'ethics in banking' held

A discussion on "Ethics in Banking" was held at the training academy of Arab Bangladesh Bank Limited (ABBL) on Monday, says a press release.

A K N Ahmed, former governor of Bangladesh Bank, was present at the occasion as chief guest.

The programme was presided over by Dr. M Farashuddin, the immediate past governor of Bangladesh Bank.

C M Koyes Sami, President and Managing Director of Arab Bangladesh Bank Ltd, was present.

A K N Ahmed said development of accountability towards one's conscience can develop the ethical practice in banking. Dr. M Farashuddin said everyone should work collectively to build up ethics in the business organization.

STAR BUSINESS REPORT

Property Care Services Bangladesh Ltd (PCS), a joint venture with British company Office Cleaning Services Ltd (OCS), was launched in the city yesterday in a bid to offer state-of-the-art cleaning of glass, granite, marble and aluminum facades regardless of the contour and building height.

Using the 'Abseiling technique', first of its kind in Bangladesh, the PCS hopes to maintain international safety standards.

Jute Minister Major (retd) Hafizuddin Ahmed formally inaugurated the new company at Sonargaon Hotel. Robert Gibson, Acting High Commissioner of the UK

to Bangladesh, Peter J Johnson, Chairman, and Didar A Husain, Managing Director of PCS Bangladesh Ltd, were present at the inaugural ceremony.

Speaking on the occasion, the Jute Minister said as the number of high-rise buildings is increasing, its maintenance and cleaning become important.

He, however, attached priority to safe disposal of garbage and medical wastage on daily basis.

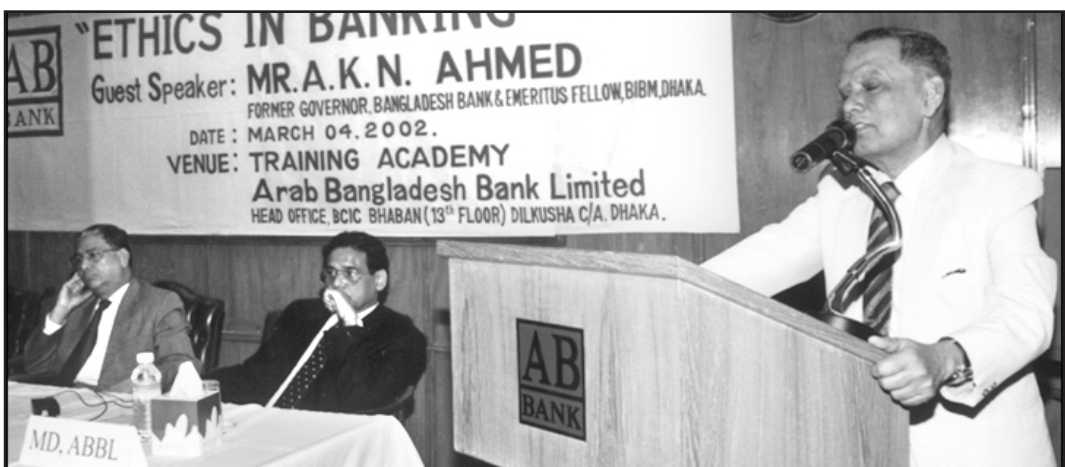
Robert Gibson said the joint venture reflects the interest of the UK businessmen in investment in Bangladesh. "The economic partnership between the two countries would further strengthen with more presence of the UK entrepreneurs,"

he hoped.

Established in 1900, the OCS Group now has an annual turnover of US \$ 500 million and operates in 14 countries with more than 50,000 employees.

The OCS is currently responsible for cleaning work of Buckingham Palace. Its other clients include British Airways, HSBC, Taj Hotels, Standard Chartered, Johnson & Johnson and Motorola.

The Group is also involved in feminine hygiene, bio-medical wastage disposal, facilities management, hotel and hospital cleaning operations.



A K N Ahmed, former governor of Bangladesh Bank, addresses a discussion on "ethics in banking" organised by Arab Bangladesh Bank Ltd on Monday in the city. (Sitting from left) Dr. M Farashuddin, immediate past governor of Bangladesh Bank, and C M Koyes Sami, President & Managing Director of ABBL, are also seen.



PHOTO: BANK ASIA
Founder Managing Director of Bank Asia Limited Quazi Baharul Islam receives a crest of the bank from M Syeduzzaman, Chairman of the bank, at a farewell reception accorded to him in the city on Wednesday. A Rouf Chowdhury, Vice-Chairman, Syed Anisul Huq, Managing Director, Mohd. Safwan Chowdhury, Director of Bank Asia Limited, and Amanullah Chowdhury, Joint Managing Director of Sea Resources Ltd, are also seen in the picture.

Pre-budget talks

FICCI for continuing PSI

M ABDUR RAHIM

Foreign Investors' Chamber of Commerce and Industry (FICCI) has sought continuation of pre-shipment inspection (PSI) system.

In its budget proposal for the 2002-2003 fiscal, the FICCI suggested appropriate corrective measures to overcome the existing 'practical shortcomings of the system' after consultation with the private sector.

The chamber body demanded exemplary punishment to the PSI firms and importers who are involved in unethical practices by manipulating the system. Since the PSI system is in place, the government should abandon the idea of levying supplementary duty and regulatory duty. "Taxpayers should be spared of this extra burden that unnecessarily adds to the cost of doing business."

The proposal which was submitted to Finance Minister M Saifur

Rahman on Saturday recommended quick disposal of state-owned enterprises (SOEs) that incur about Tk 3,500 crore loss a year.

The trade body suggested widening of tax net particularly in the area of income tax to increase revenue collection.

The foreign chamber was very critical of frequent changes in fiscal policy. "The current practice of fiscal policy changes made through issuance of statutory regulatory ordinance (SRO) after the passage of Finance Act contributes to business risks and negatively affects competitiveness of local industries and upsets investment decision particularly FDI," the proposal said.

"Such changes, if deemed indispensable, should be done in consultation with all relevant stakeholders cautiously observing its consequence," it added.

Terming VAT as one of the modern and scientific systems of reve-

nue collection, the chamber said VAT realisation should be on actual sales value that is based on invoices.

"VAT realisation should not be based on arbitrary value determination by concerned authorities. For those where VAT is assessed on MRP basis, a separate system of collection may be devised in line with same principle," it prescribed.

The eight-point proposal also advised for full implementation of GATT Agreement on Customs Valuation. "The customs authorities should not take arbitrary action without following proper procedure," it said.

As there has been no reduction in the maximum tariff rate since 1997, the FICCI budget proposal also recommended for reduction of maximum tariff rate in line with the commitments made with the WTO.

First Security Bank opens branch in Rangpur

First Security Bank Limited has opened a new branch in Rangpur.

With this, the total number of branches of the bank comes to 9.

Rick Haque Sikder, Director of the bank, inaugurated the branch at Aziz Super Market, Station Road, Nababganj Bazar in Rangpur on Sunday, says a press release.

Directors Md Abdullah Hasan, M A Rashid, Moynul Haque Siddiqui, A T M Mominur Rahman, Advisor, R A Howlader, Managing Director (Current Charge), Mohammad Feroze, and Senior Vice-President, Khandaker Mohiuddin were present on the occasion.

In his speech, R A Howlader, Advisor of the bank, said First Security Bank extends the banking facilities of 21st century the doorsteps of the clients of northern area of the country.



PHOTO: FIRST SECURITY BANK
Rick Haque Sikder, Director of First Security Bank Limited, inaugurates its 9th branch at Aziz Super Market, in Rangpur on Sunday. Md Abdullah Hasan, M A Rashid, Moynul Haque Siddiqui, A T M Mominur Rahman, Directors, R A Howlader, Advisor, Mohammad Feroze, Managing Director (C.C.), Khandaker Mohiuddin, Senior Vice-President of the bank, and prominent businessman Rahim Uddin Bharasa were also present on the occasion.