

Proposals to expedite SoE sell-off

Privatisation Commission awaits cabinet approval

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The Privatisation Commission is awaiting cabinet approval for its recommendations seeking changes in some rules to expedite SoE sell-off.

Under the proposed regulations, both fixed and current asset prices of a unit will be assessed and mentioned in the tender and inventory will be calculated before floating tender.

Besides, the recommendations opt for a realistic valuation in line with the International Accounting Principle. "The current valuation system gives rise to dispute between the commission and

buyers. The realistic valuation system will reduce disputes as price will be calculated on the basis of current market price maintaining depreciation rules," a high official of the commission told The Daily Star.

"Apart from procedural bottleneck and bureaucratic red tape, the dispute delays privatisation process. So, if the proposed regulations, which aim at removing time obstacles, are approved the privatisation process of a unit can be done as short as 4-6 months," the official said preferring not to be named.

The Privatisation Commission through an administrative order

recently brought change to its regulations which keep provision that government takes all liabilities of state-owned enterprises (SoE). Due to staggering liabilities with banks buyers usually show lukewarm response to tender.

Under the proposed regulations, highly indebted SoEs, which get poor response from buyers, will be liquidated with creditors sharing price proportionately.

"As the government is now taking care of all liabilities except in case of liquidation, the commission is getting good response to its sale offer," the official said.

The proposed regulations were submitted to the Cabinet on December 15 last year. After then these were sent to a six-member committee headed by the Chairman of Privatisation Commission for further scrutiny of the proposed regulations.

After a series of evaluation meetings by the committee the proposed regulations were again sent to the cabinet for final approval on October 18 this year.

Since the creation of Privatisation Commission in 1993, a total of 33 SoEs got the final approval for sale from the government. A total 17 SoEs have so far been handed over to buyers.

Kafco becomes GrameenPhone corporate client

Karnaphuli Fertiliser Company Limited (Kafco), the largest joint venture fertiliser company in Bangladesh, has become corporate client of GrameenPhone (GP).

An agreement to this effect was signed between the two organisations recently, says a press release.

Richard W Arnold, managing director of Kafco, and Kafil HS Mueyed, general manager (Sales and Marketing Division) of GrameenPhone, signed the agreement on behalf of their organisations.

Among others, Alan D Stewart, finance director of Kafco, Mizanur Rahman, head (HR and Training) of Kafco, and Hassan Md Zahid, head (Corporate Sales Department) of GrameenPhone, were present.

Russia, EU agree to press for Moscow's WTO entry in 2004

REUTERS, Rome

Russia and the European Union agreed Thursday to press ahead with slow-moving talks on Russia joining the World Trade Organisation with the aim of Moscow achieving membership by the end of next year.

Talks on Russian membership of the trade club have run into difficulty over Moscow's reluctance to raise domestic energy prices to international levels. Russia, the world's second-largest exporter of oil, is the last big trading power outside the WTO.

"We welcome the progress achieved so far on the negotiations on Russia's accession to the WTO and remain persuaded that it is both possible and desirable to work towards Russia's accession taking place towards the end of 2004," the two sides said in a joint statement after a twice-yearly summit in Rome.

Russia has been negotiating WTO entry for more than a decade. To join, it must secure bilateral deals with trade partners such as the European Union.

Delhi Centre promises Indian tourists hassle free Dubai visa

AFP, New Delhi

Emirates, the Dubai-based airline, has opened a visa centre in India promising its passengers "hassle-free" travel to the Gulf tourist and trade hub, officials said Friday.

Saeed M. Al Shamsi, United Arab Emirates (UAE) ambassador to India, said the new Dubai visa centre in Delhi would "strengthen ties between India and the UAE."

All passengers flying into Dubai on Emirates will be able to use the new visa centre.

Depending on whether the application meets the eligibility criteria, Dubai immigration could issue a visa within two or three working days, said Nabil Sultan, vice president of Emirates Airlines, India and Nepal.

Currently it can take more than two weeks for Indians to obtain visas for Dubai through the embassy here.

India remains committed to economic reform: PM

AFP, New Delhi

Prime Minister Atal Behari Vajpayee said India remained fully committed to economic reforms despite delays in privatisation caused by the courts and members of his coalition.

"The short point is that there is no weakening in India's commitment to the reform process," Vajpayee told the Financial Times of London in an interview published Friday.

"Those who make critical comments about the pace of our reforms should remember that this vast country accommodates a diversity of perspectives," said Vajpayee, whose government faces parliamentary polls within a year.

The Supreme Court in September halted the privatisation of two state-run

oil firms, Bharat Petroleum and Hindustan Petroleum, unless the deal is approved by parliament.

The selloffs of the two companies had already been slow due to opposition from Hindu hardliners and socialists in Vajpayee's unwieldy coalition of two dozen parties.

"I... do not accept that our reform process has been 'stop-go' in nature. It is natural -- and beneficial for the durability of reforms -- that the process should move forward on the basis of broad consultations and reconciliation," Vajpayee said.

Last year India received only about 28 per cent of a targeted 120 billion rupees (2.66 billion dollars) in privatisation revenue.

But Vajpayee said his government, which took power in 1998, had succeeded in reforms to strengthen sectors including financial institutions, power and telecommunications.

"Transparency, speed, efficiency and accountability have been introduced, comparable with world standards, in our debt and equity markets. Our financial institutions are healthy," he said.

Share prices on the Bombay Stock Exchange have shot up in recent months on the back of a strong monsoon following a drought in 2002.

India began to liberalise its economy in 1991, easing strict protectionist policies in place since independence from Britain in 1947.



PHOTO: JANATA BANK

Janata Bank Managing Director Murshid Kuli Khan and Commercial Bank of Ceylon Limited Managing Director A L Goonaratne exchange documents after signing a master repurchase agreement on behalf of their organisations on Thursday in Dhaka. Among others, Janata Bank deputy managing director and other officials of both organisations were present.

US Jobless claims plunge, productivity soars

REUTERS, Washington

The number of Americans filing first-time claims for unemployment benefits plunged last week to a level not seen since before the 2001 recession, the government said on Thursday, fuelling hopes a long slide in employment had ended.

Coupled with other recent news indicating an improving labour market, the data suggested a quickening pace of recovery had finally taxed the ability of businesses to boost production without hiring workers, economists said.

"The odds... do increasingly favour a revival in job creation," Federal Reserve Chairman Alan Greenspan said in cautiously upbeat remarks that nevertheless stopped short of declaring a sustained pickup in employment had arrived.

Greenspan told the Securities Industry Association "a notable pickup in hiring" was possible if businesses found a need to rebuild depleted inventories and were unable to squeeze new efficiencies out of their operations.

The economy surged ahead at a 7.2 percent annual rate in the third quarter - the fastest pace in nearly two decades - but employment dropped by 41,000 as businesses met rising demand by

boosting productivity, or worker output per hour.

The Labour Department's report on Thursday, though, said initial claims for state unemployment aid last week fell 43,000 to 348,000 from a revised 391,000 the prior week. The unexpectedly steep tumble took claims to their lowest since late January 2001, two months before the recession.

On the productivity front, the department said in a separate report that non-farm business productivity climbed at an 8.1 percent annual rate in the third quarter, the biggest surge since the first quarter of 2002.

But economists said last quarter's productivity rise was unsustainably strong and the drop in jobless claims, and a report early last month that showed payrolls rose by 57,000 in September, signalled firms had already found a need to hire.

"The fact we're beginning to see increases in payrolls suggests that firms are in fact finding productivity gains harder to come by," said Jade Zelnik, chief economist at RBS Greenwich Capital Markets. "The large drop in claims... confirms that firms have begun to hire and employment has turned up."

Upbeat economic data and the positive tone of Greenspan's comments

gave stocks a moderate lift, but investors were focused on the Labour Department's October employment, due Friday.

The Dow Jones industrial average added 36.14 points, or 0.4 percent, to end at 9,856.97 while the tech-loaded Nasdaq Composite Index climbed 17 points, or 0.9 percent, to 1,976.37 - its highest level since Jan. 17, 2002.

Bonds reacted more directly to the data. Prices fell on signs a labor market rebound may be at hand, reflecting a business pickup that likely would draw more money into stocks and potentially mean higher interest rates.

The 30-year U.S. Treasury bond lost 28/32 of a point as the yield, which moves in the opposite direction, gained to 5.25 percent from 5.19 percent on Wednesday and the 10-year note dipped 15/32 to lift yields to 4.41 percent from 4.35 percent.

The magnitude of the drop in jobless claims surprised economists, who expected only a slight drop from a week-earlier level that had been boosted by a grocery store strike in California.

A department spokesman said problems with adjusting the data for seasonal fluctuations could have been a factor.



PHOTO: STAR

A vendor displays fruits at his stall in Dhaka yesterday. Like the essential items the fruits also sell at exorbitant prices. Guava sells at Tk 200 a kg, jube Tk 80 a kg and wood-apple Tk 80-100 per four pieces.

Banks make claims against India over \$2.9b Enron plant

REUTERS, Bombay

A clutch of foreign lenders to Enron Corp's stalled \$2.9 billion Indian power project said Thursday they had initiated claims against the federal government under bilateral investment treaties.

The move is designed to put pressure on the government to restart the Dabhol project -- the biggest foreign direct investment since India opened its economy in 1991 -- and recover some of the loans extended by them, officials close to the banks told Reuters.

"Offshore banks incorporated in Austria, France, the Netherlands, Switzerland and the United Kingdom have initiated claims against the government of India," a release issued on behalf of the banks said.

"The basis of the claims is that the government has failed to comply with its obligations under the investment treaties to protect the claimants' loans to the Dabhol Power project following closure of the plant in 2001."

Sources close to the banks said the banks that have initiated claims are ABN-AMRO Bank for little more than \$77 million, Credit Suisse First Boston for over \$35 million, ANZ for over \$35 million, BNP Paribas for about \$15 million, Credit Lyonnais for nearly \$20 million and Erste Bank for about \$10 million.

The statement said the banks want to negotiate with the government for a settlement, but if the talks fail, the dispute will be referred to international arbitration.

EU has no plans for duties on certain Chinese goods: Lamy

AFP, Rome

The European Union's executive commission has no plans to impose customs duties on certain Chinese products in order to protect European markets, EU Trade Commissioner Pascal Lamy said here Thursday.

"I have no proposal to seek customs duties on certain Chinese goods," he told a press conference following an EU-Russia summit.

He had been asked if the commission were considering such duties, as urged by Italian Economy Minister Giulio Tremonti and the Northern League, an Italian populist party that is a member of Italian Prime Minister Silvio Berlusconi's government.

Lamy stressed that any proposal to resort to protectionist measures can only come from the Commission.

"And I have no intention of proposing specific trade measures with regard to China," he said.

But he added that if Italian textile manufacturers believe that Chinese exports pose a problem, "I will listen to them."

High duties, WTO thwart India's hardware export

AFP, Bangalore, India

India's aspiration to become an information technology hardware destination is being thwarted by high duties and a WTO deadline which will bring down import duty on raw materials for hardware to zero, industry officials said Thursday.

"If I set up a factory today within two years I will be out of business," said Appa Rao, Managing Director of Soletron Centum Electronics, a electronics equipment maker.

"By that time all the imports will be duty free to India under the World Trade Organisation (WTO) pact. Why must I make any investments, why should I import now with a customs duty of 25

per cent?" Rao asked delegates at the India Hardware Summit in the IT hub of Bangalore.

"Now, when we import we have to pay duties and on top of it we have to pay sales tax. There is a cascading effect of taxes," he said.

The average rate of duty on hardware products is currently about 15 per cent.

Under the WTO the Indian government is committed to reducing tariffs on imports by 2005.

Government officials said that duty on imported raw materials and inputs for the hardware would be zero by March 1, 2005.

India's hardware industry, consisting of 2,000 Indian and multinational

companies, is worth four billion dollars.

India's premier trade body, the Confederation of Indian Industry, said hardware exports such as computer devices, handheld devices and IT design were expected to grow to 25 billion dollars by 2010.

Ram Agarwal, chief executive officer of WeP Peripherals Ltd, a firm which makes printers, said huge disparities existed in the duty structure which made domestic companies uncompetitive.

"There is a lot of opportunity to create new products. Look at the installed base of telephones which is about 60 million, personal computers number about eight million and the television base is also large."

China corn squeeze rings alarm bells in Asia

REUTERS, Singapore

South Korea's purchases of US corn are sending a strong signal about the difficulties Asia's grain trade might face securing cargoes next year, in the absence of adequate Chinese supplies.

South Korean buyers turned to China after unapproved genealtered StarLink corn surfaced in US cargoes in late 2000, ending US dominance of Korea's corn market.

South Korea has become China's biggest corn customer. It bought nearly 90 per cent of its imports of more than 6.2 million tonnes from China in the first nine months of this year.

Speculation is mounting that China

might halt corn exports in 2004 as one of the world's largest grain consumers struggles to rein in rising food prices amid fast eroding grain stocks, forcing leading buyers to consider alternative sources.

But Zhou Mingchen, chairman of National Cereals, Oils & Foodstuffs Imp & Export Corporation, told Reuters China would continue to export corn in 2004 but the volume might come down after a record of 13 million tonnes or more this year.

On Wednesday, South Korea bought 52,500 tonnes of US corn for January, helping prices at the Chicago Board of Trade to rally. December C23 ended at \$2.36-3/4, up 4-1/2 cents.

"I would say the recent deal to some extent is a signal that South Korea may be looking at origins other than China, said a leading Singapore-based grains trader. "In some of the recent tenders, there were virtually no offers from China."

Another trader added: "I would think it's time for other Asian buyers also to start thinking about alternatives."

But some traders in South Korea said they were in no hurry to rush to other origins and would eye China's moves.

There was talk in the Chicago grain market on Wednesday that South Korea may be looking for four additional panamax-sized corn cargoes from the United States.

WHO, Interpol to combat Asia counterfeit drug trade

AFP, Manila

Interpol and the World Health Organization (WHO) are to launch a campaign to crack down on the spread of counterfeit medicines in Asia that has probably claimed tens of thousands of lives, WHO officials said Friday.

The campaign would focus on the Greater Mekong region encompassing Cambodia, China, Laos, Myanmar, Thailand and Vietnam, where the WHO said the problem has become a "public health menace".

"Fake products may jeopardize treatment, or even lead to death, as in many instances, they do not contain correct and sufficient ingredients," WHO regional pharmaceutical adviser Budiono Santoso said here ahead of a July 11-13 WHO-Interpol meeting on counterfeit medicines in Hanoi.

The British medical journal The Lancet in 2001 published a study that indicated that a third of all anti-malarial drugs on sale in Cambodia, Laos, Myanmar, Thailand and Vietnam contained no active ingredients.

The WHO regional office here meanwhile cited a Chinese newspaper report that 192,000 people in China had died in 2001 following consumption of fake medicines.

Santoso said the Chinese figure was probably "the tip of the iceberg" because the WHO estimates that up to 10 per cent of medicines available in the 30 billion-dollar global pharmaceutical market are counterfeit.

"The counterfeits commonly include antibiotics, anti-tuberculosis drugs and anti-malarial. The poor are particularly at risk from these products, as they are often tempted by the lower

price of fakes," a WHO statement said.

The problem is particularly serious in the countries that border the Mekong River "because of very long borders that are very difficult to control and there are few legal points of entry," said Truls Eriksen, a WHO technical officer on pharmaceuticals.

Africa and India were probably the only other regions where the problem is worse, Santoso added.

Santoso said the WHO has had a hard time controlling the problem because it lacked police powers and weak enforcement of regulations and laws in certain countries.

Eriksen said it was "extremely difficult" for a common consumer to identify which drugs are counterfeit because the manufacturers of the fakes, who have largely gone scot-free, used sophisticated methods.