

## PDB set to become holding co

### Govt eyes \$2b investment in power sector

REJAUL KARIM BYRON

The Power Development Board (PDB) is set to become a holding company and its generation units will become separate public limited companies.

The Cabinet Committee on Economic Affairs headed by Finance and Planning Minister M Saifur Rahman took the decision to this effect yesterday.

The committee made the move to win the hearts of the donor community that has promised investment of around \$2 billion in the power sector if the government undertakes this reform.

Besides, according to the

cabinet committee sources, the conversion of PDB into a holding company will make it more transparent and accountable to the public. The company will be able to draw funds from secondary market and thus overcome investment crisis that has gripped the power sector.

As per yesterday's decision, a proposal on this will be placed before the prime minister for approval.

The PDB has an operating loss of Tk 400 crore a year mainly because of its bulk buyer Dhaka Electric Supply Authority (Desa) does not pay all the bills. Besides, power pilferage in the name of systems loss is also responsible for

the loss.

"By turning the power units into public limited companies, shareholders will have direct access to the management at the annual general meetings," said a Power Division official.

According to the Power Division's proposal to the cabinet, the government may undertake long-term and short-term reforms in the sector. As a short-term measure, the government is encouraging formation of multiple companies in power distribution and generation along with private participation.

"By turning PDB into a holding company, we will implement a 'Single Buyer Model' in the sec-

tor," the official added.

Against the backdrop of severe investment crisis, the donors have, meanwhile, emphasised reforming the sector to woo investment.

Moreover, the meeting also discussed various alternative sources of investment for the power sector.

Initially, the government will pursue power projects from its own internal resources. Normally the government does not invest in power projects directly.

The donors will be approached for simple term loans. The commercial banks, share market and companies own finances will also be used.

## BIMST-EC meet in Bangkok today

UNB, Dhaka

FBCCI Vice-president Abul Quasem Haider will present the Bangladesh country paper at the 3rd meeting of Economic Forum of BIMST-EC to be held in Bangkok today.

Department of Trade Negotiations, Ministry of Commerce of Thailand has organised the forum of the Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Co-operation (BIMST-EC).

The FBCCI vice-president left here yesterday to attend the forum.

In his paper, the FBCCI leader will emphasise expansion of bilateral trade and economic co-operation among the BIMST-EC countries. He will also highlight the facilities and incentives for foreign investment.

Private sector business leaders and senior trade/economic officials from BIMST-EC countries will take part in the forum, said a FBCCI press release.

## CSE signs deal with CDDBL

Chittagong Stock Exchange (CSE) signed an agreement with Central Depository Bangladesh Limited (CDDBL) on Saturday.

Under the deal, the CSE will act as a depository participant (DP) in the central depository system, says a press release.

MH Samad, managing director and CEO of CDDBL, and Wali-ul-Marooof Matin, CEO of CSE, signed the agreement on behalf of their organisations at the CSE conference hall in Chittagong.

Two CSE members-- Royal Capital Limited and Salta Capital Ltd-- also signed similar agreements with CDDBL.

The CDDBL is likely to start operation on January 24.

## New office bearers of Computer Samity

SM Iqbal of Information Services Network Ltd and Ali Ashfaq of RM Systems Ltd have been elected president and secretary general of Bangladesh Computer Samity (BCS) for 2004-2005.

The other elected executive committee members are Ahmed Hasan (vice president), Faizullah Khan (joint secretary general), ASM Abdul Fattah (treasurer), M Ajeerur Rahman (member) and AT Shafique Uddin Ahmed (member).

## New DMD of Prime Bank

Nasiruddin Ahmed joined the Prime Bank Limited as deputy managing director (DMD) on Wednesday.

Prior to joining his new duty, Ahmed was the deputy executive president of Islamic Bank Bangladesh Limited, says a press release.

Ahmed started his career in 1971 with the then Habib Bank Limited, now Agrani Bank.

## Steel, re-rolling millers withdraw strike

STAR BUSINESS REPORT

Steel and re-rolling millers yesterday withdrew their strike after more than two weeks following the government assurance to look into their demands.

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Abdul Awal Mintoo conveyed the assurance to the millers at a meeting in Dhaka.

Mintoo told the millers that they (millers) will be allowed to directly import re-rollable and melted ship scraps as raw materials.

"Tax and tariff from the import process will also be removed and commerce ministry will issue circular to this effect within 30 days," Mintoo told the steel and re-rolling millers' association leaders.

"However, millers can import ship scraps only for use in their factories, not for other purposes, said the FBCCI president.

Earlier, at a meeting on January 4, the finance minister asked the FBCCI leaders to prepare a set of recommendations so that the government can take action to solve the crisis in steel and re-rolling industry.

The energy ministry also assured the millers of reducing minimum charge of gas, the FBCCI president informed the millers.

"The finance ministry will issue statutory regulatory order (SRO) within a month regarding VAT re-fixation," Mintoo said.

"However, I cannot take initiative on the electricity issue. But in future along with you (steel and re-

rolling associations leaders) I will discuss the issue with the ministry concerned," he added.

Ali Hossain, president of Bangladesh Re-rolling Mills Association, formally announced the withdrawal of the strike. Bangladesh Steel Mills Owners' Association also supported the decision.

The steel mill owners went on an indefinite strike on December 23 and re-rolling mill owners followed them on December 27 to press home nine-point demands that include reduction of duties on raw materials and simplification of regulations for melted steel scrap imports.

The demands also include uninterrupted supply of gas and electricity to the mills.



PHOTO: VANIK BANGLADESH

M Taheruddin, managing director of Mercantile Bank Limited, and Sayyed Husain Jamal, managing director of Vanik Bangladesh Limited, shake hands after signing a loan agreement in Dhaka on Sunday. Under the deal, the bank will provide Tk 50 million to finance business activities of Vanik. Lutfar Rahman Sarkar, chief adviser, Mosharrar Hossain, director of the bank, and senior officials of the two organisations, were present.

## Lead-time cut, better port needed for RMG in post-MFA era

### US trade consultants suggest

STAR BUSINESS REPORT

Making Chittagong Port and customs efficient, reducing lead-time and cutting cost of business will be major challenges for Bangladeshi garment exporters to survive in the quota-free trade regime, a leading US trade consultant has said.

"Competition will be stiff once quota is phased out from 2005. International buyers now want quick and efficient delivery," said Thomas G Travis at the press briefing at Sonargaon Hotel in Dhaka yesterday.

"In fact, only most efficient companies and countries will be able to continue supply in the EU and US markets after 2004," he told the briefing organised by Bangladesh Garment Manufacturers & Exporters Association (BGMEA).

Travis and Andrew Samet, a former US assistant secretary of Labour, are now visiting Bangladesh at the invitation of BGMEA. They are holding talks

with the government officials and garment exporters ahead of lobbying for preferential treatment of Bangladeshi products in the US market during the quota-free regime.

The two consultants are representing Sandler, Travis & Rosenberg, a US company which is the advisor of Wal-Mart, JC Penny, Vanity Fair and many other large US retailers. These companies buy readymade garments from Bangladesh.

Travis said Bangladesh government and the industry people should jointly work to pursue the preferential market access issue to the US government. "Some countries are now trying to get such access and Bangladesh has strong reasons to get it."

He suggested pursuing the case 'quickly and aggressively'.

Speaking at the briefing, BGMEA President Quazi Moniruzzaman said time is now main factor to the international buyers. They used to give 120 days

shipment time earlier but now it has come down to 30 to 35 days.

In order to solve the problem and reduce delivery time, BGMEA had long ago proposed setting up of a central bonded warehouse but it did not come into being.

About the possible threat on Bangladesh's RMG sector in the post-MFA (multi-fibre arrangement) era, he said 1.8 million women working in the garment sector will be the worst victims if they are out of job as a result of a negative impact on the industry.

"The vibrant growth in the RMG sector over a period of 10 to 12 years has been possible due to the preferential treatment of quota restrictions in the US and GSP facilities in EU."

Many international studies forecast that Bangladesh's RMG exports would decline with the total phasing out of the MFA from January 1, 2005. As a result, the RMG exporters will lose competitiveness and market share.

### Operating profit disclosure

## SEC asks banks to explain their position

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) has asked listed banks to explain under what circumstances they disclose operating profit figures and asked them to publish full figures.

The capital market regulators issued letters to 19 listed banks on Sunday following publication of their operating profits of 2003 calendar in different newspapers.

SEC Chairman Mirza Azizul Islam told The Daily Star yesterday, "Banks are asked to publish corrigendum in newspapers mentioning that operating profits are not the net or real profits of the banks and provision against bad debts and tax will be deducted from it."

"Operating profit figures are sensitive information that could mislead investors in the capital market. That is why we want to project the correct picture of bank profits," he added.

SEC also asked the banks to mention that the operating profits published were not audited and approved by the boards.

A chief executive of a bank said, "We did not disclose any information about our operating profits and publish it in newspapers. Journalists used their own sources to collect information on the matter."

"It is impossible for us to refrain journalists from collecting information from their sources," he added.

## Call money rate steady

BSS, Dhaka

Inter-bank call money rate remained steady yesterday as most banks had sufficient funds to meet their payments, fund managers said.

The call money rate touched its intra-day high at 8.00 percent and intra-day low at 4.00 percent yesterday compared to bank rate of 5.50 percent, fund managers of leading commercial banks said.

The banking system is now facing difficulties with huge surplus funds amounting to about Tk 7000 crore due to thin credit and low investment, they said.

To increase investment and credit flow, most banks already have cut interest rates in different portfolios.

## Repo auction

UNB, Dhaka

The Repo auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

Three bids of 1-day tenor amounting to Tk 187 crore were received and accepted.

The rate of interest against the accepted bids was 4.50 percent per annum, said a press release of the central bank.

## Indian economy to grow 8.2pc this year

REUTERS, Bombay

India's economy is seen growing by 8.2 per cent in the year to March 2004, an independent think-tank said on Monday, revising its earlier 7.4 per cent growth estimate because of strong performance in the industrial and services sectors.

The upgrade by the Centre for Monitoring Indian Economy (CMIE) comes just days after the central bank said the Indian economy, already one of the fastest growing in the world, would expand at more than seven per cent in the current year, up from 4.3 per cent a year earlier.

"The estimates include a substantial upward revision in the projections for the services sector, which is expected to contribute handsomely to growth this year," CMIE said in its January review released on Monday.

CMIE said the industrial sector would expand at a faster rate than earlier estimated, boosted by healthy demand for automobiles and steel on the back of a consumer-driven recovery after the farm-dependent economy's best monsoon in a decade.

The industrial and services sectors contribute about 75 per cent to gross domestic product, while farm output makes up the remaining 25 per cent.

CMIE expects industry to expand at 6.5 per cent, higher than the 5.5 per cent forecast earlier. Services are seen growing at 8.3 per cent compared with the previous estimate of 7.3 per cent.



PHOTO: STAR

Syed Marghub Murshed (C), chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), and Jon Fredrik Baksaas (L), chief executive officer of Telenor ASA, shake hands at the inauguration of a new sales centre of GrameenPhone at Gulshan in Dhaka yesterday. Telenor is the major shareholder of GP.

## Telenor CEO for better GP service

### New GP sales centre opens at Gulshan

STAR BUSINESS REPORT

Jon Fredrik Baksaas, chief executive officer (CEO) of Telenor ASA, the major shareholder of GrameenPhone (GP), feels the GP should thrash out ways to serve its subscribers better.

"It is vital that GrameenPhone continues to strive towards improving the way it serves its customers and partners," Baksaas said at the launch of GP's new sales centre at Gulshan in Dhaka yesterday.

With competition increasing in 2004, there will be greater demand for more simple, innovative and affordable mobile communication offerings, said the Telenor CEO now on a two-day visit to Dhaka.

"In meeting the growing demands for high quality products and services GrameenPhone must reaffirm its position as a trustworthy industry leader that addresses the needs of all key market segments," he said.

Baksaas said improved telecommunication can provide new opportunities for trade, knowledge transfer and personal relationship building that results in a better life.

Telenor believes in two-way knowledge transfer, not only from Europe to Asia, but also in reverse, he added. Telenor owns 51 per cent shares in GrameenPhone, leading cellphone operator in Bangladesh.

"We have witnessed GrameenPhone's growth through its learning from the experiences of other operators in key areas such as marketing, IT and technical application," he said praising the growth of GrameenPhone subscriber number.

Assuring GP of providing better technological support from Telenor, the CEO said they are committed to assisting GrameenPhone in making available new technologies being developed within the wireless sector.

"We will continue to support the company in their efforts to adopt such technologies as per the needs and conditions of Bangladesh," he said emphasising a level playing field for better service and successful use of such technologies.

Baksaas praised the establishment of Bangladesh Telecommunication Regulatory Commission (BTRC). "It's an important tool to ensure that the industry as a whole develops in a

fair and transparent manner," he said.

Speaking at the function BTRC Chairman Syed Marghub Murshed lauded the role of GrameenPhone in increasing tele-reach and tele-density in Bangladesh. He wished continued growth of GP with better service.

GP managing director Ola Ree said GrameenPhone has offered the cheapest ever package for its subscribers. Now a phone with GP connection costs only Tk 5,500 of which Tk 3,600 straight goes to the government exchequer as taxes.

"If there was no taxes, we could provide the phone package at only Tk 2,000," the GrameenPhone MD said adding that tax cut would be a challenge for the government to help operators provide cheaper phone.

Norwegian Ambassador in Bangladesh Aud Lise Nordheim, Managing Director of Siemens Bangladesh Peter E Albrich, country representative for Sony Ericsson Anwar Hossain, Executive Director of Wintel ATM Mahabul Alam and Director, Sales and Marketing of GP Mehboob Chowdhury, among others, attended the function.

## US seeks fresh start for stalled WTO trade talks

REUTERS, Washington

US Trade Representative Robert Zoellick Sunday urged members of the World Trade Organisation to restart stalled international trade talks, a US official said.

Zoellick, in letters sent to the almost 150 countries that belong to the trade organisation, said the United States was prepared to make a serious effort to get talks going, the official said.

The US trade ambassador believes no trade deal can be sealed without complete elimination of agricultural export subsidies, the official added, a position that would put it at odds with the European Union.

"The letter suggests that WTO members should focus on the basics, especially the core market access topics of agriculture, goods, and services," said the official, who did not want to be named.

The global talks are aimed at

lowering or eliminating tariffs charged by countries around the world on imported goods and services, thereby lowering the costs of those products to consumers.

The World Bank has estimated that a trade pact resulting from the talks could add up to \$520 billion to world incomes by 2015, or about \$85 for every person now living.

The US official said Zoellick asked trade ministers to agree by the middle of the year to terms for a fresh start to talks that broke down in September in Cancun, Mexico, over agricultural issues.

"The period after Cancun was a necessary collective catching of breath, and now we must all recommit to pushing forward. We have a chance to surprise the naysayers," the official said.

Many developing nations are hindered in exporting farm products to industrialized nations by trade obstacles aimed at shielding farmers and ranchers in those

countries from being driven out of business by cheap imports.

The talks, launched in Doha, Qatar in late 2001, were to have wrapped up by the end of 2004. Zoellick asked trade ministers to be ready to meet in Hong Kong before the end of the year, the official said.

Zoellick told Monday's Financial Times in an interview he wanted to "reach out to developing countries" by addressing their concerns on agriculture, competition and investment. He added that he would support a developing country candidate to chair the WTO's general council.

The US trade ambassador's letter suggests discussing agriculture before trying to agree on cutting tariffs on industrial goods, the Financial Times said. He said he would travel to a number of countries next month to discuss his ideas for restarting talks, the newspaper said.

Under WTO rules, if the two sides fail to reach a resolution, the United States can unilaterally impose quotas for a year, limiting growth of China's exports in those areas to 7.5 per cent, the China Daily said.

## US officials in China for textile quota talks

REUTERS, Beijing

China and the United States start negotiations Monday on textile quotas Washington has slapped on some Chinese knit fabrics, gowns and bras, the China Daily newspaper said.

The US group, which arrived in Beijing on Saturday, had asked China to impose a licensing and inspection regime which would require China to give daily reports on new export licences, the newspaper said. It did not give details.

China, however, would reject the proposal and question the legitimacy of the United States to initiate such safeguards.

"In China's agreement to the World Trade Organisation we did not permit such methods, which were used before China's WTO entry," it quoted an unidentified source as saying. The US Commerce Department announced in November it would impose the quotas in response to a petition filed by textile producers.

US officials argued it was legal