

Sugar price hike looms large

Price may go up Tk 10 a kg as govt stocks run out month-end

M ABDUR RAHIM

Sugar price may go up by at least Tk 10 a kg from May as private sector importers will take control of prices when government stocks run out at the end of this month, sources in Bangladesh Sugar and Food Corporation (BSFC) said.

Production shortfall in mills under the corporation, the lone sugar producer in the country, this year leads to early shortage of government stocks. The government set production target of 1.8 lakh metric tons (MT) for 2003-2004 crushing season but ended up with only 1.18 lakh MT.

The sugar price soared by Tk 10 in May last year when the government stocks ran out.

Only Carew & Carew Company Ltd is now in production as 14 other mills under the corporation stopped production in this season due to supply shortage of sugarcane.

The corporation sells sugar at Tk 26.5 a kg to wholesalers, a rate fixed by the government to rein in price in retail market. The price in the retail market now ranges between Tk 31 and Tk 32 a kg. The corporation injects 28,000 to 30,000 MT to market every month through its dealers across the country until its stocks run out to keep prices stable. The corporation is capable to inject sugar from its stock in six months of a year.

"But the price will go beyond government control from May as the corporation will not be able to

inject sugar to market as stocks expire in April," a high official of the state-owned body said seeking anonymity.

According to unofficial estimate, the country now needs 8 lakh MT of sugar every year for domestic consumption. Until 2002, the Trading Corporation of Bangladesh and BSFC were solely responsible for import to meet the shortfall.

The government withdrew import restriction on sugar by private sector on June 8, 2002.

Sugar is imported mainly from India, which produces over 1.85 crore MT sugar a year in 500 mills.

"But when the government will fail to infuse sugar in market, the private importers will dictate the price," the official said.

He said sugar production plummeted this season, spreading over November and March, as farmers supplied sugarcane to local molasses producers violating the contract with government mills. The government through BSFC provides farmers with Tk 300 crore in loans a year to grow sugarcane.

The farmers get Tk 41.50 for a maund of sugarcane at mill gates. But the farmers supply sugarcane to molasses producers, who offer high prices.

Police action cannot be taken due to political interference though law prohibits running any mechanical device for processing sugarcane in mill areas, the official said.

Kamaluddin Siddiqui to head co-ordination body on RMG

UNB, Dhaka

Prime Minister's Principal Secretary Kamaluddin Siddiqui has been assigned to head the national co-ordination committee on garment industry that will provide policy support for the export sector.

The government has also decided to assign six more secretaries of line ministries to be members of the high-powered committee from the government side.

Prime Minister's office yesterday conveyed the decision to the Ministry of Commerce, and Minister Altaf Hossain Choudhury apprised the industry stakeholders of the quick government response to their proposal.

The government decision came two days after Prime Minister Khaleda Zia's announcement to form a high-level body to do whatever needed to enable the country's apparel industry to face quota-free trade regime that's up and coming.

Altaf told the leaders of BGMEA and BTMA, when they called on him separately yesterday, that members from the trade bodies concerned would be inducted soon.

The trade bodies apprised the new commerce minister of their respective longstanding problems, and the challenges they would have to face in the post-MFA era, beginning next year.

They also pointed out their different stands over central bonded warehouse on which the two trade bodies have long been arguing from different points of view.

Both the trade bodies also put forward their respective suggestions for the development of the apparel and textile industry.

BGMEA President Anisul Huq and BTMA president MA Awal led their respective delegations to the meetings at the Ministry of Commerce.

WTO DEAL OPENS OPPORTUNITY FOR LDCs

Bangladesh can export Tk 10,000cr drugs a year

STAR BUSINESS REPORT

Bangladesh has the potential to export more than Tk 10,000 crore worth of drugs a year, according to Bangladesh Association of Pharmaceutical Industry (BAPI).

At the 33rd annual general meeting (AGM) of BAPI on Wednesday in Dhaka, the association leaders said Bangladesh among the least developed countries (LDCs) could be the single largest drug exporter after 2005.

"Among the LDCs Bangladesh is the only country which is almost hundred percent dependent on drugs produced locally and the country has huge potential to export drugs to over 50 new countries after 2005," said F M Shafiquzaman, president of BAPI.

The WTO agreement on drug has opened huge export opportunity

for LDCs after 2005. Only 49 LDCs, including Bangladesh, will be able to export their patented drugs. Other countries, including India and China, will not be able to export their patented drugs, as the facility will be reserved for LDCs until 2016.

The local industry exports drugs to 52 nations including Germany, Taiwan, Singapore, the UK, the Netherlands, Chile, France, Pakistan, Kenya and Sudan.

The products include wide range of therapeutic medicines including high-tech specialised products like, inhalers and nasal sprays.

BAPI has already identified about 30 countries most of which depend on import of drugs as potential market.

"Malaria, tuberculosis and HIV/AIDS drugs are in great demand in Africa and Bangladesh can be number one manufacturer and

exporter of the drugs," said Nazmul Hassan, general secretary of BAPI.

The association leaders urged the government to waive taxes, duties and other levies on import of equipment for research and development of drugs.

Health Minister Khandaker Moshraf Hossain told a seminar organised to mark BAPI AGM that his ministry would act as a bargaining agent to help local pharmaceutical companies make inroads into international drug market. "We like to see our pharmaceutical industry double its production capacity."

The minister also promised to talk to the finance ministry to cut all the existing taxes and duties on import of equipment meant for research and development of drugs.

Banks asked to follow rules in disclosing price sensitive info

UNB, Dhaka

Some commercial banks are allegedly hoodwinking people through disclosing inconsistent financial information, in breach of the securities law.

The trick was unveiled when Bangladesh Bank served a circular to the scheduled commercial banks yesterday asking them to follow certain guidelines in disclosing price-sensitive information as per the regulations of the Securities and Exchange Commission (SEC).

The central bank says the commercial banks have been reporting huge amounts of operating profits and disclosing probable percentage of dividends, without auditing, which are not consistent with their actual financial position.

It also asked the commercial banks to maintain proper provision as specified by the Bangladesh Bank on classified and non-classified loans as well as investment and other assets. "Profits should not be shown keeping provision shortfalls," says the circular.

Bangladesh Bank sources said some 19 banks, including nationalised commercial banks, had been maintaining provision shortfalls, as of December 31, 2003.

As per the circular, the half-yearly or annual financial statements, profits and probable dividends should not be disclosed partially, rather that should be reported along with projection of necessary provisioning, and information on classified loans, advances and investment.

Besides, it added, the commercial banks should also disclose total fixed and supplementary capital, including paid-up capital, and equity capital, including provision for risk-weighted assets.

Prime Bank receives first instalment payment from Mir Ceramic

Mir Ceramic Limited paid the first instalment of the syndicated term loan of Tk 280.50 million account to Prime Bank Limited, lead arranger of the loan, at a function held on Sunday at a city hotel.

Prime Bank Limited Managing Director Shah Md Nurul Alam received the cheque for the instalment payment on behalf of the participating banks and non-financial institution from Mir Nasir Hossain, managing director of Mir Ceramic Limited, says a press release.

Other participating banks and non-financial institution of the syndicated term loan arranged in December, 2001 are The City Bank Limited, Dhaka Bank Limited, One Bank limited, Standard Bank Limited, and Industrial and Infrastructure Development Finance Company Limited (IIDFC).

Malpractice in SEC in issuing IPOs in 90s

Finds CAG report

STAR BUSINESS REPORT

Some companies were able to enter the capital market showing fake statements in connivance with a section of officials of initial public offering (IPO) department in the Securities and Exchange Commission (SEC), an audit by the Comptroller and Auditor General (CAG) said.

The CAG report investigated the activities of the SEC between 1993 and 1998.

In the report, the CAG said that some corrupt officials of IPO department resorted to malpractice while issuing clearance certificates to some companies.

According to the report, the officials are Ruksana Chowdhury, the then deputy director, Nousher Ali, former executive director, and Dr AKM Shahabub Alam, former member, and Alamgir Kabir, former member.

According to the CAG report, the officials showed the volume of Mark Bangladesh Shipa and Engineering Ltd asset at Tk 52,36,11,902, which was Tk 47,41,11,514 in the prospectus by Mark Bangladesh to the SEC.

However, following allegation from the shareholders about false asset volume, the SEC asked the mechanical engineering department of Bangladesh University of Engineering and Technology (Buet) to assess the

actual volume.

The Buet report found that the real amount was Tk 5,35,14,527 which was 978.44 percent lower than the volume stated in the SEC inspection report.

After getting the permission, Mark Bangladesh floated shares in the capital market in 1996 and raised Tk 39,90,00,000.

About the allegation, SEC Chairman Mirza Azizul Islam said the corruption charges were made during the previous chairman's tenure. "I will be careful so that such practices do not take place again," the SEC chairman added.



PHOTO: PRIME BANK

Prime Bank Limited Managing Director Shah Md Nurul Alam receives a cheque for first instalment payment of the syndicated term loan of Tk 280.50 million from Mir Nasir Hossain, managing director of Mir Ceramic Limited, at a function held on Sunday at a city hotel. Prime Bank is the lead arranger and agent bank of the syndicated term loan. Other participating banks and non-financial institution are The City Bank Limited, Dhaka Bank Limited, One Bank limited, Standard Bank Limited, and Industrial and Infrastructure Development Finance Company Limited.

'Good corporate governance prerequisite for investment'

UNB, Dhaka

Good corporate governance is a prerequisite for both foreign and domestic investment as well as for developing capital market.

Senior Research Associate of Bangladesh Enterprise Institute (BEI) Wendy Werner made the suggestion in the keynote she presented in a seminar on "Corporate Governance" here yesterday.

The seminar was held at Bangladesh Shilpa Bank (BSB) office, with the BSB Chairman Prof Abu Ahmed in the chair.

The speakers advised the Shilpa Bank to apply good corporate governance within the bank's domain to improve its lending portfolio, non-performing loans and banking performance.

It has been urged to disclose the corporate-governance goals and strategy to provide better credit

facilities to the borrowers.

The BSB organised the seminar to create awareness among its officers and executives about the advantage of good corporate governance practices.

The bank's managers and higher executives joined the seminar to share experiences on the corporate-governance issue.

Its Managing Director M Ziaul Haq and General Manager Irfan Hossain also spoke at the function.

EU horse-trading over IMF job enters home straight

AFP, Brussels

EU finance ministers meet Friday for talks likely dominated by high-stakes horse-trading as Europe seeks agreement on the next head of the IMF, with two candidates leading the pack into the home straight.

In the unlikely setting of a race-track outside Dublin, Ireland's Charlie McCreery will chair two days of informal talks trying to decide a candidate to succeed Germany's Horst Koehler at the International Monetary Fund.

"It is hoped to get a decision at

Punchestown," said an Irish spokesman, referring to the race-course southwest of the Irish capital, although he stressed that there is no imminent deadline for agreeing a candidate.

The talks will also broach a brewing row over the EU's future budget, with six big net contributor states pushing to keep a firm grip on the purse strings of the expanding bloc, which takes in 10 new relatively poor members on May 1.

But the IMF decision, while not formally on the agenda, is expected to overshadow the meeting.

The race is increasingly shaping

up as a two-horse competition between outgoing Spanish Economy Minister Rodrigo Rato and the French head of the European Bank for Reconstruction and Development, Jean Lemierre.

Koehler announced his resignation as the IMF chief on March 4 to run for president in his native Germany, for which he is widely seen as a shoo-in in May elections.

Since the founding of the IMF and the World Bank in 1944, the managing director of the IMF has by custom been a European and the president of the World Bank an American.

EU trade chief frets over China coal export caps

REUTERS, Beijing

Chinese restrictions on exports of coke pose "great problems" to European industry and should be addressed quickly, EU Trade Commissioner Pascal Lamy has said.

In a letter to his Chinese counterpart Bo Xilai last month, Lamy listed export caps on coke -- a form of coal used widely in industries like steel -- as one of a raft of complaints about China's trade practices.

China put coke export limits in place earlier this year amid widespread energy shortages that have threatened to choke breakneck industrial expansion.

In a copy of the letter seen by Reuters today, Lamy said the restrictions were "threatening to cause great problems to EU industry," though he stopped short of threatening retaliation.

Transcom Electronics holds prize giving ceremony

Transcom Electronics Limited recently held a prize giving ceremony of 'Incentive Scheme 2003' for Chittagong area retailers of Philips Lighting.

M/S Lucky Electric got the first prize, a Dhaka-Kolkata-Dhaka air ticket, as a best performer while M/S Preti Store got the second prize, a computer, as best seller, says a press release.

Transcom Group Resident Director Sharik-ul-Islam, Transcom Electronics National Sales Manager A Kader Khan, Area Sales Manager Ziaul Haque and Philips Lighting Brand Manager Tanvir Ahmed Khan were present at the function.

Emirates adds frequencies to Manila, Osaka

Emirates has increased its frequencies to two Asian cities Manila in the Philippines and Osaka in Japan.

From Sunday, the airline is flying daily between Dubai and Osaka increasing its four flights a week, says a press release.

The airline has also added two more flights to Manila on Monday. The additional flights will operate on Wednesdays and Fridays supplementing its current flights on Mondays and Saturdays.

Meanwhile, Emirates has announced it will start passenger services to Shanghai from April 10.



PHOTO: ICC-B

Newly elected President of International Chamber of Commerce-Bangladesh (ICC-B) Mahbubur Rahman, centre, vice-presidents Latifur Rahman, left, and Samson H Chowdhury, right, pose for photographs after the Annual Council 2003 held in Dhaka yesterday.

New board of ICC-B

Mahbubur Rahman president; Latifur Rahman, Samson H Chowdhury vice-presidents

STAR BUSINESS REPORT

The new executive board of International Chamber of Commerce-Bangladesh (ICC-B) unanimously re-elected Mahbubur Rahman as president and Latifur Rahman as vice-president. The board also elected Samson H Chowdhury as vice-president.

Earlier, Bangladesh National Committee of the Paris-based International Chamber of Commerce elected a 17 member new executive board for a two-year term from April 2004 to March 2006.

The founder President of ICC Bangladesh, Mahbubur Rahman was a member of the central Board of Governors in Paris (Executive Board) for a three-year term. He was president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the Dhaka Chamber of Commerce and vice-president of Saarc Chamber of Commerce and Industry and the Islamic Chamber of Commerce and Industry during, according to a press statement.

A former President of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), Latifur Rahman is the Chairman and CEO of the Transcom Group of Companies. He

is the Chairman of Nestle Bangladesh Limited and Holcim Bangladesh Limited.

A former president of MCCI, Samson H Chowdhury is the Chairman of Square Group of Companies.

Other members of the Executive Board are Abdul Awal Mintoo, president of FBCCI, ASM Quasem, immediate past vice-president of ICC Bangladesh, Amir Humayun Mahmud Chowdhury, president of Chittagong Chamber of Commerce and Industry, Mahbub Jamil, president of Foreign Investors' Chamber of Commerce and Industry, Syed Manzur Elahi, chairman of Bangladesh Association of Banks, Nasir A Choudhury, chairman of Bangladesh Insurance Association, Kutubuddin Ahmed, president of MCCI, R Maksud Khan, chairman of Bengal Fine Ceramics Ltd, Masih UI Karim, managing director of Berger Paints Bangladesh Ltd, Waliur Rahman Bhuiyan, managing director of BOC Bangladesh Ltd, Mamun Rashid, CEO of Citibank NA, Aftab UI Islam, president of American Chamber of Commerce Bangladesh, M Aminuzzaman, managing director of NCC Bank Ltd, Rakanuddin Mahmud, president of Supreme Court Bar Association.

National Housing, Silicon Properties sign MoU

National Housing Finance and Investments Ltd and Silicon Properties have signed a memorandum of understanding (MoU) in Dhaka recently.

Under the arrangement, clients of Silicon Properties, a developer company, will receive faster and superior customer service from National Housing, a private sector financial institution, in getting housing loans up to 70 percent of their apartment purchase price.

Ansar Uddin Ahmed, managing director of National Housing, and Syed Nasrul Kabir, managing partner of Silicon Properties, signed the MoU on behalf of their organisations, says a press release.

Shabbir Ahmed, deputy managing director of National Housing, and Nilofar Kabir, partner of Silicon Properties, were also present at the function.

Mitsubishi Motors mulls cutting US production

AFP, Tokyo

Troubled Japanese car maker Mitsubishi Motors is considering drastically cutting production of Mitsubishi brand cars at its plant in the United States, a report said Thursday.

Mitsubishi, 36.97 percent owned by US-German auto group DaimlerChrysler, runs a plant in Illinois, which produces cars for Mitsubishi and Chrysler.

But facing a prolonged slump in North America, the Japanese auto maker has decided to "drastically" reduce production of Mitsubishi cars and increase production of Chrysler cars instead, the Asahi Shimbun daily said.

The move is part of DaimlerChrysler's global business strategy and Mitsubishi is also considering reducing its stake in Mitsubishi Motors North America Inc.

China to boost links with Philippines

AFP, Manila

China is exploring new avenues for bilateral trade, investment and tourism with the Philippines, Foreign Affairs Secretary Delia Albert said Thursday.

She made the comments shortly after meeting with China's new ambassador in the Philippines, Wu Hong Bo.

Albert said: "We give the highest importance to our relations with China and this meeting was an important opportunity to review our relations and plot the future."

She said Bo pledged China's continued commitment to help develop the country's transport infrastructure, particularly in the rail sector.

China has already provided a concessional loan of 400 million dollars for the first leg of the Northrail Project that will provide rail links between some of the growth centres of the main northern island of Luzon.

ECB convenes to discuss possible rate cut

AFP, Frankfurt

The European Central Bank set down Thursday for its regular monthly meeting to determine the appropriate level of interest rates for the 12-country eurozone.

And although the guardian of the euro is increasingly expected to lower borrowing costs soon to help jump-start the region's stuttering economy, ECB watchers believed a monetary easing would not be on the cards as early as this week.

In a poll of 30 economists by AFP and its financial news subsidiary AFX, 29 said they expected the ECB to hold its main interest rate, "refill" refinancing rate, at 2.00 percent, where it has been since June 2003.

Only one economist was pencilling in a quarter-point reduction in eurozone borrowing costs this week.

Nevertheless, signs appear to be increasing that the ECB could ease monetary conditions in the 12 coun-

tries that share the euro soon in order to give the wheezing economic recovery a much-needed boost.

A whole range of top ECB officials, including President Jean-Claude Trichet, have opened the door to an easing move in recent comments.

Until recently most ECB watchers had believed that the current cycle of rate cuts in the 12 countries that share the euro was actually over. But a growing number of economists are now predicting that the next move in interest rates will be down.

In the AFP poll, 11 of the 30 economists surveyed were counting on an easing move, up from seven out of 30 in the previous poll ahead of the ECB's March 4 interest rate-setting meeting.

The change in thinking has been mirrored within the ECB itself as top officials become increasingly vocal in their concern regarding the ability of the eurozone economy to turn itself around in view of the chronic weakness of domestic demand.