

## Forced donation to political parties, extortion obstacles to corporate governance

FBCCI chief says at BEI function

### STAR BUSINESS REPORT

Companies in Bangladesh cannot adopt code of corporate governance as they are forced to make donations to political parties and pay 'toll' to extortionists, a top business leader said yesterday.

"The reality is that maintaining corporate governance costs money and if companies are to pay political parties and extortionists how they could practise sound corporate governance," said Abdul Awal Mintoo, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

"We, the businessmen, manipulate account and conceal real information in audit to save fund for political parties and extortionists. Reserving fund for extortionists is the priority for businessmen as their lives will be at stake if they do not pay them," Mintoo said at the launch of "Code of Corporate Governance for Bangladesh" by Bangladesh Enterprise Institute (BEI).

"We need to adopt code of corporate governance to become competitive but hartal, killing and abduction of businessmen make it difficult for companies in Bangladesh."

He said most of the leading conglomerates in Bangladesh are family-run and many of them are not listed with bourses. The companies should go public to accommodate shareholders' opinions, he said.

The Task Force on Corporate Governance of Bangladesh Enterprise Institute has formulated the code of corporate governance covering financial institutions, state-owned enterprises and non-governmental organisations, role of boards, shareholders and auditing and non-financial disclosures.

Addressing the function, Bangladesh Bank Governor Fakhruddin Ahmed said it is better to have a board in banks and financial institutions with small number of members to function well and take quick decision. "Key to corporate governance is a well-functioning and well-informed board of direc-

tors."

Stakeholders should also be aware of their rights in a company to ensure international standard corporate governance, he said.

"As we are facing hurdles to go ahead with reforms, we need champions to implement good corporate governance," the central bank governor said.

Securities and Exchange Commission (SEC) Chairman Mirza Azizul Islam said a dysfunctional legal system stands in way of corporate governance in Bangladesh.

"The cases of the 1996 capital market debacle are still pending with courts," he said. He said sound corporate governance will boost the capital market.

He however mentioned the size of the capital market is small in Bangladesh. The total market capitalisation is only four percent of gross domestic products, which is 15 percent in India, 30 percent in Pakistan and 20 percent in Sri Lanka.

Deputy Governor of Bangladesh

Bank Muhammad A (Rume) Ali said the action of regulators is not enough to ensure corporate governance. Stakeholders, customers need to be involved in the practice.

Chairing the function, BEI president Farooq Sobhan said if Bangladesh adopts a strategy of strengthening corporate governance to boost private sector, the country will be able to get more foreign direct investment.

The task force developed the code over period a eight months. The project was supported by Department for International Development, World Bank and Organisation for Economic Co-Operation and Development (OECD).

The code of corporate governance for Bangladesh focuses on international best practices. The code will be a tool to address corruption, money laundering and further open the \$50 billion economy to domestic and foreign investment, BEI said.

## Workshop on international accounting standard ends

A four-day training workshop on "International Accounting Standard (IAS) and Corporate Governance" ended at the Dhaka Stock Exchange (DSE) on Tuesday.

The Securities and Exchange Commission (SEC) and DSE jointly organised the workshop for DSE members and high officials of accounts department of listed companies.

DSE President Ahmed Iqbal Hasan inaugurated the workshop on April 4. Keith Kothish of Aries Group Ltd, consultant of Asian Development Bank, and Anwarul Karim of ACNABIN conducted the workshop.

SEC Chairman Mirza Azizul Islam was present as chief guest at the closing ceremony on Tuesday. SEC members Saleh Ahmed Chowdhury, Mohammad Ali Khan and Abbas Uddin Khan, executive directors Anwarul Kabir Bhuiyan, Mansur Alam and Farhad Ahmed, DSE CEO Salahuddin Ahmed Khan and DSE Secretary Obaidur Darain were present.

## Tokyo, Manila to seek highly liberalised investment

AFP, Tokyo

Japan and the Philippines on Friday ended three days of talks on a bilateral free trade agreement (FTA) by pledging to seek highly liberalised investment, a Japanese official said.

The two countries also agreed to hold a third round of FTA talks in the Philippines July 5-7, the foreign ministry official said. The two countries held their first round of FTA talks in Manila last February.

At the round just ended, the countries focused on liberalisation of seven fields including trade in goods, competition and labor markets, the official said.

"Japan wants to aim for a high level of liberalisation in the field of investment," the official said, adding the Philippines basically agreed to the idea.

This would include equal treatment of Japanese owned companies and domestic firms in the Philippines.

The Philippines side called for the opening of Japan's job market to Philippine workers, particularly nurses and lawyers, the official said.

In February, the Philippines' presidential palace said the two countries could forge an accord before the end of the year.

Japan is the Philippines' second-largest trade partner after the United States. Two-way trade in 2002 amounted to 12.52 billion dollars.

Japan already has sealed a free-trade accord with Singapore and been also holding bilateral FTA talks with Mexico, Malaysia, the Philippines and South Korea.

Japan and Mexico vowed last month to put their FTA into effect in January next year after solving differences about tariffs on some Mexican farm products.



PHOTO: STAR

(From right to left) Securities and Exchange Commission Chairman Mirza Azizul Islam, Bangladesh Enterprise Institute (BEI) President Farooq Sobhan, Bangladesh Bank Governor Fakhruddin Ahmed and Federation of Bangladesh Chambers of Commerce and Industry President Abdul Awal Mintoo are seen at the launch of BEI 'Code of Corporate Governance for Bangladesh' in Dhaka yesterday.

## IMF race, EU enlargement set to dominate EBRD meet

AFP, London

The annual meeting of the European Bank for Reconstruction and Development (EBRD) takes place in London this weekend with attention expected to focus on the European Union's choice of a candidate to lead the International Monetary Fund (IMF) and the bloc's upcoming enlargement.

Around 2,000 delegates and journalists are expected to attend the two-day meeting beginning Sunday of the EBRD -- the bank created in 1991 to assist the transition of former communist nations to market economies.

The bank's 13th annual meeting was set to be attended by a number of European finance ministers in their role as governors of the bank -- in contrast to last year when few delegates appeared at the meeting in Tashkent, capital of Uzbekistan in Central Asia.

The EBRD holds its meeting traditionally every three years in London, home to the bank's headquarters.

After a series of themed sessions on Sunday, the bank's board of governors representing its 62 shareholder governments and institutions, were Monday to set out their objectives for 2005 under the chairmanship of Luxembourg's Prime Minister Jean-Claude Juncker.

Besides deciding on the bank's future direction, European ministers are expected to settle on their candidate to head the International Monetary Fund.

Earlier this month in Ireland, EU finance ministers agreed to choose between outgoing Spanish Finance Minister Rodrigo Rato and Frenchman Jean Lemierre, head of the EBRD, to succeed Germany's Horst Koehler as managing director of the IMF.

By tradition the head of the IMF is a European while the top job at the World Bank, the IMF's sister institution, goes to an American.

Irish Finance Minister Charlie McCreevy, speaking after the informal talks outside Dublin, said that he hoped for a final accord on the

margins of the EBRD annual meeting, where focus was equally expected to be on the European Union's historic enlargement.

The bloc's membership will rise to 25 countries on May 1, when 10 mostly former communist nations join.

Eight of the new members -- Slovakia, the Czech Republic, Poland, Slovenia, Hungary, Latvia, Lithuania and Estonia -- are among 27 countries in which the EBRD operates.

"For these countries, it's a tremendous achievement," said Willem Buiter, the EBRD's chief economist.

"Remember, 13/14 years ago, when the transition started, these countries were dominated politically, economically by the Soviet Union... And they have managed, in what is really a very short period of time -- half a generation -- to get to the point that they are viable candidates for EU membership."



PHOTO: PRIME BANK

Prime Bank Limited Managing Director Shah Md Nurul Alam and Flora Limited Director Mustafa Shamsul Islam shake hands after signing a memorandum of understanding (MoU) recently in Dhaka. Under the MoU, customers of Flora Ltd will get credit facilities from Prime Bank to buy computers and accessories. Among others, Flora Ltd Chairman and Managing Director MN Islam was present.

## French firm to invest \$1.17m in Comilla EPZ

A yarn and sweater factory with US\$ 1.174 million investment from a French company is to be set up at Comilla Export Processing Zone.

The enterprise, to be known as M/s Ocean Gate Sweaters Limited, will be a 100 percent foreign owned company and will create 832 employment opportunities.

The company is expected to produce 1.02 million kg of dyed yarn and 150 thousand dozens of sweaters annually.

An agreement to this effect was signed between the Bangladesh Export Processing Zones Authority and the M/s Ocean Gate Sweaters Limited in Dhaka on Tuesday, says a press release.

General Manager (Investment Promotion) of Bangladesh Export Processing Zones Authority (Bepza) AZM Azizur Rahman and Managing Director of Ocean Gate Sweaters Limited Gerard Fres signed the agreement on behalf of the organisations.

Among others, Bepza Executive Chairman Brig Gen (retd) Md Zakir Hossain was present.

## Prime Bank to extend loan to Flora Ltd customers

Prime Bank Limited will extend credit facilities to customers of Flora Limited to buy computers and accessories under the bank's consumer credit scheme.

A memorandum of understanding (MoU) to this effect was signed between the two organisations recently in Dhaka, says a press release.

Prime Bank Limited Managing Director Shah Md Nurul Alam and Flora Limited Director Mustafa Shamsul Islam signed the MoU on behalf of their organisations.

Among others, Chairman and Managing Director of Flora Limited MN Islam, Director Mustafa Rafiqul Islam and Additional Managing Director of Prime Bank M Shahjahan Bhuiyan, deputy managing directors Nasiruddin Ahmed and Mahbubul Alam were present.

## Agora launches campaign to promote traditional foods

Agora, a chain supermarket, launched a special campaign to promote traditional foods on Tuesday to celebrate Pahela Boishakh, the New Year's day on Bangla calendar.

The campaign will continue until tomorrow at the Agora outlets located at Dhanmondi and Gulshan, says a press release.

The objective of the campaign is to promote traditional foods such as 'pitha', 'muri-murki', 'moa-naru', 'goza-khaza-nimki', 'golap jam', 'doi-khoi', 'kodma' and sweets.

## Indian annual inflation dips to 4.4pc

REUTERS, New Delhi

Lower prices of some food products and oilseeds nudged India's annual wholesale price inflation marginally lower in the week ended April 3, after an increase in the previous week.

Data released by the Commerce and Industry Ministry showed inflation, as measured by the widely tracked wholesale price index, declined to 4.40 percent from 4.47 percent in the previous week.

Inflation was 6.66 percent in the corresponding week of last year. The 4.40 percent figure was higher than the median estimate of 4.24 percent in a Reuters poll of 12 analysts conducted yesterday. The government also revised the wholesale price inflation figure for the week ended February 7 to 6.16 percent from the earlier 5.91 percent.

The Indian government's chief economic adviser, Ashok Lahiri, said Friday inflation was likely to be below five percent in the current financial year.

Economists track the wholesale price inflation because the data has a large basket of goods and is readily available. The government also uses the WPI data to adjust allowances and salaries.

The less widely tracked consumer price inflation stood at 4.13 percent in February, lower than the 4.35 percent in January.

Analysts say the wholesale price inflation is likely to stay in the 4.0-5.0 percent range in the weeks ahead because of high global crude oil prices and an expanding economy.

## Qatar Airways seeks govt nod to up flights to Dhaka

Airline's GM talks to Bangladeshi media people

ARUN DEVNATH, back from Doha

Qatar Airways has called on Bangladesh to allow it to increase the frequency of its flights to Dhaka in a mutually beneficial aviation business deal.

"We are all on the fast track to globalisation. The skies should be open to all airlines, as protectionism goes nowhere," Qatar Airways General Manager (Commercial) Mohamed Saleh Fakhri told Bangladeshi journalists at the airline's headquarters in Doha on Tuesday, who were on a three-day familiarisation tour of Qatar from April 12.

"I'm all for other airlines too, if they make similar requests to Bangladesh."

"More flights mean more visitors to Bangladesh and more arrivals of foreigners mean the growth of tourism -- all leading to more earnings for both countries," Fakhri said, adding Bangladesh has great potential for tourism.

His call came before the arrival of travel industry's prominent figures in Doha, the capital of Qatar, to discuss fundamental changes in tourism at the next month's World Travel and Tourism Council's Fourth Global Travel and Tourism Summit to be hosted by Qatar Airways.

The national flag carrier of Qatar has eight code-share partners, including Biman Bangladesh Airlines. Sources close to the aviation industry say Biman benefits from the sale of about 100 Qatar Airways tickets a week in code-share partnership that four operators describe as effective to cut the seat crisis.

"We are hopeful of moving faster as a partner in growth," Fakhri said. He pointed to a sharp contrast between two neighbouring countries in South Asia: the Qatari national flag carrier that has 28 flights to India operates only five to Dhaka a week.

"It's wrong to say the national flag carrier of Bangladesh will lose out to a glut of international airlines on the aviation market. Competition does not make you weak ... it makes you stronger," he said.

Sri Lanka opened its skies to Qatar and Qatar Airways flies twice a day to the South Asian country, dubbed as a halcyon land rich in birds, beasts and ancient monuments. "With a few flights to Dhaka a week, it is difficult for us to make travels more convenient for passengers. It's surprising that the airport in Chittagong is closed to the Middle Eastern aircraft."

The airline's Area Manager for Bangladesh Shamsad Ahsan, attending the press briefing, said he applied to the government two years ago for more flights to Dhaka, but it did not reply yet.

The airline flies to 48 destinations in Europe, the Middle East, North Africa, South Asia and the Far East and set a target of flying to 60 destinations by 2005.

Qatar Airways hosted the familiarisation trip for 13 print and electronic media people and local airline offi-



Mohamed Saleh Fakhri

cials to Qatar, located halfway on the western shore of the Arabian Gulf and bordered by Saudi Arabia and United Arab Emirates in the south and Bahrain in the northwest. Kazi Wahidul Alam, managing director of Triune Group that also deals with media relations, led the media team.

Doha nestles around a superb bay with a 7km-long corniche lined with shaded gardens and a palm-fringed island at the centre, lapped by the shallow waters which change colour from blue to green to turquoise depending on the light.

The cosmopolitan spirit of the commercial and administrative centre strikes a balance with rich cultural and religious heritage.

### TOURISM SUMMIT

About 700 delegates, including Easyjet's founder Stelio Haji-Ioannou and BBC's Nik Gowing, will arrive in Doha to attend the tourism summit from May 1-3.

"The series of issues that the tourism industry had to confront in the last few years has meant that the travel industry must create new ways of doing things if it is to sustain growth into the future," Qatar Airways Chief Executive Officer Akbar Al Baker said in a report. He is also the chief of tourism in Qatar.

The agenda will touch on how the media influences consumers, current economic trends in the industry, new management styles, investment opportunities, seamless travel experience, world health issues, new destinations and new markets.

## US eyes bigger Indian market

AFP, Washington

The United States is to unveil a special initiative for its companies to vie for a bigger share of India's rapidly growing imports as Washington comes under pressure to curb outsourcing of American jobs to the giant Asian economy.

Thomas Donohue, president of the US Chamber of Commerce, said he would spearhead a fact-finding mission to India next week to discuss the initiative with business and government leaders.

"We'll announce a special initiative to help US companies compete effectively for a larger share of India's rapidly growing imports," Donohue said.

He did not give details but sources told AFP that the multifaceted initiative would include prodding India to take more effective steps for respecting intellectual property rights.

The US Chamber of Commerce is the world's largest business

federation, representing three million business entities.

Donohue said he would hold "quiet" discussions with the Indian authorities and companies on the question of counterfeiting and intellectual property.

"There is an extraordinary opportunity for them to take a leadership role in dealing with what is now a, in my view, well over half a trillion dollar problem in this world -- that is counterfeiting and stealing of intellectual property," Donohue said.

"Indian companies can be constructive and helpful here because they have a well established rule of law and, by the way, make them all the more competitive with their major competitors if they were to move on that," he explained.

Donohue said that as India's economy continued to grow, it was finding out that it was "increasingly a prime target for counterfeiters and intellectual property thieves."

The chamber is also believed to be pushing China on the same front.

Donohue said his Indian trip would focus on the issue of outsourcing.

Some American companies have sourced call center, computer programming and other service jobs to India, creating quite a stir in the United States where creation of jobs is a key issue in the run-up to presidential elections in November.

The United States has been urging India to free up its market to help jumpstart stalled World Trade Organisation talks, but New Delhi has ruled out such a move, saying high farm subsidies by rich nations remain a key obstacle.

Donohue said during his trip from Sunday to April 22 he would also encourage the Indian government and business leaders to do more to open up their market and Indian companies to increase their job-creating opportunities.

## Weekly Currency Roundup

April 10-April 15, 2004

### Local FX Market

US dollar was steady against Bangladeshi taka in the beginning of the week. Matched demand-supply in the market held the greenback stable. High import demands strengthen the dollar and the rate increased by the end of the week.

### Money Market

Bangladesh Bank borrowed BDT 3,833.00 million by the Treasury bill auction held on Sunday, compared with BDT 6,024.00 million in the previous week's bid. The weighted average yields of t-bill of different tenors decreased slightly.

The call money rate was moderately bullish this week. Call money rate ranged between 3.50 and 4.00 percent in the beginning of the week. At the end of the week the rate rose and ranged between 4.00 and 4.50 percent.

### International FX Market

In the beginning of the week, the market was thin as Europe and USA were closed on Friday due to Easter holidays. Most of the European market is closed on Monday as well. The yen edged up against the dollar on Monday in Asian trade on firmer Tokyo stock prices. The euro was slightly weaker than late Friday's level. There was no major movement in the market due to thin volume.

The dollar hit a four-month high against the euro in the middle of the week as the market positioned for US retail sales data later in the session, while the yen was helped by a 32-month peak in Tokyo stocks. Traders said the yen was also supported by a rise in other Asian currencies after a surprise policy tightening by the Monetary Authority of Singapore on Monday raised expectations the currencies would be allowed to strengthen. As Europe returned from what was in most countries a four-day break, market attention fixed chiefly on US fundamentals with a rise of 0.6 percent expected in March retail sales.

The dollar steadied near a one-month high versus the yen and held recent gains against other major currencies by the end of the week as a run of upbeat US data bolstered expectations of higher US interest rates. Traders said that foreign selling of Japanese stocks was also weighing on the yen. Already buoyed by robust retail sales data earlier this week, the dollar got a further boost on Wednesday as figures showed the US trade deficit narrowed in February, while consumer prices rose faster than expected in March. The market also had an eye on developments in Iraq, after Japanese media reported that more Japanese civilians had been abducted in addition to three taken hostage by militants last week.

-- Standard Chartered Bank

## India's vehicle sales cross one million mark for first time

AFP, New Delhi

Annual sales of vehicles in India crossed the one million mark for the first time ever in the financial year ended March, the Society of Indian Automobile Manufacturers said Friday.

Society president Jagdish Khattar told a press conference a total of 1.03 million vehicles were sold in the year, up 32.2 percent on the 779,203 sold in 2002-2003. The figures include exports.

Sales of passenger cars grew by 28.57 percent to 696,207 units, he said.

The good performance was largely due to India's eight percent economic growth and a cut in excise-duty rates, Khattar said.

"We are the fourth largest economy in the world after the United States, Japan and China in terms of purchasing power parity. The outlook for the coming year is promising and it is expected that the current growth rate of the GDP and industrial output will be sustainable," he said.