Star BUSINESS

DHAKA TUESDAY APRIL 27, 2004 E-mail: dsbusins@gononet.com

FBCCI proposes Tk 5,000cr govt fund for investment

STAR BUSINESS REPORT

As investment is shrinking in Bangladesh, business community yesterday sought Tk 5,000 crore government fund for long-term investment by June 2005.

The apex trade body in its proposals to the government also recommended replenishing the fund annually with 10 percent higher amount until adequate industrial capital and equity can be raised by initial public offerings and bonds.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) on behalf of the business community of the country released a set of proposals yesterday to bring in changes in areas like politics, parliament and government, judiciary and industrialisation.

The FBCCI proposals called for cutting interest rate to facilitate new investments. "The interest rate on industrial loans should never be more than 2 percent above the central bank rate," it said.

The apex trade body suggested bringing down the interest rate to 8-10 percent for the SME (small and medium enterprise) sector. In India and Nepal, the rate on general loan is not more than 8-10 percent, it said.

The FBCCI made a 17-point recommendation to boost the industrialisation in Bangladesh and assist industries to survive, thrive and expand as fast as the economy demands.

The apex trade body in the proposals also observed that the nation's industrial infrastructure should be redesigned so that it can focus on a few predetermined industrial sectors which in turn should be fed by related supporting industries.

The money laundering act, company laws, money loan court act, port authority act, banking companies act and telecommunications act should be enforced properly, it suggested.

The industrial policy should be formulated as an enforceable instrument while foreign investment laws should be amended to ensure a minimum 15 to 20 percent local partnership excepting in the export processing zones, the FBCCI recommended.

Besides, bankruptcy laws should be amended to allow debt restructuring and shielding of the company's finances against disturbing pressures of creditors while restructuring takes place.

Transcom Service Week 2004 begins

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Transcom Service Week, 2004 began yesterday with a view to earning more confidence of customers and ensuring their satisfaction.

Jack J Detiger, head, Asia and Pacific Region, Philips Consumer Electronics, formally inaugurated the service week organised by Transcom Service Centre, on the Transcom Electronics office premises at Mohakhali in Dhaka.

During the Service Week that will end on May 5, the customers will get 40 percent discount at the company's 56 service centres across the country.

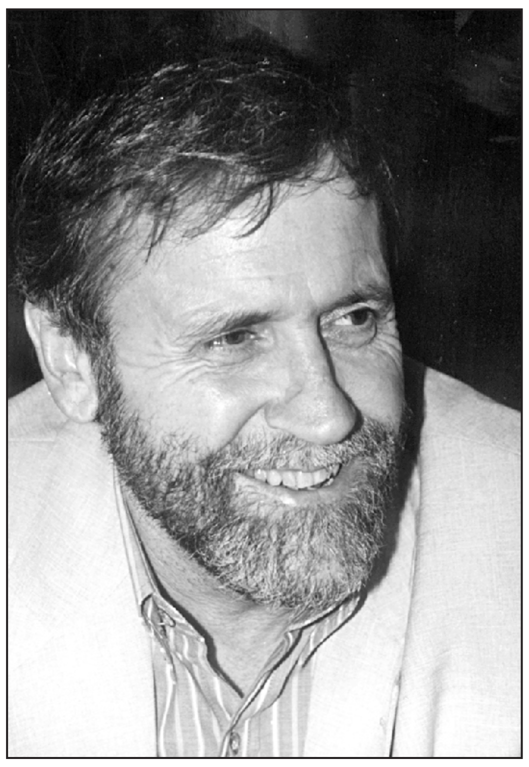
Detiger, in his speech, said increase in technological supports is needed to move ahead with a modern way of life in the rapidly changing society.

Obaidur Rahman Khan, executive director of Transcom Electronics, and Abdul Baki Bhuiyan, service manager of Transcom Service Centre, also spoke at the inaugural function.

Positive actions needed to help poor nations gain from globalisation

ILO director tells The Daily Star

STAR BUSINESS REPORT



Gerry Rodgers

There should be more positive actions to give poor nations space to develop on their own as every country can gain from globalisation, observed Gerry Rodgers, director of Policy Integration Department of the International Labour Organisation (ILO).

"Global economy has moved much faster than social and global policies and it's a problem. Globalisation should be for the people as it has strong potential. But the problem comes from weak governance," he told The Daily Star in an interview yesterday.

The ILO-defined core labour standards provide a minimum set of global rules for labour and respect for them should be strengthened, Rodgers said.

"Stronger action is required to ensure respect for core labour standards in export processing zones (EPZs) and more generally, in global production system," he said.

Referring to the report of World Commission on the Social Dimension of Globalisation 2004, Rodgers said the multilateral trading system should substantially reduce unfair barriers to market access for goods in which developing countries have comparative advantage, especially textiles and garments and agricultural products.

"In doing so, the interests of the least developed countries (LDCs) should be safeguarded through special and differential treatment to nurture their export potential," he added.

The ILO director said a successful global growth strategy can ease economic tensions among the countries and make market access for developing countries easier to achieve.

The benefits of globalisation can be extended to more people and better shared between and within countries, he said adding, the current process of globalisation is generating unbalanced outcomes, both between and within countries.

"Wealth is being created, but too many countries and people are not sharing in its benefits. They also have little or no voice in shaping the process."

Rodgers said the commission thinks globalisation has not met their simple and legitimate aspirations for decent jobs and a better future for their children.

"Even in economically successful countries some workers and communities have been adversely affected by globalisation. These global imbalances are morally unacceptable and politically unsustainable."

The ILO director said the multilateral system of designing and implementing international policies is also under-performing. "It lacks policy coherence as a whole and is not sufficiently democratic, transparent and accountable."

"These global imbalances are morally unacceptable and politically unsustainable. What is required is a series of coordinated changes across a broad front, ranging from reform of parts of the global economic system to strengthening governance at the local level."

The world commission worked for two years to prepare the report on 'A fair globalisation: creating opportunities for all'. The commission had representatives from governments, private sectors and civil societies of different countries.

An ILO pilot programme on 'decent work' is going on in Bangladesh, the Philippines, Morocco, Denmark, Ghana, and Panama to develop a method to make policies work together, mentioned Rodgers who will attend a dialogue on 'Globalisation, Decent Work and Poverty Reduction: Policy Alternatives' in Dhaka today.

Islami Bank recommends 20pc stock dividend

A board meeting of Islami Bank Limited has recommended a 20 percent stock dividend for the shareholders for the year 2003.

The meeting was held on Thursday in Dhaka with Chairman of the bank Shah Md Abdul Hannan in the chair, says a press release.

The meeting also decided that the 21st annual general meeting of the bank will be held on September 17, 2004 and approved the profit and loss account for 2003 and balance sheet of the bank.

PHOTO: STAR

A visitor makes a query at a stall of the daylong Taiwanese show organised by Taiwan Trade and Investment Mission at Dhaka Sheraton Hotel yesterday.

Janata Bank signs agency arrangement deal with IDB

Janata Bank will work as an agency of Islamic Development Bank (IDB) in Bangladesh.

A deal to this effect was signed between the two at the IDB headquarters in Jeddah on Saturday, says a press release.

Murshid Kuli Khan, managing director of Janata Bank, and Dr Syed Jaafar Aznan, vice-president of IDB, signed the deal on behalf of their organisations.

Under the arrangement, exporters will avail themselves of the post shipment export finance under the IDB fund.

Besides, imported raw material and capital machinery will be financed from this IDB fund. It will be effective only for export and import from OIC countries.

The deal will also help Bangladeshi businessmen conduct business with the OIC nations.

RMG workers want special body on post-MFA issues

STAR BUSINESS REPORT

Labour leaders at a seminar in Dhaka yesterday suggested forming a special committee with representatives from the government, factory owners and trade unions to deal with the post-MFA (multi-fibre arrangement) issues.

The committee will take steps to provide alternative job opportunities and compensation to the garment workers who may lose jobs after MFA phase out, they told the seminar on RMG sector and post-MFA issues, organised by Incidin Bangladesh.

The labour leaders, mostly from readymade garment (RMG) sector, stressed the need for launching a united platform of trade unions of all related sectors or industries to protect the workers' rights and ensure their compensations.

The post-MFA era could be a disaster for the garment sector of Bangladesh, Wajedul Islam Khan of Sramik Karmachari Oikya Parishad (SKOP) said.

"The government alone cannot face the post-MFA challenges. If a joint national committee comprising industry owners and trade union leaders is formed, it would be able to handle the issue appropriately," he suggested.

Khan however said setting up of backward linkage industries is very much important for the garment sector to sustain in the competitive era after 2004.

Another SKOP leader Abul Bashar said the trade unions need to unite all the RMG workers under a single platform. "Then the workers can create pressure on the government and factory owners to get the facilities."

Shirin Akhter of Bangladesh Jatiya Sramik Jote proposed to set up a special fund that will provide compensation to the workers.

Bangladesh Poshak Shilpa Sramik Federation leader Tauhid Rahman said most of the RMG workers do not understand the post-MFA issues. He suggested undertaking an awareness building project for them.

Masud Ali of Incidin Bangladesh made a multimedia presentation on 'Bangladesh RMG Sector: Review of employment and compensation status of the workers in the post-MFA phase' at the seminar held at Cirdap auditorium.

ICAB launches accounting standards today

The Institute of Chartered Accountants of Bangladesh (ICAB) launches its latest compilation of 26 Bangladesh Accounting Standards (BAS) today for use in the preparation of financial statements for listed companies, banks and corporate entities.

Bangladesh Bank Governor Fakhruddin Ahmed will formally inaugurate the publication at a seminar on banking related matters to be held at the ICAB auditorium.

ICAB President Akhtar Sohel Kasem stated that these standards are based on the International Accounting Standards issued by the International Accounting Standards Committee (IASC) and represent best accounting practices in the world.

Deputy Governor of Bangladesh Bank M A (Rumee) Ali and Iftekhar Hossain, will present two key note papers at the seminar, says a press release.

Citigroup seen close to closing KorAm deal

ANN/ KOREA HERALD

With Citigroup's tender offer for KorAm Bank shares set to expire at the end of the week, observers are betting the banking giant will acquire at least 80 percent of the Seoul-based lender, starting a race to snatch the lead in Korea's lucrative financial services market.

On April 3, Citigroup opened a tender to acquire up to 63.45 percent of KorAm's outstanding shares. The figure is the remainder after it agreed in February to buy a 36.55 percent stake from a consortium led by Carlyle Group and J.P. Morgan. The tender offer closes Friday.

Under the deal reached in February, Citigroup's bid to take over KorAm would collapse if it fails to acquire at least a 43.45 percent stake through the general offer.

"Chances appear slim that Citigroup will fail to achieve the minimum target, even though there still exist some uncertainties," forecast Han Jeong-tae, chief financial sector analyst at Mirae Asset Securities.

Businesspeople flock to Taiwanese show

Investment mission due on May 9

STAR BUSINESS REPORT

Local businesspeople yesterday flocked to a daylong show of Taiwanese products at Dhaka Sheraton Hotel.

Food processing and textile equipment drew attention of most local entrepreneurs. According to John Lin, leader of the 2004 Taiwan Trade and Investment Mission, organiser of the fair, the machines are efficient and low-cost.

A total of 57 companies took part in the show displaying mainly machinery. The organisers said the show was an opportunity for Taiwanese businessmen to showcase their products in Bangladesh.

An official of a company said Bangladesh has become a potential market for Taiwan to sell machinery and equipment.

David Lin, manager of Foodco Corporation, said one of the buyers came up with a query about food processing machinery.

The show was a part of Taiwan's trade mission to South Asia 2004, providing facility for one-to-one business meet.

The trade mission will be followed by an investment mission, due on May 9, looking for investment opportunities mainly in textiles, light engineering and agro-processing, Lin told newsmen after the opening ceremony.

About the cancellation of the opening ceremony of Taiwan Trade Centre, scheduled to be held yesterday evening, Lin said, "We are aware of the reason behind this cancellation."

The mission was scheduled to hold another show in Chittagong on April 29, but it is cancelled because of hartal.

At the inaugural ceremony, Dhaka Chamber of Commerce and Industry (DCCI) President Fazle RM Hasan invited Taiwanese entrepreneurs to invest in Bangladesh to take advantage of the country's preferential access to some developed markets.

The DCCI president said a 30-member delegation will visit Dhaka Export Processing Zone (DEPZ) today to see the facilities of the zone.

Bangladesh has a huge trade deficit with Taiwan--one of the tigers of Asian economy.

According to available statistics, Taiwan has already invested $19 million in the export- processing zones, while the country has an investment portfolio of $44 million outside the EPZs.

Besides, a Taiwanese company, Hawai UNN, signed a memorandum of understanding with the Board of Investment (BoI) in February this year to set up a textile industry with an investment of $5 million.

$1.5m pay cut for China Aviation boss

ANN/ THE STRAITS TIMES

Chen Jiulin, the chief executive officer of China Aviation Oil (CAO), effectively took a pay cut of $1.5 million last year.

But he is not complaining.

It was he who had initiated the downward revision in the terms of his remuneration, according to CAO. It was an unprecedented move in Singapore.

Still, what he received last year as a result of the revision was ample by any standard: $4.6 million. Had it not been for the revision, he would have taken home $6.1 million.

Chen, 43, was the fourth best-paid CEO in Singapore last year, surpassing many top corporate honchos. Of his 2003 remuneration, which is published in the recently-released annual report of CAO, $4 million came from profit-sharing according to an agreed formula.

CAO earned a record $54.3 million in net profit last year, up by 12.5 per cent over the previous year.

Chen's new service agreement signed in mid-2003 but backdated from Jan 1 of that year provided for an unchanged salary and bonus of $480,000 and $120,000, respectively.

But the profit-sharing percentages were tweaked and the pre-tax profit thresholds for profit-sharing were raised.

Responding to questions from The Straits Times, CAO's head of finance, Peter Lim, said: "Such a package would be ideal for a person with an entrepreneurial spirit who thrives on challenges and who is highly self-motivated and driven," he said.

PHOTO: BEF

Herman van der Laan, director, International Labour Organisation (ILO) South Sub Regional Office, speaks at the discussion on "Productivity and Competitiveness" organised by Bangladesh Employers' Federation (BEF) in collaboration with the ILO yesterday in Dhaka. Kamran T Rahman, vice-president of BEF, Rajen Mehrotra, senior specialist of employers activities, ILO, and CK Hyder, secretary general of BEF, are also seen in the picture.

ROK animation industry facing turning point

ANN/ KOREA HERALD

South Korea's animation industry is facing a turning point. The country used to serve as a cheap production base for foreign animation houses. Not any longer. The not-so-enviable role is now poised to be handed over to China.

The trouble is that Korea has yet to assume a new role. Although the local animation market was worth 315.8 billion won in 2002 according to the Ministry of Culture and Tourism, the sector is still way behind Disney and Pixar in terms of quality. The eighth Seoul International Cartoon and Animation Festival, to be held Aug. 4-10 at COEX in southern Seoul, may shed light on where Korea is headed.

This year, it is preparing more events and programs with the help of the Ministry of Culture and Tourism and the Seoul Metropolitan Government.

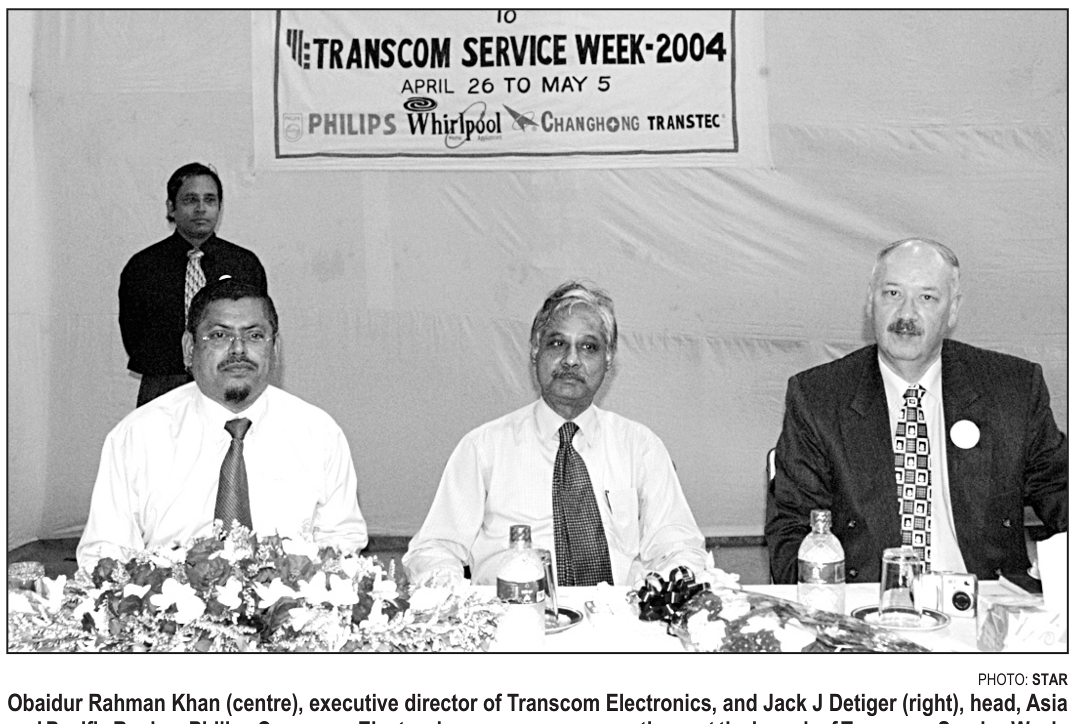


PHOTO: STAR

Obaidur Rahman Khan (centre), executive director of Transcom Electronics, and Jack J Detiger (right), head, Asia and Pacific Region, Philips Consumer Electronics, are seen, among others, at the launch of Transcom Service Week, 2004 at Mohakhali in Dhaka yesterday.

G7 underestimates China risks

AFP, *Washington*

Group of Seven industrialised powers, keen to deliver an upbeat message on world growth at a weekend meeting here, underestimated the risk posed by an overheating Chinese economy, analysts say.

"Although risks remain, such as energy prices, overall the balance of risks to the outlook has improved," said a statement by finance ministers and central bankers of Britain, Canada, France, Germany, Italy, Japan and the United States.

The communique, issued Saturday, made no direct mention of China.

It did, however, repeat a two-month-old comment emphasizing the need for "more flexibility in exchange rates," a clear prod for China to start freeing the yuan from a fixed peg to the dollar.

The yuan-dollar peg is widely blamed for depressing the value of the yuan, giving an unfair advantage to Chinese exporters, and for contributing to mushrooming Chinese foreign exchange reserves and heated growth.

China recorded an economic growth pace of 9.7-percent in the first quarter of this year.

"I am surprised that nothing was said about the risk that China poses to the world economy," Wells Fargo Bank chief economist Sung Won Sohn said.

"There is over-investment and overheating going on in China and that is not only boosting commodity prices, but the bubble could be pricked and that could adversely affect the rest of the world," he said.

"A supportive statement from the G7 would have emphasized the concerns around the world."

Despite the absence of China's reference from the communique, G7 policymakers did express concern about China's growth rate.

They "commented on the concerns about overheating in some sectors," US Treasury Secretary John Snow said.

David Gilmore, foreign exchange analyst with Foreign Exchange Analytics, said the risk was grave.