

Corporate governance code vital to cutting corruption

Speakers observe at BEI-Junior Chamber seminar

STAR BUSINESS REPORT

Speakers at seminar yesterday called for formulating a national corporate governance code to bring in transparency and reduce corruption in corporate sector.

They said the comprehensive code should cover private sector as well as state-owned enterprises and non-governmental organisations.

"Corporate governance ensures ethical business practices helping to cut corruption in society," Junior Chamber International (JCI) President Fernando Sanchez-Arias said speaking at the seminar on corporate governance.

Bangladesh Enterprise Institute (BEI), a local think tank, and Junior Chamber International (JCI) Bangladesh, local chapter of JCI, a federation of world's young leaders and entrepreneurs, organised the seminar.

The discussants said many of the companies are family-run which maintain little corporate practices. The

directorship in many companies is still an honorary position, they said calling for developing professionalism in directorship.

Lack of corporate governance in listed companies hinders smooth growth of country's capital market and erodes investors' confidence, they observed.

The JCI president said, "For implementation of corporate governance, the government and private sector need to work together. Corporate governance and corporate social responsibility are so important because they benefit the society as a whole."

The company management and employees should be given extensive training and education to practise corporate code, he suggested.

Moderating the seminar, BEI President Farooq Sobhan said government cannot force companies to practise corporate governance, but regulators like Securities and Exchange Commission and Bangladesh Bank can

play role in this regard.

International Chamber of Commerce-Bangladesh President Mahbubur Rahman said corporate governance in companies in a country depends on how the country is governed.

The country should practise good governance and companies inside it international standard corporate governance, he suggested.

Anne Marshal, charge d'affaires of European Commission delegation in Bangladesh, said corporate code should also cover labour standards, working environment, workers' right, consumer rights and compliance with other international conventions.

Chief Financial Officer of Siemens Bangladesh Christian Laufer said it is hard to practise corporate governance but it should be practised as it benefits not only the particular company and its employee but also the country.

"What the companies need is change of mindset to adopt corporate gover-

nance," he said.

American Chamber of Commerce in Bangladesh President Aftab-ul Islam said corporate governance code should cover other issues like intellectual property rights.

Foreign Investors' Chamber of Commerce and Industry President Mahbub Jamil said many multinationals and local companies are practising corporate governance in Bangladesh and this should be projected properly.

Wendy Werner, corporate governance working group member of BEI, Data Magfur, JCI National President, Syed Almas Kabir, former national president of JCI Bangladesh and Rumi Saifullah, JCI national executive vice-president, also spoke.

FBCCI team leaves for Delhi to attend Saarc chamber meet

UNB, Dhaka

A 20-member delegation of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) left here yesterday for New Delhi to attend a meeting the Saarc Chamber of Commerce and Industry (SCCI) and a "regional economic co-operation" conference.

The 32nd executive committee meeting of the SCCI and the regional economic co-operation conference have been organised jointly by Saarc Chamber of Commerce and Industry (SCCI) and Federation of India Chambers of Commerce and Industry (FICCI) began in New Delhi yesterday.

The FBCCI delegation, led by its President Abdul Awal Mintoo, also includes FBCCI directors M Bazlur Rahman, Mir Nasir Hossain, M Abdul Wahed, Dewan Sultan Ahmed and SM Shafiuzzaman.

The delegation is expected to return home on Monday, the concluding day of the SCCI meeting and conference, said a FBCCI press release.

ATDP to help Agora develop quality standard

BSS, Dhaka

ATDP (Agro-based Industries and Technology Development Project) and Agora yesterday signed a contract to develop quality standards and supply chain for the superstore.

Under the deal, ATDP will assist Agora to source quality agro-products like fresh and frozen poultry, meat, fish, shrimp and vegetables, a press release said.

ATDP will also develop a code of quality standards for the Agora suppliers and support them to comply with it. Consistent quality in fresh and frozen products has always been a challenging issue for Bangladeshi consumers.

A project of USAID and government of Bangladesh for developing agribusiness, ATDP works with private companies in poultry, livestock, horticulture, grains and fisheries sector.

Niaz Rahim, managing director of RahimAfrooz Superstores, the managing company of Agora, hoped that this could be a landmark in setting the quality standard for the retailing sector in the country.

RahimAfrooz launches used battery disposal programme

RahimAfrooz has launched a 'used battery disposal drive' programme to help create lead-free environment.

The company has initiated the programme as part of its social corporate responsibility, says a press release.

The company started battery collection programme on June 5, 2004.

The company urges individuals, corporate bodies, government institutions, corporations and others to donate used-batteries for safe disposal. Anyone interested to donate used battery may contact the company for free pick-up.

Gold demand jumps in Q2

AFP, London

Demand for gold rose sharply in the second quarter of 2004, notably in Asia and the Middle East, thanks to strong economic growth and soaring oil prices, the World Gold Council said Thursday.

Demand for gold climbed by 10 percent from the same period of last year to 847 tonnes, the WGC said in its quarterly report.

The figure excludes investment in gold by financial institutions, which fell by between 90 and 100 tonnes, a spokeswoman said.

Consumer demand rose by 11 percent to 743 tonnes. Within that, demand for jewellery increased by eight percent to 664 tonnes.

"The rise in demand was fuelled by strong economic growth, relative absence of price volatility, and continuing concerns over the long-term economic and political outlook," according to the report.

In the Middle East, "the strong oil price provided a background of consumer optimism in Saudi Arabia, UAE and the rest of the Gulf States," it added.

Cost audit can help make industries profitable

Commerce minister says

STAR BUSINESS REPORT

Commerce Minister Altaf Hossain Choudhury yesterday advised the entrepreneurs to take the benefits of cost audit for making their units profitable.

He said cost auditing is considered as an effective tool in ensuring transparency and accountability in industries and other enterprises.

"With the help of cost auditors entrepreneurs can make their units profitable through controlling costs of production and reducing wastage and overhead expenses," the minister said while inaugurating a workshop on 'Ramifications of WTO and the Role of Cost and Management Accountants in a Developing Economy' in Dhaka.

The Institute of Cost and Management Accountants of Bangladesh (ICMAB) organised the two-day workshop to discuss cost accounting standards, opening of accounting sector in the WTO regime, cross-border professional services and the role of cost and management accountants in pharmaceutical industries.

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The commerce minister said cost auditors can also help the entrepreneurs suggesting remedial measures for loss-making enterprises. He urged the cost auditors to uphold their professional ethics and maintain standard to earn confidence.

Realising the necessity of cost audit in running industries efficiently the government has incorporated the provision of cost audit in the Companies Act 1994, he said. "Now the government is going to implement cost audit in the country."

Initially, the government is introducing cost audit in the public sector sugar mills and public limited companies in fuel, power and jute sectors, he added.

"Cost audit will bring remarkable changes in the economy of the country," Altaf hoped.

M Gopalakrishnan and Rakesh Singh, central council members of the Institute of Cost and Works Accountants of India, are conducting the workshop at ICMAB auditorium.

Commerce Secretary M Aminur Rahman, ICMAB President AKM Delwer Hussain, Vice-president Ruhul Amin and ICMAB Seminar and Conference Committee Chairman Abdul Aziz also spoke at the workshop inauguration.

3-day int'l garment, textile show from Sunday

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A three-day international garment and textile exhibition, organised by event management company Conference & Exhibition Management Services Ltd (Cems) begins on Sunday in Dhaka.

The exhibition styled as Text-Tech International Expo '2004 will focus on garment and textile machinery, garment accessories and textile and garment related services.

Commerce Minister Altaf Hussain Choudhury is scheduled to formally inaugurate the fair at Dhaka Sheraton Hotel.

Speaking at a press conference in Dhaka on Wednesday, Cems Managing Director Meherun N Islam said a total of 55 companies and service organisations from 30 countries including Bangladesh, Thailand, the US, the UK, Germany, Japan, China, Taiwan, South Korea, Singapore, India, Italy, Belgium, Spain and Turkey will display their products in the 5th version of the exposition.

The fair will remain open to visitors from 10am to 8pm everyday.

GP, EBL sign deal on online bill collection

GrameenPhone Ltd has signed an agreement with Eastern Bank Ltd (EBL) on bill collection through EBL internet banking in Dhaka.

NKA Mobin, director Finance of GrameenPhone, and Ali Reza Iftekhar, deputy managing director and chief operating officer of Eastern Bank, signed the deal on behalf of their respective organisations recently, says a press release.

Ola Ree, managing director of GrameenPhone, and K Mahmood Sattar, managing director and CEO of EBL, were also present at the signing ceremony.

EBL account-holders using GrameenPhone will be able to pay their bills, advances and security deposit at any time from anywhere in the world through EBL internet banking.

Citigroup gets awards for corporate FX, e-trading

Citigroup, the parent company of Citibank NA, has been awarded "2004 Best Overall Corporate FX Bank" and "2004 Best single e-trading platform" in Asia by Asiamoney FX Poll.

Citigroup has won the award, beating last year's winner HSBC for differentiating itself by continually increasing the speed in which price requests and process transactions takes place and also by restoring its usage of technology to help deal with these issues, says a press release.

Junior Chamber to help jamdani weavers recover flood losses

STAR BUSINESS REPORT

A forum of young entrepreneurs yesterday announced cash assistance for the flood-affected jamdani sari weavers to help them recover losses caused by this year's flooding.

"We have already raised a Tk 10 lakh fund for disbursement among the worst affected weavers," said Data Magfur, president of Junior Chamber International (JCI), Bangladesh, at a press conference in Dhaka.

Magfur said they are now identifying the worst affected weavers. "We'll start disbursement after the recession of floodwaters so that the weavers can resume production and prepare themselves for selling the items during next Eid season.

He said JCI Bangladesh, the local chapter of Junior Chamber International (JCI), a worldwide forum of young entrepreneurs and professionals, provided free medical treatments

for 500 flood victims in Dhaka's Bhasantek area on Wednesday.

JCI World President Fernando Sanchez-Arias, now in Bangladesh on a three-day visit, was present at the free medical camp of JCI.

Sanchez-Arias said JCI provides training for the young entrepreneurs on how to make a business plan and how to manage funds to start a business. "We believe educated and well-trained citizens can build a better country."

Talking to The Daily Star on the sidelines of the press conference, Safina Rahman, a high official of JCI Bangladesh, said they are also working on other social issues including environment, tree plantation and control of air pollution.

A team of JCI Bangladesh members along with the visiting JCI President is scheduled to meet Environment Secretary today to discuss the issues, she said.

"Environment will be the main focus

of JCI in 2005," Safina said. JCI Bangladesh is going to take a number of environment related programmes for next year.

"We are planning to arrange a workshop where we'll invite about 500 truck drivers to inform them of the negative impact air pollution and to create awareness among them about traffic rules," she said.

According to Aftab Mahmud Khurshid, a director of JCI Bangladesh, the chamber formed in 1999 has 135 members and has got the affiliation of the Federation of Bangladesh Chambers of Commerce and Industry.

JCI Bangladesh Secretary General Farzana Chowdhury and former president Waqar Chowdhury were also present at the press conference.

China to let insurers invest forex in offshore debt markets

AFP, Beijing

China will allow domestic insurers to invest forex in offshore debt markets, a step that could pave the way for loosening of the country's tightly controlled capital account, state press reported Thursday.

The provisional rules will allow Chinese insurance companies to invest up to 80 percent of their total foreign currency holdings in offshore markets, the Xinhua news agency reported.

"It will help insurance companies broaden their investment scope,

improve investment returns and better diversify investments," Xinhua cited the China Insurance Regulatory Commission (CIRC) as saying.

Chinese insurers are not allowed to invest in foreign markets, frustrating large holders of foreign currency such as insurance companies, which by the end of June this year had 9.775 billion in foreign currency assets.

The long anticipated policy change grants companies the right to invest in overseas government and corporate debt, certificates of deposit and other fixed income products, the report said.

However, mainland investors are still awaiting a more far-reaching plan that would give qualified domestic institutional investors (QDIIs) the freedom to invest in Hong Kong, a clearer signal that Beijing is set to lift some restrictions on its capital account.

Hong Kong is also likely to be the main beneficiary of the new rules for insurers, even though there are no restrictions on investments in other markets, the report said.



PHOTO: BEF

Kamran T Rahman, vice-president of Bangladesh Employers' Federation (BEF), speaks at a discussion on 'Corporate Social Responsibility and Global Compact in the Changing Environment-Impact on Enterprises' organised by Bangladesh Employers' Federation in collaboration with the International Labour Organisation (ILO) in Dhaka yesterday. Resource person Rajen Mehrotra, senior specialist of ILO sub-regional office in New Delhi, and CK Hyder, secretary-general of BEF, are also seen in the picture.



PHOTO: STAR

Junior Chamber International (JCI) World President Fernando Sanchez-Arias speaks at a press conference in Dhaka yesterday as other leaders of JCI Bangladesh look on.

India slashes duties on petroleum products

PALLAB BHATTACHARYA, New Delhi

The Indian government on Wednesday slashed excise and customs duties on petrol, diesel, kerosene and cooking gas in order to avoid another round of hike in the prices of these petroleum products in the wake of rising international oil prices.

In a reprieve for consumers, Finance Minister P Chidambaram reduced customs duty on all the four products by five percent and the excise on three of them by 3 to 4 percent with immediate effect.

Had the duties not been cut, it would have led to further rise in the petroleum products, an action which would have the transport cost having a direct bearing on pricing of essential goods.

While the common man can get breather from what had appeared another impending increase in prices of kerosene, petrol, diesel and cooking gas, the excise and customs duty cut would make dent government exchequer by an estimated Rs 2500 crore in the remaining seven months of the financial year.

The cut in excise and customs duties on the petroleum products was the first tranche of the finance minister promised fiscal measures to contain inflation which has already crossed 7.5 percent mark, a three-year high.

Chidambaram said the government could look at more measures to contain the inflation. He, however, did not specify what these measures could be.

However, official sources said the government might look at a cut in this also if international prices continue to rise.

Petroleum Minister Mani Shankar Aiyer said consumers have been spared completely this time from any price hike of the petroleum goods. The domestic oil companies will hold on to the current prices even at the cost of their taking a hit on their margins.

The duty cuts announced by the finance ministry would hit hard the refineries, including that of private sector Reliance, as their margins would be reduced as reduction of customs duty results in lowered earnings.

The refinery gate price in petroleum

products is fixed with reference to international prices. A cut in customs duty will, therefore, bring down the import parity price of the products and lead to lowering of margin of profit for the refineries.

However, the oil marketing companies like state-owned Indian Corporation, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited are happy about the duty concessions because it will help reduce marketing losses with the sale price being less than import parity price, companies sources said. Oil marketing companies buying from refineries are now higher than retail prices.

The losses of some refining companies like BPCL is, however, likely to be offset by gains in their marketing operations, they said.

ENERGY SAVING CAMPAIGN

Thailand plans to close shops early

AFP, Bangkok

Thailand's Prime Minister said Thursday his government would close shops early to save energy because of soaring oil prices despite an outcry by workers fearing job losses.

Thaksin Shinawatra said the country would introduce a range of measures to combat the effects of high oil prices including the closure of department stores at 8 pm, gas stations at midnight, and billboard lighting after 10 pm.

Thaksin said the measures were likely to be introduced next week after cabinet approval and would save the country up to three billion baht (72 million US).

Only eight percent of Thailand's power is generated from oil-fired stations but costs have risen sharply with oil prices in Asia reaching more than 47 dollars a barrel.

An influential Thai research centre

forecast that Thailand would have to spend more than 500 billion baht for importing oil for 2004, an increase of some 40 percent from the previous year.

The government said it would end its small subsidies for petrol at the pumps next week but added that they would continue until at least February for diesel to protect the Thai economy.

"It's normal that there will be pros and cons but I have to consider the common interest," Thaksin told reporters on Thursday.

"One big department store consumes electricity equal to that of one district, and these measures could also correct some social problems, for example by making Sunday a family day," he said.

Google sets IPO share price at \$85

AFP, New York

Leading web search engine Google Inc slashed its share price for its initial public offering on the Nasdaq stock exchange, where it could begin trading on Thursday or Friday.

A company spokeswoman said late Wednesday that Google's share price had been set at 85 dollars in its IPO, the lower end of the 85-95 dollar bracket announced earlier in the day that already had represented a 25 percent reduction in the face of investor skepticism.

The share price announcement means the world's most popular Internet search engine's total worth has been established at about 23 billion dollars.

Company officials did not say whether trading in Google stocks on the Nasdaq would begin Thursday or Friday, at the latest.