

Govt plans to offload Biman's 40-60pc shares

STAR BUSINESS REPORT

The government is contemplating offloading 40 to 60 percent shares of Biman Bangladesh Airlines with a view to improving the national carrier's financial performance through efficient management.

The government is agreed in principle to offer shares of Biman which will improve management of the airline, State Minister for Civil Aviation and Tourism Mir Mohammad Nasiruddin said yesterday.

Addressing the opening function of GMG Airlines' international flight at Chittagong Shah Amanat International Airport, he said, "We must allow more local private carriers and foreign airlines in line with the government's open sky

policy."

Referring to Chittagong airport's handling service which has been given to Thai Airways, he said this is a clear message to Biman that government would no longer breastfeed Biman. "It must improve performance."

The civil aviation minister did not make it clear whether the government will find a foreign airline as partner of Biman to sell its shares or offload the shares to local investors through initial public offering. He however mentioned that there were some administrative problems in offloading shares of the national flag carrier.

Nasir said the government wants to ensure maximum utilisation of the country's three international airports. "So we encourage

foreign airlines to come to Bangladesh especially towards Chittagong and Sylhet airports."

Speaking at the function Chittagong Stock Exchange (CSE) President Habibullah Khan said capital market could be a good source of fund for the airlines for purchasing more aircraft to increase flights both in domestic and international routes.

The CSE president said all the reputed airlines in the world have raised funds through floating their shares in the capital market. "But none of the Bangladesh airlines has floated their shares," he regretted.

Khan said GMG Airlines has expanded its operations to international routes and the company may think to go for expansion in future

by introducing operations on more international routes.

"If they do so they will need more and large aircraft, which will require huge funds," he said. "For purchasing an aircraft it will not be wise to receive loans from traditional banking system or any other financial institutions as they (the operators) have to count huge amount of interests for the loans."

The CSE president said GMG's latest venture may also encourage other airlines to take such initiatives in future.

"Biman and GMG Airlines already have enough confidence in people's mind. So they can issue IPOs with high premium," he said.



State Minister for Civil Aviation and Tourism Mir Mohammad Nasiruddin yesterday in Chittagong speaks at a function to mark the launch of maiden international flight of GMG Airlines. GMG Airlines became the country's first private carrier to operate international flight as it started operation on Chittagong-Kolkata route.

BIMSTEC TASKFORCE MEET FBCCI team leaves for Bangkok

UNB, Dhaka

A three-member FBCCI delegation, led by its president, yesterday left for Bangkok to attend the first meeting of a taskforce to review sectors and sub-sectors for economic cooperation under BIMSTEC.

The meeting, jointly organised by the Ministry of Commerce and Board of Trade of Thailand, will be held in Bangkok today.

BIMSTEC comprises Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal and is working for developing trade and economic relations among the member countries.

The task force meeting will focus on trade and investment, transport and communication, technology, energy, tourism and fisheries as well as the process of BIMSTEC cooperation. The meeting will be the forum where all members have the opportunity to actively participate and consult with each other on the issues.

The delegation members of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) are its President Abdul Awal Mintoo, former president Yusuf Abdullah Harun and Director MARouf Chowdhury.

FBCCI will present the country paper at the task force meeting. It will propose for economic interaction among the member countries to review the existing sectors and sub-sectors.

The apex trade body of the country will emphasise expansion of bilateral trade and economic cooperation among the BIMSTEC countries. It will also highlight on the facilities and incentives on offer for foreign investment.

Prominent private sector business leaders and senior trade and economic officials from BIMSTEC countries will take part in the meeting.

RMG exporters decry high, arbitrary shipping charges

Code of conduct for shipping agents, freight forwarders suggested

STAR BUSINESS REPORT

Garment exporters have suggested formulating a code of conduct for the shipping agents and freight forwarders to prevent them from realising 'arbitrary and unjustified' shipping charges from exporters and importers.

Such high shipping charges are making export-import costlier and if the charges are not reduced the readymade garments might lose competitiveness in the international market in the quota-free regime from next year, they said.

Bangladesh Garment Manufacturers & Exporters Association (BGMEA) President Annisul Huq said the exporters have to pay huge amount of money as 'unjustified' shipping charges imposed by agents and freight forwarders.

"Against each bill of lading, only NOC (no objection certificate) charges can be realised at Tk 1,250.....Any other arbitrary charges in the name of status charge, China charge and co-loader charge cannot be realised," he said.

The BGMEA chief said this while presenting the keynote paper at a seminar on 'Shipping issues to face post-MFA challenges' organised by the BGMEA in Dhaka yesterday.

He also suggested uniformity of

all shipping charges under a 'multi-modal licensing system' to help the readymade garment exporters face the stiff competition in the post-MFA (multi-fibre arrangement) regime.

Citing examples of high charges against imports, he said the shipping agents and freight forwarders are charging Tk 6,000 to Tk 15,000 on each consignment in the name of 1st forwarder NOC charge, 2nd forwarder BL endorsement charge, 3rd forwarder charge, documentation charge, shipping lines LCL, import service document charge, cleaning charge, China charge, agency fees and EBS charge.

"There must be a freight forwarders' code of conduct with penal clauses," he said. The BGMEA president recommended simplification of port and customs clearance steps and proper enforcement and monitoring of all related government regulations and charges. "Many customs regulations need to be amended."

"We need help from the shipping industry as well as from the government. Otherwise, we cannot survive in the quota-free regime," he said.

Echoing the BGMEA chief, Amir Humayun Mahmud Chowdhury, president of Chittagong Chamber of Commerce and Industry, said it is high time to formulate a regulatory framework for all stakeholders.

He underscored enactment of a licensing regulation for the freight forwarders as presently they do not have to take any licence from the government or the central bank.

International Chamber of Commerce, Bangladesh President Mahbubur Rahman said freight forwarders and shipping agents must comply with all the rules and regulations related to shipping and ports.

Shipping Minister Akbar Hossain said as all the shipping issues are not under the jurisdiction of his ministry, he cannot address all of them including the high charge imposed by the freight forwarders and shipping agents.

"But, you can sit with me to discuss the port issues like terminal handling charge and I assure you I can reduce it to 20 percent less than that in other regional ports."

International Freight Forwarders Association of Bangladesh President Amirul Islam Chowdhury said they are also demanding a licensing regulation and multi-modal transport act for a long time. "But, these are yet to be enacted."

Shipping Secretary Ismail Zabiullah also spoke at the function.

BSCIC creates 1.08 lakh jobs in '03-04

BSS, Dhaka

Bangladesh Small and Cottage Industries Corporation (BSCIC) created employment opportunity for 1.08 lakh people and Tk 707.62 crore was invested in this sector during 2003-2004 fiscal year.

During this period, 19,919 small and cottage industries were set up and financial and other assistance were provided to 16,964 running units under BSCIC.

BSCIC has 64 industrial estates throughout the country and establishment of 18 more industrial estates is under implementation. It was disclosed yesterday at the annual general meeting (AGM) of BSCIC held at the conference room of Bangladesh Chemical Industries Corporation (BCIC).

Industries Minister Matiuur Rahman Nizami was the chief guest of the two-day AGM that was attended by BCIC Chairman Major General (Retd) Imamuzzaman Chowdhury. BSCIC Chairman M Solaiman Khan presided over the function.

At least 200 BSCIC officials from across the country attended the AGM.

The minister called upon the BSCIC field level officials to achieve skill and specialization to provide quality services to the private entrepreneurs for the sake of rapid industrialization in the country.

He said, "A task force has been working and will make recommendations very soon on the development of small and cottage industries sector of the country".

The industries minister said out of four sector corporations under the ministry only BSCIC is responsible for facilitating industrialization in the private sector. The formulation of "Industrial Policy 2004" is at the end, he added.

US gives Iraq special trade treatment

AFP, Sedalia

The United States has decided to designate Iraq a beneficiary developing country for purposes of the Generalized System of Preferences (GSP), the White House announced as President George W. Bush paid a campaign visit here.

The program grants Iraq products lower tariffs on entering the US market with no obligation for reciprocal treatment.

Iraq is among 140 countries that have such beneficiary status in their trade relations with the United States.

Honda to build new assembly line in India

AFP, Tokyo

Honda Motor, Japan's largest motorbike maker, on Wednesday said it will launch a new motorbike model, the Unicorn, in India on October 7 and build a new assembly line solely for the model.

The Unicorn, featuring a 150cc, four-stroke engine, is the first motorbike ever to be sold by Honda Motorcycle Scooter India (Private) Ltd., which currently makes and sells scooters in India.

The Indian unit, wholly owned by Honda, targets annual sales of 110,000 Unicorns priced at 52,950 rupees, or 127,000 yen (1,155 dollars), per unit.

Nitol starts exporting leather sofa covers to US, Canada

STAR BUSINESS REPORT

Nitol Export, a concern of Nitol-Niloy Group, has started exporting leather sofa covers to the US and Canada.

Commerce Minister Altaf Hossain Choudhury yesterday formally handed over the first consignment of leather sofa covers at a function in Dhaka to the president of SB Leather Canada Inc.

Speaking at the ceremony, the minister said government will take initiatives to increase cash incentive on leather export from existing 15 percent.

Responding to a demand by entrepreneurs, Choudhury said after scrutiny the commerce ministry will send a recommendation to the National Board of Revenue on duty-free chemical import for leather industry.

Abdul Matlub Ahmad, chairman of Nitol-Niloy Group, hoped Nitol's leather sofa covers will get significant market share in the US and Canada. The company has already got \$40 thousand export order from Canadian.

Bangladesh can be a potential supplier of leather covers to Canada and US markets, said Surajit Biswas,

president of SB Leather Canada Inc, a partner of Nitol Group to manufacture furniture leather for US and Canadian markets.

Among others, Harun Chowdhury, president of Bangladesh Tanners Association.

Selima Ahmad president of Bangladesh Women Chamber of Commerce and Industry, Anil Sinha, general manager of SouthAsia Enterprise Development Facility, and Mir Shahabuddin Mohammad, vice chairman of Export Promotion Bureau, were present at the function.

PHOTO: GMG

DCC earns Tk 30cr from trade licence in 2003-04

STAR BUSINESS REPORT

Dhaka City Corporation (DCC) earned a record Tk 30 crore revenue from trade licence in the last fiscal year as it simplified procedures to obtain the licence.

"The earning from trade licence was only Tk 9 crore three years ago and the following year it rose to Tk 23.5 crore," said a revenue official of the DCC.

Sources at the Nagar Bhaban attributed the increase to revision of the licence rates and simplification of the procedure.

DCC has authorised ten zonal offices in the city to issue trade licences. The licence holder is no longer required to go to the Nagar Bhaban every year for renewal.

Instead, the licence holder can pay the pre-fixed yearly rate at any nationalised bank and get the receipt book stamped. The receipt book provided by the DCC zonal offices has five counter foils, which can be used every year over a period of five years.

As soon as the whole procedure was simplified, the number of people seeking trade licences rose

sharply. At present there are 150,000 trade licence holders in DCC area.

"We are trying to persuade every trader, businessman, educational institution, clinic and other business houses to obtain licences," said the revenue official requesting anonymity.

Despite the DCC drive, a recent survey revealed that there are more than 10,000 business houses without any trade licences, which is illegal under the municipality act.

New MD of Janata Bank



SM Aminur Rahman joined Janata Bank as managing director on Tuesday.

Prior to joining the new assignment, Rahman was the deputy managing director of Sonali Bank, says a press release.

Rahman started his career with Sonali Bank in 1976 as a probationary officer where he held several posts later. He was also the general manager of Rupali Bank from November 1999 to July 2000.

BA to sell \$773m Qantas stake to cut debt

REUTERS, Sydney

British Airways Plc. plans to sell its \$1.12 billion (\$773 million) stake in Australia's Qantas Airways Ltd. in the next two days to cut debt and take advantage of future consolidation in Europe.

Europe's second-biggest airline, which has undertaken the most radical restructuring among its peers in the past three years, said the sale of the 18.25 percent stake would have no effect on the business relationship between the two carriers.

"We now believe it is in our best interests to sell our shares to pay down our debt and continue to strengthen our balance sheet," Chief Executive Road Eddington said in a statement. "A strong balance sheet will place British Airways in a robust position for any future European consolidation."

BA told shareholders in July last year its close ties with Spanish airline Iberia would be at the heart of any consolidation in Europe. BA owns about 9 percent of Iberia.

It is unlikely a rival airline such as Singapore Airlines Ltd. would be interested in buying the BA stake because alliances have negated the need for airlines to take equity stakes in other carriers, investors said.

BA said the sale of the Qantas stake, which has reaped the carrier \$600 million in dividends over the past 11 years, would be an underwritten offering.



PHOTO: STAR

Shipping Minister Akbar Hossain (C) speaks at a seminar titled 'Shipping issues to face post-MFA challenges' organised by Bangladesh Garment Manufacturers & Exporters Association (BGMEA) in Dhaka yesterday as Shipping Secretary Ismail Zabiullah (R) and BGMEA President Annisul Huq look on.

SE Asian budget carriers step up price war

AFP, Singapore

The price war among Southeast Asian budget carriers escalated Wednesday when Thai Air Asia offered a one-way ticket from Singapore to Bangkok for only 29 US cents.

It was the first response from the Bangkok-based carrier after Singaporean rival Tiger Airways announced last week a 59-cent promotional fare for a one-way ticket to three Thai destinations including Bangkok.

Thai Air Asia's cut rates, which exclude taxes, will be offered for 5,000 seats during a one-month promotional period from September 15, the same day Tiger Airways will

launch its services.

Thai AirAsia is a venture between Malaysia's Air Asia and Thai telecommunication giant Shin Corp.

"Thai AirAsia is going to paint Singapore and Bangkok red this month," it said in a statement, referring to the airline's corporate colour theme.

Thai Air Asia's 29-cent fares are only available online from the company website from Thursday, and reservations must be made five days in advance before the day of departure.

The price war began last week when Tiger Airways claimed to have recorded more than seven million hits on its website for its 59-cent offer for

over 3,000 tickets to three Thai destinations -- Bangkok, Phuket and Hatyai.

Tiger Airways and the Air Asia group are also competing with Singapore-based carrier Valuair in the Southeast Asian market.

One more Singapore-based budget carrier, backed by Australia's Qantas and still not commercially branded, is set to launch services within the year.

SilkAir, the regional wing of Singapore Airlines, meanwhile also joined the growing price war on Thai routes by offering more than 900 return tickets to the popular resort island of Phuket for about 52 dollars excluding taxes.



PHOTO: STAR

Commerce Minister Altaf Hossain Choudhury formally hands over the first consignment of leather sofa covers to the US and Canada. Nitol Export, a concern of Nitol-Niloy Group, has started exporting leather sofa covers to the US and Canada.