Star BUSINESS

DHAKA TUESDAY OCTOBER 5, 2004 E-mail: dsbusins@gononet.com

Privatisation Commission back in action

SoEs to be handed over to defence forces, run under private management

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After 17 months of inertia following a cabinet committee decision that curtailed its authority, the Privatisation Commission is now back in action as per an understanding reached with industries ministry that allows the commission to sell government stakes in seven companies and auction one state-owned enterprise (SoE).

According to the new understanding, the commission will also drop eight SoEs from the privatisation list. The industries ministry will run some of the SoEs dropped from the list by itself, engage private management for their operation and hand over the rest to the defence forces or turn them into industrial parks.

A total of 29 companies under industries ministry were in privatisation list. Of them, five were sold, letter of intent (LoI) was issued against two, privatisation process of four remained stalled due to legal complications and 18 others remained on the list with no progress for disinvestment following the cabinet committee decision.

Of the 18, the industries ministry holds minority stakes in nine companies. In the meeting held with privatisation commission on Sunday, the ministry asked not to sell its 20 percent stakes in Mirpur Ceramics Ltd and 13 percent stakes in Organon.

However, the ministry asked the commission to arrange sale of its interest in seven other companies. If the majority shareholders decline to buy government's minority stakes, the commission will offload them in the stock market.

Government holds 11.5 percent shares in Arko Industries Ltd, 18.95 percent in Tiger Ware Products Ltd, 13.63 percent in SAF Industries, 30 percent in Dhaka Match Factory, 15.39 percent in Tiger Ware Re-rolling Mills, 17 percent in Gazi Ware Ltd and 4.8 percent in Eastern Industries Ltd.

The commission will appoint private companies to assess the market value of shares in the seven private companies.

The industries ministry reached understanding with commission that the rest nine companies will be de-listed from privatisation list and run by the ministry, private management or the defence forces.

The ministry will run the North Bengal Paper Mills, Khulna Hardboard Mills and Shetabganj Sugar Mills. Chittagong Chemical Complex will be turned into industrial park. Rangpur Sugar Mills and Khulna Newsprint Mills will be run through hired management one like Agrani Bank.

Narayanganj Dockyards will be handed over to Navy and Bangladesh Diesel Plant to Army without any liability while Privatisation Commission will sell Karnaphuli Rayan Mills.

The commission will also meet with environment and forestry and jute, textiles and other ministries to decide the fate of other SoEs.

The commission was at a loss regarding its role in SoE privatisation following the decision from the Cabinet Committee on Economic Affairs last year that the ministries concerned will privatise the loss-making SoEs through liquidation. But following the decision a year back none of the companies went into liquidation.

A total of 86 companies are now on privatisation list. Of them, 10 are under jute ministry, 19 under textiles ministry, 29 under industries, 14 under environment and forestry, five under civil aviation and tourism, six under energy division, two under commerce and one under finance division.

Apart from Privatisation Commission Chairman Enam Ahmed Chaudhury, Secretary to industries ministry Ayub Quadri, chairmen of Bangladesh Chemical Industries Corporation, Bangladesh Sugar and Food Industries Corporation and Bangladesh Steel and Engineering Corporation attended the meeting.

Privatisation Commission chairman said the new understanding will help speed up privatisation process.

Saifur favours home-grown reforms for the poor

Addresses annual meetings of the WB, IMF

UNB, *Dhaka*

Finance and Planning Minister Saifur Rahman has called upon multilateral financial institutions like World Bank and the IMF to let countries such as Bangladesh carry out reforms in their own respective fashion.

Describing three successive devastating floods in Bangladesh in recent months, he called for immediate international assistance for rehabilitation of agriculture, physical and social infrastructures.

Saifur also expressed concern over sharp rise of oil prices that could aggravate the sufferings of the countries being affected by the trade liberalisation, including the phasing out of the multi-fibre arrangement (MFA).

He urged them to scale up investment and minimise "inappropriate constraints" on public investment in infrastructure to help countries, particularly disadvantaged ones, to mitigate their sufferings.

The finance minister, also governor of the World Bank and International Monetary Fund (IMF) for Bangladesh, was addressing the plenary session of the 2004 annual meetings of the two Bretton-Woods institutions in Washington DC on Sunday, according to a message received here yesterday.

"In a democratic political order, reforms cannot be sustained without broad-based public support system within the constitutional, parliamentary and judicial framework," he told the session, explaining the reason for designing reforms as per respective country needs.

"The direction, sequencing and phasing of reforms must, therefore, be left to the countries themselves as performance of a country cannot be properly measured without an appreciation of its historical, cultural and socio-political context," he said to underpin his plea.

Saifur said the poor must be given access to meaningful education, health and adequate physical infrastructure to help them participate in the global market on equal terms.

"Globally the pledges of development assistance stand at no more than one-third of what is needed for achieving Millennium Development Goals," he pointed out.

He underscored the importance of increasing conventional ODA and emphasised the urgency of innovative financing such as proposed International Financing Facility and Global Taxation for Aid.

Turning to Bangladesh perspective, the finance minister enumerated the government's reform initiatives in fiscal consolidation and successes in reaching some Millennium Development Goals (MDGs) in social sector.

He informed the meeting that despite shortfalls in disbursement of external assistance, the foreign-exchange reserve of Bangladesh increased to a satisfactory level through efficient economic management.

He assured the multilateral donor agencies of the government's commitment to implement the reform programme as envisaged in the Poverty Reduction Strategy of Bangladesh despite the devastation caused by the recent floods.

Members of Bangladesh delegation, including Bangladesh Ambassador to USA Syed Hasan Ahmad, Governor of Bangladesh Bank Fakhruddin Ahmed, Secretary of ERD Mirza Tasadduq H Beg, Finance Secretary Zakir Ahmed Khan and Commercial Councilor Fakhrul Ahsan were present at the meetings.

Batexpo begins tomorrow

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A three-day Bangladesh Apparel and Textile Exposition (Batexpo) begins in Dhaka tomorrow with apparel manufactures hoping to get increased orders from buyers.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is organising the 15th version of the annual event at Pan Pacific Sonargaon Hotel.

Briefing newsmen yesterday on the eve of the exposition, President of BGMEA Annisul Huq said RMG makers will award two best buyers of Bangladesh readymade garments -- Walmart of the United States and Hennes and Mauritz International (H&M) of Sweden.

Prime Minister Khaleda Zia will inaugurate the showcase and give away the awards. While, Leader of the Opposition in Parliament Sheikh Hasina will attend the closing ceremony as chief guest on Friday.

Huq said visit of high officials of Walmart and H&M in this year's fair bears special significance and bodes well for future of Bangladesh's RMG export in quota-free era.

"Apart from Walmart and H&M delegations, a ten-member EU team will also visit the fair. We expect over 100 foreign buyers and the spot order may cross last year's $40 million," he added.

Andrew Tsuei, managing director (Global Sourcing-Asia) of Walmart, and Pelly Karlsson, country co-ordinator (South Asia) of H&M, will lead their respective delegations at the fair and receive the awards.

"Of the total $1.63 billion RMG export to the US in 2003-2004, retailing giant Walmart consumed over 35 percent. So, retaining share with Walmart after quota phaseout is very important for Bangladesh. We will try to make an understanding with the company during the fair," BGMEA chief said.

He reiterated the demand for setting up central bonded warehouse to improve lead-time and increase price competitiveness.

"The government must allow a central bonded warehouse to help the RMG sector survive in the quota-free era. If the RMG industry collapses, the entire economy of Bangladesh will collapse," he added.

"The MFA (multi-fibre arrangement) phaseout may throw Bangladesh into a head first race against China and India. We are at a disadvantage situation because we still have to import 80 percent of the required woven textiles to produce export garments," Huq said.

Around 66 organisations from Pakistan, India, China, Thailand and Bangladesh will take part in the fair in 82 stalls.

Batexpo got spot order of $43.52 million in 1998, $44.2 million in 1999, $48 million in 2000, $30.5 in 2001, $46 million in 2002 and $40 million in 2003.

PHOTO: STAR

Annisul Huq, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), speaks at a press briefing in Dhaka yesterday on the eve of the 15th Bangladesh Apparel and Textile Exposition (Batexpo) that begins in the capital tomorrow.

July-August exports clock 26pc growth

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Riding on a spectacular growth in readymade garment (RMG) export, Bangladesh witnessed an encouraging 26.37 percent overall export growth in the first two months of this fiscal year.

Export earnings also surpassed the target fixed for July-August by 8.32 percent, according to the latest statistics complied by Export Promotion Bureau (EPB).

Exports in July-August period of this fiscal stood at $1661.84 million against $1315.08 million of July-August of 2003-2004.

According to EPB statistics, Bangladesh exported goods worth $793.64 million in August 2004-05 as against $636.91 million in August last year.

Export in August surpassed the target 5.53 percent. The target for this August was $752.07 million.

Price index and export volume of Bangladeshi products rose 3.06 percent and 23.31 percent in August, EPB statistics show.

According to EPB data, knitwear export recorded a remarkable 23.77 percent growth in this July-August. Woven garment export also increased 11.97 percent.

Export earning from knitwear products was $554.19 million in July-August 2004-2005 while the amount was $364.61 million in July-August of 2003-2004. Earnings from woven garments also rose to $772.07 million from $662.57 million in July-August of 2003-04.

Among the other products that registered growth in July-August also crossed the targets are chemical products 41.32 percent, ceramic tableware 48.60 percent, and agricultural products 56.81 percent.

Leather, electronics, jute goods, handicrafts, electronics, home textiles, footwear, bicycle and other primary commodities recorded growth but failed to achieve the target.

Export earnings from frozen foods, tea, raw jute, petroleum by products, textile fabrics and computer services recorded negative growth and also failed to achieve the target.

In the month of July-August of 2004-05, leather export from Bangladesh declined 11.34 percent but 9.54 percent higher from last year.

Malaysia chalks up strong trade surplus

AFP, *Kuala Lumpur*

Malaysia in August chalked up its 82nd consecutive trade surplus and its highest since December 1999 with a total of 8.06 billion ringgit (2.12 billion dollars), the trade ministry said Monday.

The August outcome was up 9.5 percent from 7.36 billion ringgit in July.

Exports in August rose 23.7 percent year-on-year but were down 2.2 percent from July to hit 41.44 billion ringgit, led by significant gains in electrical and electronic products, crude petroleum, chemicals and chemical products, refined petroleum products, liquefied natural gas and wood products.

Imports for the month rose 29.1 percent year-on-year to 33.38 billion ringgit but were down 4.7 percent from July, the ministry said.

The Association of Southeast Asian Nations, the United States, the European Union, Japan, China and Hong Kong collectively accounted for 80.3 percent of Malaysia's total exports for the month.

In the January to August period, the trade surplus stood at 52.74 billion ringgit, compared with 54.25 billion ringgit in the same period last year.

Oil prices ease from highs on Nigeria pact

REUTERS, *London*

Oil prices eased on Monday after rebels in Nigeria withdrew a threat to target oil operations, but lingering concerns over stretched supplies ahead of winter kept prices close to $50.

US light crude eased 27 cents from Friday's record settlement price of $50.12 to trade at $49.85 a barrel, less than a dollar below record highs hit last week. London's Brent crude fell 37 cents to $46.25 a barrel.

Prices eased as oil companies considered returning evacuated workers to Nigeria's oil-producing delta region following a peace deal signed by a rebel militia on Friday.

Despite concerns that the deal might not stick, the military appeared to be respecting an agreement not to launch attacks on rebel warlord Mujahid Dokubo-Asari.

The threat to Nigerian crude flows of about 2.3 million barrels per day (bpd) came at a time when producers are pumping almost at full tilt, leaving little slack in the system.

Prices have been bolstered by ongoing disruption to energy operations in the US Gulf of Mexico following Hurricane Ivan.

Oil production in the US Gulf of Mexico was still cut by 484,000 bpd, the US Minerals Management Service said on Friday, around three weeks after production was first curbed ahead of the storm.

US consultancy PIRA Energy estimates at least 40 million barrels equivalent of oil and gas will be deferred by Hurricane Ivan.

"What gives added oomph is the slow rate at which production is being brought back on line," said analysts PFC Energy in a report.

The world's top economic leaders from the Group of Seven countries on Friday urged oil producers to pump more crude to bring down prices, which threaten to stunt economic growth.

"Oil prices are high and remain a risk," said a communique after talks between finance ministers and central banks from the G7 nations -- Britain, Canada, France, Germany, Italy, Japan and the United States.

"So first, we call on oil producers to provide adequate supplies to ensure that prices moderate," the closing communique said. "Second, it is important consumer nations increase energy efficiency."

Kuwait's energy minister Sheik Ahmad al-Fahd al-Sabah said on Monday he expects prices to start falling only in the second quarter of next year.

Opec, which controls more than half of the world's exports, is producing at a 25-year high close to 30 million barrels per day in a bid to cool prices.

Qatar, the smallest producer in the Organization of the Petroleum Exporting Countries, said on Monday the Opec cartel had done all it could to cool soaring prices.

"We are very concerned about high oil prices. We and Opec members have done everything we can to cool down the market and we will do everything we can do," Oil Minister Abdullah bin Hamad al-Attiyah told Reuters in Tokyo.

Last week, top exporter Saudi Arabia said it was boosting production capacity to 11 million bpd in response to oil's record surge above $50. The kingdom is pumping 9.5 million bpd.

Top VAT payers under large taxpayer unit purview

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The large taxpayer unit under the National Board of Revenue (NBR) has expanded its wing covering the value added tax (VAT) from this month.

Sources said initially 154 large VAT paying companies have been brought under the purview of the large tax unit (LTU) to assess and ensure proper collection.

The government formed the LTU to better collection and monitoring of income tax from large taxpayers in line with International Monetary Fund's (IMF) conditions to qualify for loans under poverty reduction growth facility (PRGF).

The LTU formally launched operation in the income tax sector covering 1200 large income taxpaying institutions and individuals.

The identified 154 VAT payers will now have to pay VAT to the new LTU commissionerate located at Segunbagicha instead of the earlier VAT circles. The NBR has issued letters asking the organisations to start depositing VAT from October onwards to the LTU.

The identified organisations include 31 banks, 24 insurance, leasing and other financial institutions. The rest belong to different manufacturing and service companies. Of these, 30 organisations are based outside Dhaka.

The NBR recently asked to submit VAT records of past three year of these companies on any arrears, irregularities or tax evasion.

The NBR will hold a meeting next week for management of these 154 companies and to inform them about the new system.

Seminar on Islamic investment held at CSE

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With less than two weeks before launch of the first mutual fund based on Islamic Shariah the Chittagong Stock Exchange (CSE) organised seminar on an Islamic investment on Sunday to prepare its members to brace the new capital market instrument.

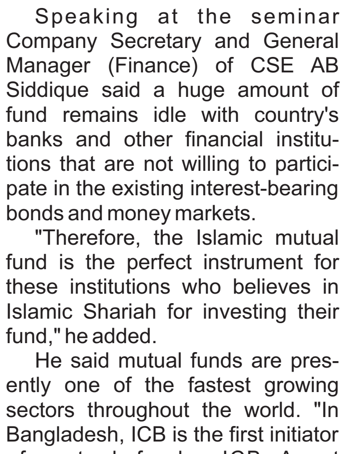
The Investment Corporation of Bangladesh (ICB) has invited public subscription to its AMCL Islamic Mutual Fund from October 12 to 17, 2004.

Speaking at the seminar Company Secretary and General Manager (Finance) of CSE AB Siddique said a huge amount of fund remains idle with country's banks and other financial institutions that are not willing to participate in the existing interest-bearing bonds and money markets.

"Therefore, the Islamic mutual fund is the perfect instrument for these institutions who believes in Islamic Shariah for investing their fund," he added.

He said mutual funds are presently one of the fastest growing sectors throughout the world. "In Bangladesh, ICB is the first initiator of mutual funds. ICB Asset Management Company Ltd has decided to float a fund, which will select its portfolio according to the Shariah Law."

New MD of Agrani Bank



Syed Abu Naser Bukhtear Ahmed joined Agrani Bank as its managing director and chief executive officer (CEO) on Saturday.

Prior to joining Agrani Bank, he was the president and managing director of Southeast Bank Limited, says a press release.

Bukhtear started his banking career at the State Bank of Pakistan in Karachi in 1970. In 1974, he joined erstwhile United Arab Emirates Currency Board, presently UAE Central Bank. He was executive vice-president of Arab Bangladesh Bank from October 1995 to April 1999.

Sandhani Life Ins okays 14pc dividend

Sandhani Life Insurance Company Limited has declared a 14 percent dividend for its shareholders.

The declaration was made at the company's annual general meeting held in Dhaka on Tuesday, says a press release.

Chairman of the company Makbul Hossain presided over the meeting while Vice-chairman Ahsanul Islam Titu, Managing Director M A Karim were present.

Federal Ins declares 10pc dividend

Federal Insurance Company Limited has declared a 10 percent dividend for the shareholders for the year 2003.

The dividend was announced at the 16th annual general meeting of the company held in Dhaka recently.

Md Abdul Khaleque, chairman of the Federal Insurance Company Limited, presided over the meeting, says a press release.

Directors, Managing Director AKM Sarwardy Chowdhury and Company Secretary Abdul Haque were present.

Ahsanul Kabir Siddiquee, Farkhrul Anwar and Md Nasir Uddin were elected directors from public shareholders at the meeting.

Nestle gets product selling right at Fantasy Kingdom

Nestle Bangladesh Limited has signed an agreement with theme park Fantasy Kingdom to sell its products exclusively at the entertainment park.

Shahriar Kamal, director of Concord Group that owns Fantasy Kingdom, and Carlo Cifiello, managing director of Nestle Bangladesh Limited, signed the agreement on Thursday in Dhaka.

Among others, Zakir Hossain, general manager (Marketing) of Concord Group, and other senior officials of both organisations were present.

New EU trade chief faces tough grilling

AFP, *Brussels*

Incoming EU trade chief Peter Mandelson faced a tough grilling at the European Parliament Monday, with deputies seeking assurances that his close ties with Tony Blair would not influence him.

The former British minister, who remains a key confidant of the British leader despite twice having to quit his cabinet, is set to replace Pascal Lamy in the key post of European Union trade commissioner next month.

But first he had to pass a three-hour confirmation hearing at the EU assembly, which has been grilling all members of the 25-strong EU executive since last week.

"MEPs will want to hear that Peter Mandelson will not be acting as Tony Blair's place-man in Europe," said Caroline Lucas, spokesman on international trade for the Greens in the EU assembly.

"Blair is widely mistrusted in 'Old Europe', and a key question Mandelson will face is whether he will stand up for the Atlanticist economic model of flexibility, free trade and forcing open new markets," she added.

Pro-European Mandelson will steer the European Union's trade policy when a new European Commission headed by former Portuguese Jose Manuel Durao Barroso starts its mandate on November 1.

One of his key tasks will be representing the EU in recently revived World Trade Organization negotiations aimed at reaching a new global accord by next year.

The global trade talks stalled in September 2003 in Cancun, Mexico, but the WTO's 147-member General Council agreed to relaunch them at the start of August.

Mandelson says he wants any WTO deal to be good news for all sides.

"My approach to the world trade negotiations will be, I hope that everyone wins. That we win, but also that those who ... are less well off, that they gain as well," he said.

Outgoing EU trade chief Lamy has praised his successor as a "safe pair of hands."