Star
BUSINESS
DHAKA SUNDAY FEBRUARY 13, 2005 E-mail: dsbusins@gononet.com

Body formed to find bailout measures for sick RMG units

STAR BUSINESS REPORT

The government yesterday formed a five-member body to recommended bailout measures for the sick or closed-down readymade garment units.

The Ministry of Commerce officials at a meeting with representatives from the sick RMG factories constituted the committee headed by Mohammed Ali Patwari, joint secretary of the ministry.

The committee also included representatives from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Bank, one deputy secretary from the Ministry of Commerce and the convenor of newly formed association of sick apparel unit owners.

Commerce Ministry Advisor Barkat Ullah Bulu chaired the meeting, asking the newly formed bailout body to submit a report within a week. Later, the commerce ministry will submit the report to the Ministry of Finance for its consideration, meeting sources said.

The committee was also asked to specify bank-wise loan status against the factories, sources said.

"The sick RMG units cannot export products as they are not eligible for opening back-to-back letter of credit to procure raw materials for nonpayment of their previous loans and interests," said a meeting source.

The meeting was informed that some 1,000 factories faced closure as the nationalised and private commercial banks do not sanction any loan to the defaulters, who have gone too far in debt ever to be able to repay.

So far the defaulters failed to pay the principal amount of Tk600 crore that cumulated interests of Tk1,400 crore, meeting sources said.

Sick factory owners demanded exemption from paying the interests and sought 10 years to pay back the principal amount of credits only.

Meanwhile, at the same meeting, Sick Apparel Community leader Abul Kalam again demanded the postponement of the February 17 BGMEA election as 'the sick unit owners are not eligible to cast vote'.

Bulu, however, observed the issue is an internal matter of the BGMEA.

Gold firms oppose IMF gold sale plan

REUTERS, *Johannesburg*

The world's biggest gold firms are banding together against proposals to sell gold from International Monetary Fund stockpiles, fearing tumbling gold prices.

"Already the gold price has fallen $10 an ounce as a result of their announcement that they might be looking at it," said an official from industry body the Chamber Mines in South Africa, the world's top ranking gold producing nation.

On Thursday, the world's leading gold miner, US Newmont Mining Corp. said it would lobby US officials against the sale of IMF gold reserves to fund debt relief for the world's poorest countries.

Mining companies argue that sales of some of the IMF's 103 million ounces of gold reserves would hurt developing countries that depend on export revenue.

South Africa's Harmony Gold HARJ.J urged officials to take a quick decision on IMF gold reserves, the third biggest in the world, since uncertainty was hitting prices.

Gold slid to four-month lows of $410.50 an ounce this week on worries about IMF sales, although spot gold XAU had recovered to $418.45/419.20 an ounce by 1454 GMT on Friday.

"The gold market cannot suddenly handle the quantum of gold that we're talking about here," Roger Baxter, the South African Chamber's chief economist, told Reuters.

The World Gold Council, which groups global gold producers, said it would have to wait for specific proposals from the IMF conference in April to assess possible effects, but was worried.

"We are very concerned at the effect these undefined proposals have already had on the gold market, especially when bearing in mind that gold exports are a substantial source of revenue to a number of developing countries, including some of the poorest," the group said.

Opposition to the proposal also came from a dozen US lawmakers, mostly from mining states, who told Treasury Secretary John Snow to oppose sales of IMF gold, a letter obtained by Reuters showed on Thursday.

Finance chiefs of the rich Group of Seven nations asked IMF Managing Director Rodrigo Rato last weekend to report by April on proposals for using IMF gold reserves to write off debts owed by the fund's poorest borrowers.

The South African Chamber of Mines, whose members include the world's second largest gold producer AngloGold Ashanti ANGJ. J and fourth ranking Gold Fields (GFIJ.J), has not issued a formal policy on the issue, but was due to plot strategy next week, Baxter said.

The body would likely take a stance similar to one six years ago when a similar IMF plan was floated, he added. Opposition from gold producers and governments such as South Africa was instrumental in sinking the previous proposal.

Nabarun Jute Mill handed over to private owner

UNB, *Dhaka*

Nabarun Jute Mill, a state-owned enterprise, was yesterday sold to Uttara Traders for Tk 13.96 crore under the privatisation programme.

The Bangladesh Jute Mills Corporation (BJMC)-run mill was handed over to the private owner at a function here.

Textiles and Jute Minister Shajahan Siraj, Chairman of Privatisation Commission Inam Ahmed Chowdhury, Tajul Islam Chowdhury MP and Textiles and Jute Secretary Moklesur Rahman Khandaker were present at the function.

Deputy secretary of the Textiles and Jute Ministry Md Jakir Ahmed and Managing Director of Uttara Traders G L Modi signed the agreement on behalf of their respective sides.

The Privatization Commission had completed the sell-off process of the mill situated in Kanchan area of Narayanganj.

The minister asked the new owners to restart the mill in three months.

IDLC arranges Tk 693m loan for AST Beverage

The structured finance unit of IDLC of Bangladesh Limited, a multi product financial institution, has arranged Tk 693 million for AST Beverage Ltd (ASTBL) in the form of syndicated term loan, lease and working capital.

An agreement to this effect was signed between ASTBL and participating financial institutions in Dhaka on Thursday. Apart from IDLC, the other financiers are Pubali Bank Ltd, BRAC Bank Ltd, ONE Bank Ltd, Eastern Bank Ltd, State Bank of India, Uttara Finance and Investments Ltd and National Housing Finance and Investments Ltd, says a press release.

ASTBL, a new unit of Globe Soft Drink Ltd of Uro brand beverage products, will manufacture carbonated beverage and mineral water from the proposed project. The unit is expected to go into production from April this year, the release added.

Thai mangoes to face difficulty to enter Japan

ANN/THE NATION

Thai mango growers will find it harder to penetrate the Japanese market after that country's government recently decided to reduce the maximum residue limit of chlirpyrifos on the fruit as part of its stringent import restrictions.

The limit as been reduced from 0.5 of a part per million to 0.05.

Chakarn Seangruksawong, director-general of the Agriculture Department, said Friday that the Japan Public Health Ministry's decision aimed to ensure mango imports were safe.

The standard focus will be on chemical residues on imported fruits and vegetables.

As a result, Thai fruit-and-vegetable exporters should concentrate on good agricultural practices to control chemical usage, Chakarn said.

PHOTO: STAR

BGMEA President Annisul Huq speaks at a press conference yesterday in Dhaka. Forum led by Huq, Sammilito Parishad led by Tipu Munshi and Sammilito Parishad led by Fazlul Hoque jointly organised the conference to announce a compromise formula for the BGMEA polls scheduled for February 17.

Compromise formula for Feb 17 BGMEA polls announced

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Leaders of the three panels contesting the BGMEA polls, scheduled for February 17, yesterday formally announced a compromise formula for the 'benefit' of the garment industry.

Under the formula, three top leaders from these panels will act as the president of the association for an eight-month tenure each.

Top leaders of the three panels -- Annisul Huq of Forum, Tipu Munshi and Fazlul Hoque representing the two factions of Sammilito Parishad -- declared the united stand at a press conference in Dhaka.

They said each of their factions will also get certain agreed number of executive committee posts including those of three vice-presidents, under the formula.

As per the understanding among them, Forum will have 12 members, Sammilito Parishad (Tipu group) 10 and Sammilito Parishad (Fazlul Hoque group) 5 members in the 27-member executive committee of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The garment industry leaders said the compromise will make the BGMEA stronger and more concordant.

Speaking at the press conference, Tipu said despite factions in the industry, the three groups have decided to contest the election with a joined force and the industry owners also want a united BGMEA.

Fazlul Hoque said, "For the greater interest of the garment industry, we all are united here and we will move forward strongly."

According to the final list of eligible candidates, a total of 75 will vie for the 27-member policymaking committee of BGMEA.

Earlier, Annisul Huq-led Forum and Tipu-led Sammilito Parishad announced full 27-member panels but Fazlul Hoque-led panel announced a 21-member panel.

The BGMEA election commission on January 29, the last date of withdrawing nominations, finalised list of eligible candidates to contest the polls.

A total of 2,227 voters will exercise their right to elect the new leadership 20 directors from Dhaka zone and seven from Chittagong zone for 2005-2006 term.

India's biggest private airline upbeat ahead of IPO

AFP, *Bombay*

India's biggest private airline Jet Airways, which launches an IPO next week to raise up to 443 million dollars, said Friday it was confident of maintaining market share in the face of fierce competition.

Jet, which holds 45 percent of the domestic aviation market, is seeking to raise between 16.4 to 19.4 billion rupees (374 to 443 million dollars) through its share offering to be priced in a 950 rupee-to-1,125 per share price band.

"We're confident of not only maintaining market share but will look at improving yields in the coming year," Jet Airways chairman Naresh Goyal told a news conference.

"We expect growth of over 70 percent in seat capacity in the coming year," the London-based ex-travel agent said.

The initial public offering (IPO) in which Jet is offloading 20 percent of its equity or 17.2 million shares to retail and institutional investors kicks off next Friday.

The funds raised will be used for buying new aircraft and retiring debt.

The price will be decided February 28 by the book-building method and shares will list March 14 on Indian bourses.

Jet, which began flying in 1993, now holds a bigger market share than state-owned Indian Airlines which for decades held a monopoly stranglehold on domestic air travel. It has won repeated travel industry awards as India's best airline for in-flight service and punctuality.

However, aviation analysts say competition is heating up for Jet with a clutch of new players, many offering cheap fares.

Rivals include Air Deccan, Air Sahara and another private player, Kingfisher Airlines, owned by liquor baron Vijay Mallya, due to take off in May. Another airline, SpiceJet, is slated to take to the skies around the same time.

"Analysts say it (the IPO price band) is in line with valuations of other international airlines," Goyal said.

Market players said it might be a little aggressive but they still expected it to be oversubscribed as many investors have scored rich returns on IPOs during the past few years.

"Jet has been talking about increased growth in the coming year but one must understand competition will increase in coming months from local and international airlines," said a dealer with brokerage Dalal and Broacha.

Still aviation analysts say demand is set to soar amid growing affluence in Asia's fourth-largest economy where an increasing number of India's over one billion population are travelling by air rather than traditional rail.

WB economist meets EPB vice-chairman

Dr Tercan Baysan, lead economist for the South Asia region of World Bank (WB), along with WB Senior Economist Dr Zaidi Sattar, yesterday met Export Promotion Bureau (EPB) Vice-chairman Mir Shahabuddin Mohammad and discussed trade-related issues.

Presenting a recent study report of WB titled 'Bangladesh Growth and Export Competitiveness' to the EPB vice-chairman, Baysan identified corruption in the port, bureaucratic red tape and infrastructure inadequacies such as high price of electricity and excessive cost of borrowing as hindrances of export growth of Bangladesh, says a press release.

Air cargo space problem, non-acceptance of foreign airlines operating in Bangladesh to carry perishable goods, lack of professional knowledge of exporters and absence of modern testing institute for international certification were also identified at the meeting as further hindrances to export development.

The EPB vice-chairman observed that the issues need to be addressed in the study.

Indian CavinKare enters local market

Indian FMCG (fast moving consumer goods) giant CavinKare has entered Bangladesh market as it set up a wholly-owned subsidiary--CavinKare (Bangladesh) Pvt Ltd.

The company also launched its Chik brand shampoo in Bangladesh to mark its journey in local market.

CavinKare is the second largest company in shampoo and fairness cream market in terms of sales volume in India, according to a press release.

Bank Asia holds annual conference

The annual conference of Bank Asia Ltd was held in Dhaka on Friday.

Bank Asia Chairman M Syeduzzaman inaugurated the conference as chief guest. Among others, Vice-chairman Arifur Rahman Sinha, Director Dr Shafiuddin Chowdhury and President and Managing Director Syed Anisul Huq attended the function, says a press release.

Bank's performance of the year 2004 was reviewed and business plan for 2005 was chalked out in the conference.

Citigroup to cut 1,000 jobs

REUTERS, *New York*

Citigroup Inc on Friday said it is cutting jobs in its corporate and investment bank to save money, and a person familiar with the decision said more than 1,000 positions may be lost.

The cuts will affect about 2 percent to 3 percent of the unit's 48,000 employees worldwide, and are expected at all levels of the unit, the person said. New York-based Citigroup is the world's largest financial services company.

Chief Executive Charles Prince is trying to cut expenses and exit businesses not focused on consumer or corporate banking, after a year when costs rose by one-third. He is moving away from predecessor and mentor Sanford "Sandy" Weill's vision of creating a one-stop financial supermarket.