Star Business

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Utilise export potential of leather products

PM urges entrepreneurs as int'l leather fair kicks off

UNB, *Dhaka*

Prime Minister Khaleda Zia yesterday urged entrepreneurs to utilise export potential of leather products as she inaugurated the three-day international leather fair in Dhaka

Further expansion of the labour-intensive leather industry will create more employment opportunities compared to other sectors, she said, offering necessary incentives from the government.

Describing her government as 'private sector friendly', the prime minister assured all sorts of support for the sector that annually fetches foreign exchange equivalent to nearly Tk1600 crore-- the third largest export sector after readymade garments and frozen foods.

The 7th Dhaka International Leather Fair (DILF) 2005 has been organised by Bangladesh Finished Leather and Leather-goods and Footwear Exporters Association (BFLLFEA) and Bangladesh Tanners Association (BTA) at Sonargaon hotel.

A total of 65 organisations have set up stalls displaying their products, chemicals and machinery at the fair, a regular annual event since 1999.

The inaugural function was also addressed by Commerce Minister Altaf Hossain Choudhury, Minister for Industries Matiur Rahman Nizami, Adviser to the Commerce Ministry Barkatullah Bulu, Nasiruddin Ahmed Pintu MP, Chairman of BFLLFEA Mohammad Tipu Sultan and BTA Chairman Mohammad Haroon Chowdhury.

The prime minister also called upon the entrepreneurs and businesspeople to use modern technology and diversified designs for attracting more buyers.

Mentioning her government's support for expansion of the export-oriented sector, she told the business audience leather industry has been identified as a thrust sector and the interest rate on industrial credits for the sector has been reduced to 7 percent.

The prime minister said her government has formulated a time-befitting industrial policy to meet the global demands and laid special emphasis on the export-oriented industries.

Khaleda also mentioned setting up of a BSCIC Leather Industrial Town at Savar to relocate leather factories from Dhaka.

She assured the industrialists of looking into their demands, including the formation of a committee for resolving various problems.

The prime minister later went round the stalls in the fair and took keen interest in the world-class products.

Ctg international trade fair comes to a close

Staff Correspondent, *Ctg*

The 13th Chittagong International Trade Fair (CITF), organised by Chittagong Chamber of Commerce and Industry (CCCI), ended yesterday.

Organisers said the fair attracted a record number of visitors on the concluding day. "The number of visitors today (Sunday) will be at least 50,000," said an official of the fair organising committee.

Speaking at the concluding ceremony, Fisheries and Livestock Minister Abdullah-Al Noman emphasised the need for boosting production of agro-based factories.

"Agriculture will be the main strength of all our development and economic progress in future and we must concentrate more and more on agro-based industries," the minister said.

State Minister for Civil Aviation and Tourism Mir Mohammad Nasiruddin, State Minister for Forests and Environment Jafrul Islam Chowdhury, CCCI Senior Vice-president SM Nurul Haque and Vice-president MA Latif also addressed the function.

Jafrul Islam said two-stroke three wheelers will be banned in the port city by 2006.

Move to formulate policy for freight forwarders runs into controversy

Star Business Report

A government initiative to formulate a policy to bring freight forwarders under regulatory system has created a controversy as National Board of Revenue (NBR) has 'bypassed' the main trade body in the policy-formulation process.

Association of Cargo Agents of Bangladesh (ACAB) leaders yesterday said although the trade body, representing 350 members, has long been pressing the government to formulate a policy and introduce licensing system, the NBR did not seek its proposal in its recent move.

Leaders of ACAB, the first and largest trade body of the country's freight forwarders, said if the government does not incorporate its proposals, the proposed policy will be an incomplete one.

Chittagong Customs House (CCH) last week made a 10-member committee consisting of BGMEA and other trade bodies and asked them to submit proposals by April 3 to finalise a policy by April 15. The committee included representatives from clearing and forwarding agents, international freight forwarding agents and shipping agents, but not from ACAB.

ACAB President Capt Saifur Rahman yesterday said the policy will not be a comprehensive one as the committee represents only Chittagong-based agents. "We have decades of experience in the business and we represent both air and sea cargo and cover sea, air and land ports across the country, but still we are ignored," he told The Daily Star.

He said the move by CCH is defective and not a comprehensive one. There are bulk cargoes passing through Zia International Airport, Benapole and other ports but NBR assigned CCH that only seeks proposals from Chittagong-based agents.

However, NBR sources said the board asked the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) to seek ACAB proposals about the planned policy.

ACAB sources said the association worked with NBR in 2000 for drafting and finalising the freight forwarders' licensing rules but it was never implemented in spite of a commerce ministry order. ACAB also smelt a rat in CCH's hurried move in the policy issue.

Sources said there are two trade associations representing freight forwarders in Bangladesh. The old one, ACAB, represents freight forwarders across the country and the new one, International Freight Forwarders Association of Bangladesh, represents 70 forwarders based in Chittagong.

Apex trade body FBCCI took several attempts to merge the two associations in the same sector but failed to see any results.

As there is no regulatory and licensing system for freight forwarders, anyone can open a forwarding business now. Allegation is rife that some forwarders charge excessively, taking advantage of the absence of a regulator. Industry sources said introduction of licensing system can check the illegal practice, which increases cost of business.

New MD of Reliance Ins

Akhtar Ahmed has taken over as the managing director and chief executive officer of Reliance Insurance Ltd with effect from March 19, 2005.

After completing his MA from Dhaka University in 1970, Ahmed joined Eastern Federal Insurance Company, says a press release.

In 1981, he joined Asian Reinsurance Corporation Bangkok, an inter-governmental organisation set up by the United Nations, and served in various managerial positions until 1989.

In 1989, he joined Arab Insurance Group, the largest insurance organisation of the Middle East, and served for 14 years in various positions based in Hong Kong and Kuala Lumpur.

Ahmed returned home in 2003 and served as managing director of Sadharan Bima Corporation until February 2004.

He has recently completed an assignment as consultant of KPMG, Abu Dhabi on a project for setting up a large reinsurance company by GCC countries in the Middle East.

New DMDs of National Bank

Abdur Rahman Sarker Mohsin-ul-Karim

Md Abdur Rahman Sarker and Mohsin-ul-Karim have recently been made deputy managing directors of National Bank Ltd.

Prior to the new assignments, Rahman served as executive vice president and company secretary while Mohsin-ul-Karim was executive vice president and head of Credit Division-1 of the bank, says a press release.

Rahman started his banking career in 1973 as a probationary officer of Janata Bank. Karim started his career by joining the then Industrial Development Bank of Pakistan (presently Bangladesh Shilpa Bank) as a senior officer in 1971.

GP donates mobile phones for Fire Service hotline

GrameenPhone (GP)Ltd recently donated two mobile phones to the Directorate of Fire Service and Civil Defense.

Ghalib Ahmed Ansari, head of Marketing of GP, handed over the cell phones to Brigadier Gen Md Rafiqur Rahman, director general of Fire Service.

The phone numbers, being used as the central control room hotlines and remaining open for 24-hour a day, are 0173038181 and 0173038182, says a press release.

The phone numbers can be accessed from both mobile phones and land phones.

Rupali Bank Sell-off

Privatisation body to sit with taskforce to initiate process

Star Business Report

The Privatisation Commission will sit with Taskforce on NCB Reforms tomorrow to initiate the privatisation process of Rupali Bank.

The commission will gather information and seek method on privatisation from the taskforce headed by Deputy Governor of Bangladesh Bank Nazrul Huda, sources said.

The commission will publish an information of memorandum inviting interested buyers of the fourth largest state-run bank.

Commission sources said the sell-off of Rupali Bank is different from other government undertakings as the bank's denationalisation involves public deposit, loans and liabilities.

The finance ministry last week assigned the Privatisation Commission to initiate the privatisation process of Rupali Bank. The ministry decision coincided with visit of a mission of the International Monetary Fund (IMF) that has been advocating the privatisation of the bank.

The finance ministry letter informed the commission that the taskforce earlier submitted a report to BB governor on how to solve the recapitalisation, transfer of non-performing loans and other financial issues of the loss-incurring bank ahead of its sell-off. The government will take the final decision on the privatisation issue.

The finance ministry letter to the commission containing the directive also described what steps the government has already taken to privatise the bank that has 493 branches across the country.

"The ministry told the commission to take help from the government's Taskforce on NCB (nationalised commercial bank) Reforms for information and other support," said a source.

To fulfil the IMF's condition for the $70 million fourth tranche of Poverty Reduction Growth Facility (PRGF) loan, the government last year started its homework for privatising the 33-year-old nationalised bank by hiring a British consultant firm, GBRW.

In December, the GBRW concluded that this bank, due to its strong brand name and a large nation-wide network of branches, will be able to attract private investors. The GBRW suggested the bank needs a Tk 3,000 crore capital to cover its existing losses.

But, the government's move was stalled, as it is not in a position to inject the money, sources said. And this position was argued by an IMF mission in February. The IMF also suspended the $70 million tranche for this reason.

Prime Finance becomes issue manager of Nandan Park IPO

Prime Finance & Investment Ltd, a non-banking financial institution and merchant bank, will work as the manager to the issue for the forthcoming initial public offering (IPO) of Nandan Park, a theme park on the outskirts of Dhaka.

An agreement to this effect was signed recently between the two companies, says a press release.

Tapan K Podder, managing director of Prime Finance & Investment Ltd, and Masrur Chowdhury, chairman and chief executive officer of Nandan Park, signed the deal on behalf of their organisations. Other senior officials from both the sides were also present at the signing ceremony.

PHOTO: PRIME FINANCE & INVESTMENT

Tapan K Podder, managing director of Prime Finance & Investment Ltd, and Masrur Chowdhury, chairman and chief executive officer of Nandan Park, sign an issue management agreement on behalf of their companies recently in Dhaka. Under the deal, Prime Finance will act as the manager to the issue for the forthcoming initial public offering (IPO) of the theme park. Other senior officials from both the sides were also present at the signing ceremony.

Two IPOs get SEC approval

UNB, *Dhaka*

Two new issues will hit the primary share market soon, as the Securities and Exchange Commission (SEC) has approved their prospectuses.

The SEC also decided to amend bylaws for opening beneficiary owners' (BO) account, making it mandatory for an intending investor to submit the application with necessary documents of his or her identity such as copies of passports or driving licenses.

The commission at a meeting yesterday approved the initial public offerings (IPOs) of Fareast Life Insurance and Popular Life Insurance and a right share (1:1) of MIDAS Financing, SEC officials said.

Earlier, on March 22, the SEC approved another right issue of Green Delta Insurance with a premium of 200 percent.

The two insurance companies have been allowed to raise Tk4.5 crore each with a face value of Tk100 a share while MIDAS to raise Tk11.75 crore.

Officials said only one issue of Meghna Life Insurance remained pending with the regulatory authority for its approval.

SEC Chairman Mirza Azizul Islam, however, told reporters after the meeting that the IPO problem will no more exist as the regulatory body has proposed offloading of the government shares of some SOEs.

"It will be enough to meet the market demand," he said, saying that the proposal remained pending for government consideration.

Replying to a question, the SEC chairman said the commission decided to bring changes in the BO account bylaws taking into account the experience with Premier Bank.

The Premier Bank management allegedly opened huge number of BO accounts with a motive to gobble up maximum shares from its IPO, which now remained suspended. The SEC is investigating the allegation.

"We want to ensure that the general investors received the primary shares of Premier Bank," Islam told a questioner. The SEC probe body is expected to submit its report on Tuesday.

He said the commission would not take any measure to dismantle the institution, but people behind the scene would be punished as per legal provisions.

Dhaka Sheraton joins StanChart to support visually impaired people

Dhaka Sheraton Hotel has teamed up with Standard Chartered Bank to support the bank's 'Seeing is Believing' programme to raise fund for restoring sight of visually impaired people in Bangladesh.

As part of the initiative, donation boxes will be placed in the lobby and reception booths of Dhaka Sheraton. SAA Masrur, head (Client Relations) of Standard Chartered, inaugurated the joint initiative by handing over the donation boxes to Trevor McDonald, general manager of Dhaka Sheraton, on Thursday, says a press release.

Standard Chartered launched its 'Seeing is Believing' programme worldwide in 2003 in partnership with Sight Savers international and Vision 2020, the international body for elimination of avoidable blindness. Funds collected in this campaign will go towards cataract operations, training of eye care doctors and building of training facilities.

Ban on opening cotton containers inside Ctg port irks textile millers

Decision to increase lead time: BTMA

BDNEWS, *Dhaka*

Leaders of country's textile sector yesterday said the Chittagong Port Authority's (CPA) decision regarding delivery of cotton cargo imported in full load containers will hamper the country's apparel export seriously by increasing lead time and production cost.

They said ultimately it will make country's apparel export vulnerable in the competitive global market as buyers always give preference to short lead time and low price.

"Our apparel industry will be in a severe crisis because of the CPA decision. We are trying to reduce lead time and production cost but it will enhance lead time by 60 per cent. These might oust us from the competitive market," said MA Awal, chairman of the Bangladesh Textile Mills Association (BTMA).

The Chittagong Port Authority (CPA) issued a notification on March 3 that said: all bulk cargoes imported under FCL (full container loan) container has to be taken out of the port either to the importer's factory site or to a neutral place to ease containers congestion at the port.

The raw cotton bale that are being imported through these containers are blocking spaces in the port. However, the cost of cargo handing is yet to be sorted out, CPA circular said.

The CPA circular is likely to come into effect from May 1 this year.

Awal said according to the CPA circular textile mills owners are forced to take delivery of the containers from the port of discharge, take it to the factory premises and go for weighing which will increase the additional costs. Thus it will add to cost of production and reduce competitiveness of local textiles as well as garments.

BTMA sources said textile millers already held a meeting with the parliamentary standing committee on shipping on March 23 to discuss the matter and also met with the Shipping Minister Akbar Hossain on Thursday. They are likely to meet with the port authorities later this week.

Around 185 spinning mills are importing about 2 million bales of raw cotton through 20,000 containers annually, industry sources said.

Bangladesh heavily rely on the export earning from apparel sector as it is witnessing 16.24 percent yearly growth rate, according to official figures.

Garment export stood at $5686.09 million in the year 2003-04 increasing from $4912.09 million in 2002-03 whereas textile owners claimed that 46 percent of the export earning came direct from textile sectors.

PHOTO: IDLC OF BANGLADESH

Anis A Khan, managing director and CEO of IDLC, and Sadat Hossain Salim, managing director of Anwar Landmark Ltd, yesterday sign a memorandum of understanding (MoU) on behalf of their organisations in Dhaka. Under the deal, IDLC will facilitate Anwar Landmark's clients in availing home loans.

IDLC, Anwar Landmark sign MoU on home loans

Industrial Development Leasing Company (IDLC) of Bangladesh Ltd and Anwar Landmark Ltd yesterday signed a memorandum of understanding (MoU) in Dhaka.

Under the agreement, IDLC will facilitate Anwar Landmark's clients in availing home loans, says a press release.

Sadat Hossain Salim, managing director of Anwar Landmark Ltd, and Anis A Khan, managing director and CEO of IDLC, signed the MoU on behalf of their organisations.

Among others, IDLC Deputy Managing Directors Yongbok Jo and Syed Ehsan Quadir and General Manager Arif Khan and senior executives of Anwar Landmark Md Harun-or-Rashid and S M Saroer Parvez were also present.

China to end govt bailout of bankrupt state firms in 4 yrs

AFP, *Beijing*

China will end the practice of bailing out bankrupt state-owned enterprises (SOEs) within four years and force them to sink or swim according to market rules, state media Sunday quoted an official as saying.

"In four years, SOEs will follow market rules and apply for bankruptcy according to the same laws and regulations as foreign and private companies," Xinhua news agency said in a report quoting Shao Ning, vice minister of the agency in charge of state assets.

Shao said the plan by the State-owned Assets Supervision and Administration Commission had been approved by China's cabinet, the State Council, in February.

State media earlier this year reported the plan to stop propping up SOEs but did not give a timeframe.

The government had already been giving less money to poorly performing state-owned companies over the years, but continues to inject funds into other state firms which it believes can restructure and become profitable.

To help badly-performing SOEs retreat from the market smoothly, the government has adopted a series of bankruptcy policies on employees' rights, asset management and bad loans.

In recent years, 3,377 SOEs have gone bankrupt under these policies, with 6.2 million employees resettled, Xinhua said.

The move cost 49.3 billion yuan (six billion dollars) in subsidies with 223.8 billion yuan written off by state banks, said Xinhua.

There are still more than 1,800 SOEs to be closed down, according to Xinhua.

So far, Beijing and Shanghai as well as the provinces of Jiangsu, Zhejiang and Fujian have halted government bailouts.

But analysts said the plan may be difficult to implement when it gets to local government level, especially in remote regions, because few local companies are profitable.