

Poor pace in power projects worries foreign investors

STAR BUSINESS REPORT

Foreign investors yesterday said there has been no significant improvement in Bangladesh's power generation capacity over the last few years and blamed bureaucratic procedures for delayed implementation of power projects.

Administrative bottlenecks and indecision stand in the way of development of 450mw Sirajganj plant, 450mw Dhaka North Power Plant, 450mw Meghnaghat-2 plant, 210mw Khulna plant, 150mw Sylhet plant, 109mw Haripur plant, 90mw Fenchuganj plant and 70mw 3rd unit of Shambhuganj plant, said President of Foreign Investors Chambers' of Commerce and Industry (Ficci) Mahubul Jamil at the chamber's monthly luncheon meeting in Dhaka.

The country now needs 3,500

mw-3,800 mw power a day while its generation capacity is around 3,005mw only, said Jamil.

Noting that power disruptions cause production loss and deter foreign direct investment, the chamber president said the government must address the problem with urgency.

At the meeting, State Minister for Power Iqbal Hassan Mahmood said there are scores of projects waiting for cabinet and purchase committee approval. He, however, said many projects are being delayed due to administrative procrastination.

"The power projects are capital-intensive investment. They are also the lengthy ones to implement. Even after government approval, a project may take 38 months to get implemented," the minister said. It is rare for a minister to see implementation of all the projects in a tenure, he added.

Projecting a demand for 5,368 MW and investment requirement of \$3 billion by 2007, the minister urged the foreign investors to invest profusely in the sector, which produces good return.

"If you invest \$1 in Bangladesh's power generation sector, you will get a return of \$1.5 in a year," Mahmood told the foreign investors.

He said the government is going ahead with a plan of massive overhaul in the power sector putting priority on private sector investment. As part of the reforms, the government will corporatise Dhaka Electric Supply Company (Desco) and Power Grid Company of Bangladesh Ltd (PGCB) within three-four months.

The Power Development Board (PDB) will be made a holding company in preparation for offloading its shares through stock exchanges. The Dhaka Electric

Supply Authority (Desa) and other PDB concerns will also be corporatised soon, he said.

The planned reforms will bring discipline in the power sector. The experience shows that government in business means loss to the country. So, all the segments of power sector -- generation, transmission and distribution -- will be left for the private sector in future, the minister said.

In the last few years the system loss has been brought down from 32 percent to 24 percent. Introduction of prepaid metres in Sylhet was a big hit and the government has a plan to expand the system all over the country in phases as it helps reduce system loss, Mahmood said.

Peter May, committee member of Ficci and managing director of Karnaphuli Power Company Ltd, also spoke at the function.

SC injunction on BB move against Mercantile Cooperative Bank

UNB, Dhaka

The Supreme Court (SC) Appellate Division has issued an order of injunction on a Bangladesh Bank edict warning the public against doing any transaction with the Dhaka Mercantile Cooperative Bank Ltd.

The Bangladesh Bank on January 28 and 29 published a warning in some national dailies alerting people about making any transaction with the bank.

The Mercantile Cooperative Bank filed a writ petition, which was rejected. Subsequently, the cooperative bank filed Civil Miscellaneous Petition with the Appellate Division that ordered the injunction on Saturday.

Seminar on Microsoft server in banking applications held

STAR BUSINESS REPORT

A seminar on Microsoft server in core banking applications was held in Dhaka yesterday.

Speaking at the seminar, Prof Jamilur Reza Choudhury, vice chancellor of BRAC University, said local banks must go for computer-based electronic data transaction system to increase efficiency of banking and ensure better customer services.

The seminar titled 'Microsoft SQL Server in Core Banking Applications' was jointly organised by Microsoft Bangladesh Ltd and Southtech Ltd at Dhaka Sheraton hotel.

If all the financial institutes use the sophisticated technology to render better customer services such as transfer of information via mobile or land phone, the sector will play a significant role in the socio-economic development, Choudhury hoped.

Microsoft is committed to developing the IT sector in Bangladesh as Microsoft SQL Server will help the banking sector, said Feroz Mahmud, country manager of Microsoft Bangladesh Ltd.

Syed Mammun Quader, managing director and CEO of Southtech Ltd, a software development firm, said SQL Server 2005 is Microsoft's next-generation database management and analysis software that will deliver increased expandability, availability and security.

Prof Dr Md Shamsul Alam, head of Computer Science and Engineering Department of Bangladesh University of Engineering and Technology (BUET), and Quazi M Murshed, business development manager of Microsoft Bangladesh, also spoke at the function.

China to give foreign cos 5 yrs to adjust to new higher tax rates

AFP, Beijing

Foreign companies in China will get at least a five-year cushion period to adjust to new rules that will eventually make them pay the same tax rates as local rivals, state media reported Monday.

The government may extend the period to six or even eight years as it unifies tax regimes for local and foreign companies. Xinhua news agency said, citing Jia Kang, head of the finance ministry's Institute of Fiscal Science.

This means that it could be half-way through the next decade -- or 14 years after China's entry into the World Trade Organization which originally forced the rule change -- before foreign and local companies pay the same rates.

Jia was quoted by Xinhua as saying government agencies are trying to reach consensus on unifying the tax law, with a tentative timetable for its implementation beginning in 2007 at the earliest.

He said different interests of various government authorities are the major obstacle in unifying corporate income tax rates for domestic and foreign firms.

Jin said last week the harmonized tax rate would likely be about 25 percent on all companies, compared with the current 15 percent corporate tax for foreign-invested companies and 33 percent for their domestic counterparts.

He said the new tax regime would not mean the end of preferential taxes for foreign invested companies, saying support for enterprises in compliance with industrial policies "would continue and may even improve."

Steel millers demand lifting of duties on raw materials

STAR BUSINESS REPORT

Steel and re-rolling mill owners yesterday demanded withdrawal of import duties on all types of raw materials and smooth supply of gas and electricity to their factories.

They also demanded a cut in electricity tariff, reduction of bank interest on working capital and simplification of income tax procedure.

The millers placed their demands at a meeting with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka yesterday. The apex chamber body will put forward the demands to the authorities concerned.

At the meeting, they said the steel industry is now on the verge of collapse due to scarcity of raw materials and erratic supply of electricity and gas.

Shiekh Masadul Alam Masud, general secretary of Bangladesh Steel Mill Owners Association (BSMOA), said disruption of electricity, which is a major problem in steel industry, has increased production cost by Tk4,000 to Tk7,000 a metric ton.

"Per unit price of electricity for steel and re-rolling mills during off-peak hour should be re-fixed at Tk2 instead of Tk2.99 and during peak hour at Tk2.40 instead of Tk6.40," said Masud, who is also general

secretary of Bangladesh Re-rolling Mills Association (BRMA).

Referring to power supply, FBCCI President Abdul Awal Mintoo advised the millers to use captive power generation system in their factories to face erratic electricity supply.

Mintoo also said he will meet finance minister, state minister for power and chairman of National Board of Revenue to discuss the demands.

FBCCI Director MA Rouf Chowdhury, BSMOA President Badiul Hasan and BRMA President Ali Hussain also spoke at the meeting.

Asian nations must choose sustainable growth: UN

AFP, Seoul

Asia-Pacific economies may be expanding fast but growth will not be sustainable for much longer unless the region pays more attention to the environment, the United Nations said Monday.

Asia-Pacific environment ministers heard the wake-up call at a two-day meeting on the environment organized by the UN Economic and Social Commission for Asia and the Pacific (ESCAP).

"The prevailing model -- 'grow first and clean up later' -- is not the answer," UN Secretary General Kofi Annan said in a videotaped mes-

sage to the opening of the conference.

The UN chief said the region needed "a paradigm shift towards 'green growth'" where the goals of poverty reduction and environmental sustainability could and had to go together.

The region, which accounts for 40 percent of the world's territory but is home to 61 percent of the population, has struggled to grow fast in the face of rampant poverty.

Almost two-thirds of the world's poor, who live on less than a single US dollar a day, reside in Asia and the Pacific, UN statistics show.

During the 1995-2002 period,

industrial production in the region grew almost 40 percent, almost double the global average increase of 23 percent.

Kim Hak-Su, UN under secretary general and executive secretary of ESCAP, acknowledged the region had to grow in order to pull itself out of poverty.

But he said the region now faced "increasing pressure" on its environmental resources.

Cited by Kim as main concerns in the region were declines in fishery resources, degradation of marine and coastal resources, loss of biodiversity and forests, and land degradation.

Eskayef launches drug for calcium deficiency related diseases

Eskayef Bangladesh Ltd, a leading pharmaceutical company, has launched a new drug for calcium and vitamin D deficiency related diseases.

The new drug, Ostocal D®, is the combination of calcium and vitamin D. It is an effective drug against the diseases such as osteoporosis, osteomalacia, and rickets, says a press release.

Each Ostocal D® tablet contains calcium carbonate BP 1250 mg equivalent to 500 mg calcium and vitamin D as cholecalciferol 200 I.U.

The drug is available in a plastic bottle containing 15 tablets.

Japan takes step to restart US beef imports

AFP, Tokyo

Japan Monday moved towards restarting imports of US beef, despite a poll showing overwhelming public opposition to ending the 15-month-old ban due to fears of mad cow disease.

An advisory panel of experts endorsed a government proposal to exempt cows aged 20 months or younger from screening tests currently conducted on all slaughtered cattle, the Cabinet Office said.

Japan has been under intensifying US pressure, including threats of sanctions, to resume US beef imports, which were suspended in December 2003 over safety concerns after a mad cow case was found in a US herd.

But a decision on the politically sensitive trade row could still be months away. The expert panel will brief the government's Food Safety Commission on its recommendation, a commission official said.

The commission will then hold public hearings for about four weeks before making a formal recommendation to the ministries of agriculture and health, with new criteria and legal basis for beef imports to be established.

Singapore manufacturing output falls sharply

AFP, Singapore

Output in Singapore's key manufacturing sector went into a dramatic and totally unexpected reverse in February, falling 10.2 percent from a year earlier as pharmaceuticals and electronics production tumbled, official figures showed Monday.

Analysts had expected February output to expand 4.0-10 percent and said the actual outcome could make it harder for the city-state to achieve a projected March quarter gross domestic product (GDP) growth of 4.7 percent.

The manufacturing sector, which accounts for a quarter of Singapore's trade-reliant economy, had grown 9.9 percent in January.

For the first two months of 2005, output was up just 0.5 percent from the same period last year.



PHOTO: FICCI

State Minister for Power Iqbal Hasan Mahmood (2-L) speaks at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce & Industry (Ficci) yesterday in Dhaka. Chamber President Mahubul Jamil (2-R), Secretary Jahangir Bin Alam (extreme right) and Ficci Committee Member Dr Peter May (extreme left) are also seen.

India minister to visit Pakistan to discuss Iran gas pipeline

AFP, New Delhi

India's oil minister Mani Shankar Aiyar Monday said he would visit Islamabad in the second half of May to discuss the modalities of a gas pipeline from Iran through Pakistan to India.

"Over the weekend, I received an invite from the Pakistan Prime Minister through their High Commission (embassy) in India to visit Islamabad in April," Aiyar told reporters in New Delhi, the Press Trust of India (PTI) news agency said.

"But as I will not be available on the date mentioned, I have proposed postponement of my visit to the second half of May," he said.

Aiyar is due to visit Tehran in June to seal the deal for the import of natural gas from Iran via a 2600-

kilometre (1,612 mile) overland pipeline.

Last month, India's cabinet after years of dithering, allowed the oil ministry to enter discussions with countries in the region for supply of gas by pipeline to meet the ever-growing needs of the burgeoning economy.

Negotiations on the pipeline began in 1994 but little headway was made because of tensions between Pakistan and India, which have fought three wars since gaining independence in 1947 from Britain.

US Secretary of State Condoleezza Rice on a visit here two weeks ago expressed Washington's reservations about New Delhi entering into an energy cooperation deal with Tehran, which the United States claims is secretly

developing nuclear weapons.

But Aiyar responded by saying India would not be deterred by Washington's opposition to the gas from Iran project.

Besides meeting Pakistani Premier Shaukat Aziz, Aiyar will also hold talks with his Pakistani counterpart to discuss the Iran-India pipeline and diesel and petrochemical exports from India, the PTI report said.

"There are a whole lot of issues that will be discussed when I visit Pakistan," Aiyar told reporters.

A petroleum ministry official said Aiyar would also discuss "issues like the route of the pipeline and the transit fee with Pakistan, which will have an important bearing on the cost of the gas."

Wolfowitz sees poverty, graft, economic growth as World Bank priorities

AFP, Jakarta

Deputy US Defense Secretary Paul Wolfowitz, who Washington is backing to become World Bank chief this week, said if elected he would focus on economic growth, tackling poverty and fighting corruption.

In an interview in Monday's Jakarta Post he said he would draw on his time as a former envoy to Indonesia to explore ways of helping poorer nations, particularly in Africa, but would avoid using the job to spread democracy.

"I think people know what I think on that subject, but I think I'll be more effective if I concentrate on those things that lead to poverty reduction and economic development," he told the English-language daily.

Wolfowitz, who was Washington's ambassador to

Indonesia between 1986 and 1989, said if appointed he would continue the "remarkable" work of his predecessor James Wolfensohn, and would not be swayed by US interests.

His World Bank candidacy has caused alarm because of his role as a lead architect of the Iraq war, and has sparked concerns he would steer the institute on an agenda set by the administration of President George W. Bush.

"If I am confirmed, I will be an international civil servant. I will be the president of a multilateral organisation with 184 member nations," he said.

"I am aware that I am accountable to a different group of people than I am in my present job."

"The job of the president of the bank is to pull together the most effective possible consensus in support of the goal that everyone

agrees on, which is reducing poverty and promoting economic development."

He said fighting graft would be a crucial element to all aspects of the World Bank's work, although he admitted it was "not something you can eliminate entirely".

He said he would also encourage donors to be more generous, prioritising help for African nations who are among the bank's main dependents -- but not at the expense of those living in poverty in Asia.

"Africa depends so much on the bank ... In part that's because of some of the most horrible conditions of poverty in the world compounded by severe health epidemics, are to be found in Africa."

"But it's a global job and, as one of the Asian directors of the bank reminded me, there are still more poor people in Asia than anywhere else in the world."