

## Expedite licensing process for private EPZ

### BEI roundtable urges govt

#### STAR BUSINESS REPORT

Coming down heavily on the authorities for dilly-dallying awarding licence to the country's biggest private export processing zone (EPZ), speakers at a roundtable yesterday urged the government to expedite the licensing process.

They said the government is intentionally dawdling the licence awarding process and punishing both the economy and the investor.

Although the government signed an agreement with Youngone Corporation of Korea in 1995 to issue licence for setting up a Korean EPZ, the industrial zone could not come into operation until now. The government later suspended the licensing without showing any concrete grounds, said Mahub Jamil, president of Foreign Investors Chamber of Commerce and Industry (Ficci).

"It is a national shame, which will surely impact negatively on foreign direct investment in the

country," he went on.

He was addressing a roundtable on 'Development of Private EPZs in Bangladesh: Potential and Constraints' organised by Bangladesh Enterprise Institute (BEI) in Dhaka.

Kihak Sung, chairman and CEO of Youngone Corporation, said by not issuing licence to Korean EPZ, the government is not only losing foreign currency but also depriving the probable local workers and employees of their earnings.

He alleged Bangladesh Export Processing Zones Authority (Bepza) is not concerned about the development of private EPZs.

The speakers estimated that if the Korean EPZ starts operation, it will create 100,000 direct jobs and 200,000 indirect employees.

Former commerce minister Amir Khosru Mahmud Chowdhury said most of the world economic zones are built with private investment.

"As our government has a

limited resources, private sector can invest in this thriving area," he added.

He said if the private sector is allowed to set up EPZs, it will trigger competition between private and public sectors. Even, private-public joint venture can be a good option for setting up EPZs, he said.

"I think there is no problem in private sector EPZs rather, they will create competition among the entrepreneurs," said Bepza Executive Chairman Mohammad Zakir Hossain.

He said the now defunct Adamjee Jute Mills area has already been turned into a special EPZ and 65 industrial plots have already been allotted to private investors.

A Canadian and an Australian companies will set up factories there, which will employ more than 5,000 people, Hossain said.

Former secretary Shawkat Ali presented the keynote paper at the

roundtable where he identified a number of factors that are retarding the development of private EPZs in the country.

He said lack of continuity and harmony between policy and action is a matter of concern. The existing laws relating to FDI are attractive on paper, but the realities are different. "The cost of doing business here erodes away the competitiveness of investors," he observed.

He also suggested formulating an easy and clear policy-framework based on the best practice to encourage private investors in private EPZs. The government will have to ensure continuity of policy and level-playing role to create a fair competition between private and public sectors.

British High Commissioner Anwar Chowdhury and BEI President Farooq Sobhan also spoke at the function.

## SC stays HC order imposing injunction on RCCI functions

### BDNEWS, Dhaka

The Supreme Court yesterday stayed for two weeks a High Court order that imposed injunction on the functioning of 18 elected directors of the Rajshahi Chamber of Commerce and Industries (RCCI).

After hearing a petition filed by RCCI directors, a bench of the Appellate Division comprising Chief Justice Syed JR Mudassar Husain, Justice Fazul Karim and Justice Amirul Kabir Chowdhury passed the stay order.

Following a writ petition filed by Ziaul Huq Tuku, a member of the RCCI, the High Court, on July 2, issued a rule upon the RCCI authorities to show cause as to why the result of the election to the executive body of RCCI declared on February 28 this year should not be declared illegal.

The High Court had also directed the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) authorities not to allow the RCCI to take part in the election, which is scheduled for August 21.

In the writ petition, Tuku alleged that election to the executive body of the RCCI was held on February 27 this year and the result of the election was declared on February 28, but some 134 voters, out of total 851, in the RCCI voters' list were illegal.

He sought cancellation of the election result.

Earlier on February 3, Tuku filed a case in the Arbitration Tribunal set up by the FBCCI on the ground of casting false votes in the election.

As per the rules, the Arbitration Tribunal was to dispose of the case within three months, but the court did not dispose of the case in due time.

A total of 23 persons, including 18 directors of the RCCI and secretary of the arbitration tribunal, had been made respondents in the petition.

## Agrani Bank to launch remittance company in Malaysia next month

### STAR BUSINESS REPORT

Agrani Bank is going to set up a money exchange company in Malaysia next month to facilitate hassle-free remittance by Bangladeshi nationals there.

Agrani Bank recently obtained approval from the Malaysian central bank for establishing the subsidiary company, Agrani Remittance Company Pvt Ltd, finance ministry sources said.

The finance ministry will soon send a proposal in this connection to the cabinet for final approval.

With a start-up expenditure of Tk 2 million, the proposed company will start operation with a paid up capital of Tk 8.5 million.

The bank officials hope the new company will earn Tk 2.4 million in the remaining five months of 2005 and Tk 4.34 million in 2006.

Bangladeshi workers in Malaysia have been facing difficulties for long in sending their hard-earned money, as there is no branch of Bangladeshi banks there.

Bangladeshi workers were allegedly cheated and harassed by some Malaysian money exchange companies, which encouraged some of the workers to go for illegal ways of sending money.

The government initiative earlier failed to ease the problem as it signed contracts with the City Bank, Malaysia and Bumiputra

Commerce Bank in 2002 and in 2004 respectively for money exchanging services.

But the workers soon found the money exchanging firms less attractive than illegal channels, sources said.

According to the ministry sources, workers found the service charge of the Malaysian banks very costly.

Realising the problem, Bangladesh high commissioner in Kuala Lumpur wrote the finance ministry repeatedly to establish a subsidiary house through any local commercial bank.

The ministry asked the board of Agrani Bank to prepare a final proposal to form the company soon.

## Indian bank in talks to buy Bangladeshi bank

### UNB, Dhaka

India's Punjab National Bank (PNB) is set to acquire management stake of a bank in Bangladesh, the PNB indicated at a press briefing in Kolkata on Saturday.

"There are one or two opportunities available with us for equity participation in the banking sector in foreign countries, including one in Bangladesh," Chairman and Managing Director of PNB SC Gupta told reporters.

But he declined to name the Bangladesh-based bank, according to Indian Business Standard paper.

"Talks are at an early stage. But if all conditions are met, we will take management control with whatever stake is available," Gupta said.

PNB has already picked up a 20 percent stake in the Everest Bank of Nepal and it is "exploring such opportunities" in other countries, he said.

Besides, in a bid to increase its international presence, the bank has also opened a branch in Kabul and four representative offices in the UK, China, Kazakhstan and Dubai.

Gupta said the PNB is expecting a 20 percent growth in business this year over Rs 1,63,000 crore achieved last year.

## Oil prices calm

### AFP, London

World oil prices fell by more than a dollar on Monday after American facilities in the Gulf of Mexico escaped the impact of Hurricane Dennis, which wreaked havoc in the United States, dealers said.

New York's main contract, light sweet crude for delivery in August, slumped by \$1.11 to \$58.52 per barrel in electronic deals.

In London, the price of Brent North Sea crude oil for delivery in August dropped \$1.18 to \$57.02 per barrel.



PHOTO: STAR

Farooq Sobhan (L), president of Bangladesh Enterprise Institute (BEI), speaks at a session of a roundtable organised by BEI in Dhaka yesterday as Mahub Alam (C), editor of The Independent, and Shamsul Huq Zahid, deputy editor of The Financial Express, look on.

## Poor infrastructure, political wrangling stymie FDI flow

### STAR BUSINESS REPORT

Poor infrastructure, bureaucratic complexities and confrontational politics are main hindrances to foreign direct investment (FDI) in the country, speakers at a roundtable said yesterday.

Despite attractive incentives offered by the government, the country fails to woo substantial amount of FDI due to these hindrances, they said.

The discussants also stressed the need for media role to attract FDI.

The roundtable titled 'Promotion of FDI in Bangladesh through development of private EPZs, role of media, investment and private sector' was organised by

Bangladesh Enterprise Institute (BEI) in Dhaka.

The speakers also noted corruption is a big threat to businesses in Bangladesh.

They said as Bangladesh's track record on macro-economic stability has been superior, the country should have attracted hefty amount of FDI.

If Bangladesh wants to elevate its position in the world as an FDI-destination, it has to raise the skill of its labour force, reduce corruption and burden of excessive regulations, improve infrastructure and ease domestic finance flow, they suggested.

In his keynote paper Shamsul Huq Zahid, deputy editor of The Financial Express, said the high

cost of finance in the form of higher lending rate is yet another obstacle to stronger export performance across the board in Bangladesh.

From the late 70s Bangladesh has been offering lucrative incentives to foreign investors. But the country has so far failed to attract significant number of investors, he said.

However, during the same period, Southeast Asian countries like Thailand, Malaysia, Indonesia and the Philippines with their cheap and skilled labourer and better infrastructure facilities attracted a huge number of investors from developed economies, he added.

The keynote paper admitted that the year 2005 has turned out to be a year of good omen for Bangladesh in terms of FDI flow. Foreign investors, including Tata Group of India, Asia Energy of the UK, Dhabi Group of UAE, High-tech Group of Saudi Arabia and Vulcan Energy of USA, have shown active interest in investing around \$12 billion in Bangladesh.

Speaking on the role of media in attracting FDI, the discussants said media can play a very important role in presenting a positive or a distorted image of a country both domestically and internationally. But the international media has not been that fair in projecting Bangladesh, they said.

BEI President Farooq Sobhan said, "Media is a watchdog of a country. A prospective investor is influenced by the image of a country projected in media," he added.

He said the media should project the country abroad in a more attractive way. It must understand the key issues that relate country's image.

"We have a lot of opportunities for attracting FDI. But due to lack of transparency and good governance, we have lost our position in the world market, Sobhan said adding that cashing in on our failures, Vietnam and Myanmar have now been able to attract notable amount of FDI."

Mahub Alam, editor of The Independent, presided over the roundtable, which was also attended by media professionals and representatives from government organisations and NGOs.

## Asia's loan volume up 17pc

### REUTERS, Hong Kong

Loan volume for Asia excluding Japan rose more than 17 percent in the first half of 2005 over the same period last year, debt market news service Basis Point said.

Basis Point, a Reuters company, said Asia-Pacific borrowers, excluding those in Japan, raised \$62.1 billion in the first six months of 2005, compared with \$52.9 billion in January-June last year.

Last year, loan volume totalled \$136 billion. Basis Point said the increase was boosted by acquisition lending and refinancing activities, which continue to drive pricing lower.

Acquisition-related financings accounted for 16 percent of total Asia-Pacific lending volume, compared with 13 percent in the whole of 2004.

Excluding Australia as well as Japan because of heavy M&A deal financing activity there, 23 acquisition-related deals totalling \$7.86 billion were completed or in process by the end of June, nearly twice the \$4.11 billion completed in full-year 2004.

Australia and New Zealand raised \$23.4 billion in loans in January-June, accounting for more than one-third of the overall non-Japan Asia volume, Basis Point said.

## New chairman of Green Delta Ins



AZ Mohammad Hossain has been made chairman of Green Delta Insurance Co Ltd.

The Board of Directors of the company in a meeting recently in Dhaka elected him chairman, says a press release.

A lawyer-turned businessman, Hossain is a sponsor director of the company. He is also the co-owner and managing director of Chandra Spinning Mills Ltd.

## Wrong policy, graft cripple jute sector

### Roundtable observes

#### STAR BUSINESS REPORT

Wrong policy, corruption and management inefficiency have left the country's jute sector on the verge of ruin, speakers told a roundtable in Dhaka yesterday.

They also urged the government to allocate Tk 200 crore for jute mills corporation to purchase raw jute from farmers.

Workers Party of Bangladesh organised the discussion on 'Jute, Jute Industry and National Interest' in Dhaka with the party chief Rashed Khan Menon in the chair. Awami

League Presidium Member Amir Hossain Amu was also present at the discussion.

Khaled Rob, former director of Bangladesh Jute Mills Corporation (BJMC), and Mohammad Shams-ul-Haq, chairman of Shams Group, presented two papers at the roundtable.

Prof Abul Barakat of Dhaka University criticised the World Bank prescription for the country's jute sector. He said Bangladesh had to close down the largest jute mills in Asia, Adamjee Jute Mills, whereas four new jute mills were set up in West Bengal, India.

Jatiya Samajtantrik Dal President Hasanul Haq Inu said the government should allocate Tk 200 crore immediately for the BJMC to save the jute industry.

Among others, Gono Forum General Secretary Saifuddin Ahmed Manik, Shahidulla Chowdhury, a leader of Communist Party of Bangladesh, Ajoy Roy, convener of Communist Kendra, Shirin Akhter, president of Karmajibi Nari, and Dilip Barua, general secretary of Bangladesh Sammabadi Dal, spoke at the discussion.