

ICCB spots PPP constraints

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The International Chamber of Commerce-Bangladesh (ICCB) has identified several constraints that need to be overcome for greater private sector participation.

For private sector participation, five constraints must be overcome: political and bureaucratic, legal and regulatory, financial, methodological and process of implementation, the business organisation said in the editorial of its quarterly news bulletin.

ICCB mentioned Finance Minister AMA Muhiht expressed his cautiousness about the challenges to utilisation of a budget based on public-private partnership (PPP) programmes and recommended setting up an institution for preparation and implementation.

Echoing the minister, ICCB said such an institution is important to see through the realisation of the scheme into reality.

The national budget for fiscal 2009-10 has been announced at a time when the world is passing through a recession. "Although the Bangladeshi economy is yet to be hurt seriously, the threat is looming, especially in export and remittances," ICCB said.

In this context, the government will have to mobilise funds to boost domestic demand, which again requires investment, it said. "As the public sector lacks enough resources, tagging the private sector in the development process is critical."

The government proposed an allocation of \$350 million in the budget for initiating the partnership projects, which is, however, meagre, according to the news bulletin released on Sunday.

PPP is a growing concept as an alternative source of financing public sector projects on a cost-sharing basis. To expand and meet the country's increasing demand for physical infrastructure, the government has marked six giant projects for fast-track implementation for fiscal 2010.

ICCB said, "Indigenous capacity" for implementation of the projects remains to be ascertained and foreign investment continues to be uncertain.

To make the initiative a success, the statement said, the government must make an appropriate policy framework, incentive packages and a mechanism for implementation.

ICCB suggests it will be appropriate to look into the past experience, in which the government initiated Infrastructure Development Company Limited (IDCOL), which started in 1998 to promote public-private investment.

IDCOL has so far been able to attract only a few private sector investments in some small infrastructure projects, including solar energy. "There is, therefore, the need for revisiting the operations of IDCOL or for that matter, any new outfit to encourage and attract private investment in big projects."

"The government must take all appropriate measures to see that such partnership as a model works for future growth," ICCB said.

Countries around the region have all expressed interest in jumping on the PPP bandwagon. Indonesia needs such partnerships for financial and technical reasons, whereas Malaysia's inclination towards this appears to be more politically and socially motivated.

More opportunities for joint initiatives under PPP are opening up in China, Korea, Hong Kong and the Philippines.

In Singapore, it remains to be seen if similar ventures can fulfil their aim of value for money, ICCB said. "So far, a small number of projects implemented in Singapore have all proved commercially viable with potential social benefits."

In Thailand, it played a vital role in providing public infrastructure in many sectors of the economy for more than a decade, most notably in the power, telecoms and transport sectors.



Lutful Kabir

New ATAB chief

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The Association of Travel Agents of Bangladesh has formed a 16-member executive committee with Lutful Kabir as its chairman and Md Ataur Rahman Khan general secretary recently for a two-year term, says a press release.

Kabir is the managing director of Orion Travels Ltd, while Khan is managing director of Olympic Travels (Bangladesh) Ltd.

White House budget director expects better GDP figures

AFP, Washington

Figures for the US gross domestic product (GDP) in the second quarter of year will probably improve "a lot" from the first quarter, White House budget director Peter Orszag said Sunday.

"The second quarter GDP numbers, even though they're likely to still show a decline, are likely to look a lot better than the first quarter, which is a sign of progress," he told CNN's "State of the Union."

The US Treasury will published figures for second quarter economic activity on July 31.

Figures published by the US Commerce Department said last quarter's GDP shrank at an annual rate of 5.5 percent, which was still an improvement from the previous quarter's decline at an annualized rate of 6.3 percent.

Orszag said Sunday that the improvement in the first quarter of the year was a positive sign.

"We've stepped back from that precipice, but we're not yet in the growth zone," he said. "Most private sector forecasters are suggesting that won't happen until later this year."

The US Federal Reserve said in minutes released from its last meeting that it has revised its forecast for growth.

The central bank now expects the decline in economic activity to be between one and 1.5 percent for all of 2009, revised from a previous estimate of a two percent rate of decline for the year.

German producer prices plunge

AFP, Frankfurt

The cost of German goods at the factory gate plunged by 4.6 percent in June from the same month last year, the steepest drop since December 1986, the national statistics office said on Monday.

In May, producer prices in the biggest European economy had fallen by 3.6 percent, Destatis said.

On a monthly basis, they decreased by 0.1 percent in June, after having remained unchanged one month earlier.

The figures were in part driven by a decline in energy prices which spiked higher a year ago, and when they were stripped out of the calculation, producer prices fell by a more modest 2.8 percent on the year, Destatis said.

The cost of energy was 8.4 percent lower in June than in the same month a year earlier, and 0.3 percent lower than in May.

Mineral oil products cost 24.9 percent less on a 12-month basis, while electricity prices decreased by 5.7 percent and natural gas was 3.5 percent cheaper.

The cost of metals also showed a sharp drop of 20.2 percent from June 2008, the data showed.

Indian trade body leader stresses Dhaka-Delhi FTA talks

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Bilateral free trade agreements (FTA) between Bangladesh and India could be negotiated so that it would be mutually rewarding to both parties, Dr Amit Mitra, secretary general of the Federation of Indian Chambers of Commerce and Industries (FICCI) said yesterday.

He was speaking at a discussion -- Implications on Global Meltdown: Opportunity of Resuscitation for India and its Neighbour -- organised by the Centre for Policy Dialogue (CPD) in Dhaka.

Mitra underlined the importance of improving

India-Bangladesh trade and investment relations and FTAs, according to a press statement.

He believed the current substantial trade deficit between the two countries was not politically sustainable and he put emphasis on increasing Indian investment in Bangladesh to correct this imbalance, the statement said.

The think tanks of both the countries need to identify solutions to existing challenges, emphasising close interaction, according to the release.

Mitra pointed out that by pursuing monetary and fiscal measures, India was able to overcome the

adverse impact of global recession and it was expecting the emergence of 'green shoots', particularly through recovery of manufacturing sector and other positive manifestations, the press release said.

The discussion was moderated by Prof Rehman Sobhan, chairman of CPD, while AB Mirza Azizul Islam, former adviser to the caretaker government, Amir Khosru Mahmud Chowdhury, former commerce minister, Prof Mustafizur Rahman, CPD's executive director, Dr Debapriya Bhattacharya, the distinguished fellow, were also present.

NBR to streamline field office operations

UNB, Dhaka

The National Board of Revenue (NBR) is going to formulate a policy for monitoring its field offices across the country to streamline their operations and thus help taxpayers pay their taxes in a hassle-free environment.

A 4-member committee has been formed in this connection with NBR Member (Customs Admin) Farid Uddin as its convener.

The other three members are NBR Member (Tax Admin) M Ashraf Uddin, IRD Deputy Secretary Gyan

Ranjan Shil and IRD Senior Assistant Secretary M Mafizul Islam.

The decision to form the committee was taken at the monthly coordination meeting of the IRD on Sunday. The committee will submit its draft policy within the next 10 working days.

When contacted, a member of the committee told the news agency that monitoring is imperative to infuse dynamism into the field-level offices. "It's often seen that the field-level offices don't pay attention to urgent letters that go to them," he said.

He said it is also seen that

taxpayers have to visit a field office for over 10 days for getting a very simple job done although it needs only 10 minutes to give a solution to that.

The committee member alleged that some officials at the field level also fail to show up at their workplaces by 9 am although there is a strict government directive to attend offices just before 9 am.

"This tendency is relatively higher among the field-level officials and the aim of formulating the policy is to deal with the problem with a strong hand," he said.

Hong Kong financiers jailed over insider dealing

AFP, Hong Kong

A Hong Kong court on Monday jailed a former banker at regional brokerage CLSA and an ex-fund manager for insider dealing offences, the latest action under the city's crackdown on market misconduct.

Allen Lam, former investment banking director at Hong Kong-based CLSA, was jailed for six months for tipping off Ryan Fong, ex-hedge fund manager at HSZ Ltd, on a takeover bid for Media Partners, an information services provider.

Fong was sentenced to a year in prison and fined 1.37 million Hong Kong dollars (180,000 US) for purchasing shares in Media Partners following Lam's tip-off, enabling him to make over four million dollars in profit.

Deputy District Judge Eddie Yip said in sentencing that the offence was serious and imprisonment was an appropriate punishment for the defendants, both of whom had earlier pleaded guilty to their charges.

"Your conduct threatened the integrity of the financial market in Hong Kong and affected investors' confidence," he told the pair in the dock.

Philippines interim budget deficit up 752pc

AFP, Manila

Falling revenues and higher stimulus spending caused the Philippines' budget deficit to rocket to 153.4 billion pesos (3.20 billion dollars) in the six months to June, the government said Monday.

It was 752.2 percent higher than the year-earlier deficit of 18 billion pesos, but within the government's deficit ceiling of 155.1 billion pesos for the first half of the year, the finance department said in a statement.

"Given the fiscal performance in the first six months of the year, we are hopeful that we will remain on track with our deficit programme of 250 billion pesos or 3.2 percent of GDP (gross domestic product) this year," Finance Secretary Margarito Teves said.

Revenues fell 4.3 percent from the previous year to 545.7 billion pesos, missing the government's first half target by 35.7 percent with income taxes down on "slower than projected economic growth," said Teves in a statement.

Import tariffs were also off "mostly because of the 35 percent drop in imports," Teves said.

Economic growth slowed to 0.4 percent in the three months to March. The second quarter figure is due out next month.



Mostafa Golam Quddus, chairman of Rupali Insurance Company Ltd, presides over the company's 21st annual general meeting in Dhaka recently. The company declared 20 percent stock dividend for 2008.

Samsung new mobile set hits market tomorrow

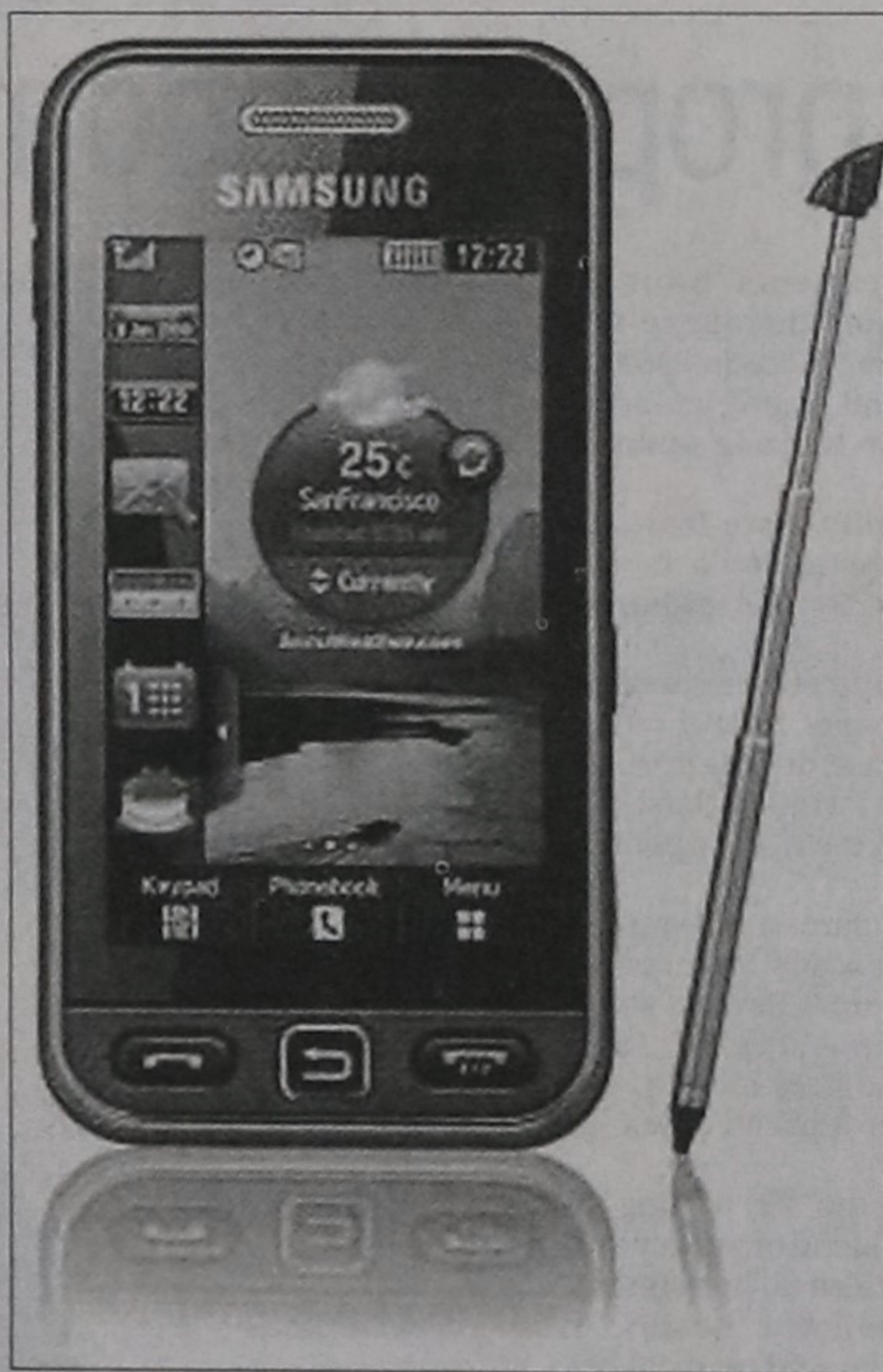
STAR BUSINESS DESK

Samsung Electronics Company Ltd announced yesterday that the company would launch its latest full-touch screen mobile phone STAR S5233-- in Bangladesh, says a press release.

"The Samsung STAR S5233 is a significant product in our full-touch screen mobile portfolio, bringing stylish designs and intuitive user interfaces," said JK Shin, executive vice president and head of the Mobile Communications Division at Samsung Electronics.

The new model comes with latest multimedia features in a slim and compact body. With a 3.0-inch WQVGA full-touch screen and Samsung's TouchWiz User Interface with mobile widgets, the phone also comes with a 3 mega-pixel camera and video recording with QVGA@15fps support.

Features of STAR S5233 include full internet browsing with accelerom-



eter sensor for autorotation and WiFi connectivity. The handset will hit

Bangladeshi market tomorrow at an introductory price of Tk 18,500.



Vortex Bangladesh has recently launched SAT119, a small standby fire extinguisher from Japan that puts off a fire the moment it is thrown at it, through a press conference in Dhaka recently. Vortex Bangladesh Head of Project Leo Barou, among others, was present.



Mohammad Ali, managing director of Shahjalal Islami Bank Ltd, inaugurates the bank's 36th branch at Baruahalli in Nababganj on Sunday.

CIT reaches \$3-billion rescue deal

AFP, Washington

Business lending giant CIT Group has negotiated an agreement worth three billion dollars with its bondholders to avoid bankruptcy, US media reported Monday.

Citing unnamed "people briefed on the matter," The New York Times said directors of CIT, which lends capital to small and midsize businesses, had approved a deal Sunday evening with some of the bank's major bondholders to help it avert a bankruptcy filing through a three-billion emergency loan.

The money, arranged by Barclays Capital, is meant to give the company several weeks to set up an exchange of bondholders' debt for equity, alleviating some of the pressure from billions of dollars in obligations, The Times said.

CIT's board approved the deal around 10:30 pm Sunday (0200 GMT Monday), the New York paper added.

According to The Wall Street Journal, the deal would charge CIT high interest rates to secure the firm's short-term lending.

The lending firm's bondholders calculate their losses would be higher if it filed for bankruptcy and quickly sold off its assets, according to the financial newspaper.

CIT Group, which specializes in financing for tens of thousands of small and medium-sized businesses, looked this week to be headed for bankruptcy after the US government rejected its plea for a fresh bailout -- after already providing 2.33 billion dollars -- despite fears of repercussions for the overall economy.

Shares in CIT plunged 75 percent to 40 cents in late trading on Thursday on worries of an imminent collapse of the lender. At that time Fitch Ratings downgraded the long-term credit ratings of CIT, saying as much as 35 billion dollars in its debt could be near default.

Under the bondholders' rescue plan, providing a bridge to help its short-term restructuring efforts but not securing the firm's long-term stability, CIT would pay interest rates 10 percent above the London interbank offered rate -- with the current three-month Libor standing at about 0.5 percent -- the Journal said in its online edition.

The decision not to bail out CIT came after the US government injected tens of billions of dollars into the banking system and outlined a policy of helping large firms whose failure

could lead to a shock to the financial system.

"Even during periods of financial stress, we believe that there is a very high threshold for exceptional government assistance to individual companies," the Treasury said this week.

A US administration official said the decrease in the level of loans granted by CIT Group over the past year indicates that the firm was not too big to fail.

The National Retail Federation said bankruptcy of the major lender could have severe consequences on the retail industry and the nation's economy.

"A failure of CIT would impact thousands of retailers and, consequently, the consumer spending that makes up two-thirds of our nation's economy," said NRF president Tracy Mullin.

In December, CIT Group won approval to change its charter to a bank holding company and received the capital injection from the US Treasury as part of an emergency rescue package.

The company is a major player in industrial loans including aircraft financing, but last year sold its real estate lending and had taken other steps to deal with the unprecedented credit crunch.