

32 firms awarded for outstanding corporate governance

STAR BUSINESS REPORT

THE Institute of Chartered Secretaries of Bangladesh (ICSB) has awarded 32 companies for their outstanding corporate governance practices as well as transparency and accountability in overall management.

The 6th ICSB National Award for Corporate Governance Excellence, 2018 was presented to the winners at a programme at the Radisson Blu hotel in Dhaka on Saturday.

Bank Asia won the gold medal in the banking sector while Brac Bank secured silver and Eastern Bank bronze.

Delta Brac Housing Finance Corporation scooped the top award in the non-bank financial institutions category. IDLC Finance came second and IPDC Finance third.

In the insurance category, the gold medal went to Green Delta Insurance, the silver to Reliance Insurance and the bronze to Prime Insurance Company.

IBN SINA Pharmaceutical Industry took home the top honour in the pharmaceuticals category. Square Pharmaceuticals won silver and Orion Pharma bronze.

In the textile and garment company category, Matin



COLLECTED

AB Mirza Azizul Islam, a former adviser to a caretaker government, and Mozaffar Ahmed, president of the ICSB, pose with the representatives of the winners of the 6th ICSB National Award for Corporate Governance Excellence 2018 at the Radisson Blu hotel in Dhaka on Saturday.

Spinning Mills bagged the gold medal, Paramount Textile got silver and Shasha Denims the bronze medal.

Golden Harvest Agro Industries, Gemini Sea Food and Aman Feed won gold, silver and bronze respectively in the food and allied company category.

In the IT and telecom category, state-run Bangladesh Submarine Cable Company secured the top honour while Grameenphone won silver and BDCOM Online the bronze award.

Singer Bangladesh got the gold medal in the engineering category, BSRM Steels silver and BBS Cables bronze.

British American Tobacco Bangladesh, RAK Ceramics and Premier Cement Mills won the gold, silver and bronze medals respectively in the manufacturing category.

In the fuel and power company category, MJL Bangladesh secured gold, Linde Bangladesh the silver medal and Summit Power received the

bronze award.

Eastern Housing won the top honour in the service company category while Unique Hotel & Resorts came second.

AB Mirza Azizul Islam, former adviser to a caretaker government, handed over the awards to the winners.

Speaking at the event, he urged the corporate sector to treat all stakeholders equally and continuously improve upon their current level of efficiency and governance.

He said fair treatment for all stakeholders was required to ensure corporate governance.

"It is the responsibility of the corporate sector to contribute to achieving the Sustainable Development Goals," the former adviser said.

He said government intervention was required when the market fails. The government also needs to ensure that corporate houses follow rules and regulations properly.

ICSB President Mozaffar Ahmed said good governance in the corporate sector was the need of the hour.

"The practice of good governance boosts the morale of staff and enhances productivity, which is needed to achieve long-term targets of business firms," he said.

Ahmed said the Corporate Governance Code 2018 introduced by the Bangladesh Securities and Exchange Commission was a bold and time-befitting initiative aimed at aiding the establishment of corporate good governance in listed business firms.

Md Abdul Karim, a former principal secretary to the Prime Minister's Office, and Akhter Matin Chaudhury, chairman of the ICSB corporate governance committee, also spoke.

Tesco suspends Chinese supplier after prisoner labour report

REUTERS, London

British supermarket giant Tesco suspended a Chinese supplier of Christmas cards on Sunday after a press report said a customer found a message written inside a card that said it had been packed by foreign prisoners who were victims of forced labour.

"We abhor the use of prison labour and would never allow it in our supply chain," a Tesco spokesman said on Sunday. "We were shocked by these allegations and immediately suspended the factory where these cards are produced and launched an investigation." Tesco donates 300,000 pounds (\$390,000) a year from the sale of the cards to the charities British Heart Foundation, Cancer Research UK and Diabetes UK.

The Sunday Times said the message inside the card read: "We are foreign prisoners in Shanghai Qingpu Prison China. Forced to work against our will. Please help us and notify human rights organisation."

"Use the link to contact Mr Peter Humphrey." Peter Humphrey is a British former journalist and corporate fraud investigator.

Humphrey and his American wife Yu Yingzeng were both sentenced in China in 2014 for illegally obtaining private records of Chinese citizens and selling the information to clients including drugmaker GlaxoSmithKline. The couple were deported from China in June 2015 after their jail terms were reduced.

The message inside the card was found by a 6-year-old girl, Florence Widdicombe, in London, the Sunday Times said. Her father contacted Humphrey via the LinkedIn social network.

Writing in the Sunday Times, Humphrey said he did not know the identities or the nationalities of the prisoners who put the note into the card, but he "had no doubt they are Qingpu prisoners who knew me before my release in June 2015 from the suburban prison where I spent 23 months".

Tesco, Britain's biggest retailer, said it had a comprehensive auditing process in place.

Housing fair begins tomorrow

STAR BUSINESS REPORT

A five-day housing fair is beginning in the city tomorrow with a view to showcasing flats and plots that are within the buying capacity of customers.

The Real Estate and Housing Association of Bangladesh (REHAB) is organising the winter edition of the event at the Bangabandhu International Conference Centre.

Co-sponsored by 27 realtors, the fair will feature 230 stalls and the participants will include 20 building material manufacturers and 14 financial institutions.

It was disclosed at a press

conference organised by the REHAB at the Sundarban Hotel in Dhaka yesterday.

Addressing the event, REHAB President Alamgir Shamsul Alamin said the sector has got a shot in the arm after the central bank raised the ceiling on home loans by banks to Tk 2 crore from Tk 1.20 crore previously.

The recent decision of the central bank and the loan facilities for government employees are helping the sector recover from the crisis, he said.

"We expect at least 9 percent growth in 2019 after a dull 2018." The sector would get a further

boost if the bank interest rate comes down to single digits, he said, adding that the construction sector accounts for around 15 percent of the country's gross domestic product.

Liaquat Ali Bhuiyan, first vice-president of the association, said the high interest rate on home loans and a lack of access to long-term finance for all segments of the society were the main barriers to resolving the housing crisis in Bangladesh.

The fair will be open to visitors from 10am to 9pm. However, on the opening day, the visitors will be allowed to enter the venue after 2pm. The entry fee is Tk 50 for one time and Tk 100 for a maximum of five.



REHAB

Alamgir Shamsul Alamin, president of the Real Estate and Housing Association of Bangladesh, speaks at a press conference to announce its five-day winter fair at the Sundarban Hotel in the city yesterday.

Economic issues not a factor in 737 MAX's safety review

US transport chief says

REUTERS, Washington

THE economic impact of Boeing Co's planned halt of 737 MAX production will not be considered by US regulators in their ongoing review of when to end the grounding of a plane involved in two major fatal crashes, US Transportation Secretary Elaine Chao said on Friday.

In an interview with Reuters, Chao said the White House has not pressured the Federal Aviation Administration (FAA) to speed up its review.

Chao also said the White House Council of Economic Advisers had conducted a study of the economic impact of the grounding, which forced Boeing - a critical American manufacturing company - to halt deliveries in March, and assessed that it would cause around a 0.4 percent reduction in US gross domestic product.

"Regardless as to what the impact on GDP is, our responsibility is to ensure that the 737 MAX must be safe before it is ungrounded," Chao said, adding that "my job is protect" the FAA from any pressure the agency might face.

The 737 MAX has been grounded worldwide since March after two crashes involving Boeing's fastest-selling jet in Indonesia and Ethiopia killed 346 people within five months, costing the plane manufacturer more

than \$9 billion so far.

On Friday, United Airlines said it is extending cancellations of Boeing 737 MAX flights from early March until June. United's announcement is the longest that any US carrier has scheduled for the grounded aircraft, after American Airlines and Southwest Airlines Co canceled flights into early April.



US Transport Secretary Elaine Chao

Chao said her directive to FAA Administrator Steve Dickson is clear: "ensure that he finds out what happened, correct the problem and do not unground until FAA feels that it is safe."

President Donald Trump, who has touted the strength of the US economy as he seeks re-election in 2020, called Boeing Chief Executive Dennis Muilenburg on Sunday to ask about the status of 737 MAX production, citing two people briefed on the matter confirmed.

Muilenburg assured Trump that the planned production halt was temporary and that the company would not be laying off any workers, the sources said. The production halt, set to begin in January, was announced by Boeing on Monday.

Reuters reported this week the FAA is not expected to end the grounding until at least February. Chao said of Boeing: "They've got a tough challenge ahead of them and they owe it to the American people to ensure that their airplane is safe. And I think they want that, too."

Boeing said on Friday it continues "to follow the lead of the FAA and global regulators, as they will determine the timeline for certification so the MAX can safely return to service."

Chao said reforms to the FAA's longstanding process of delegating some certification tasks to Boeing should be not be adopted until a number of reviews are completed.

"Let's wait to see what the reports say before we act too quickly," Chao said.

The FAA's practice of delegating some certification tasks to Boeing has come under criticism from lawmakers and in some official reports, including the FAA's failure to more closely evaluate a key safety system involved in both fatal crashes. The FAA is not delegating any tasks in the ongoing review.

Lone Star to buy BASF construction chemicals unit for \$3.5b

REUTERS

Private equity firm Lone Star has entered a deal to buy BASF's construction chemicals business for 3.17 billion euros (\$3.5 billion) on a cash and debt-free basis, the German chemicals company said on Saturday as it seeks to focus on more profitable operations.

The deal, which has immediate effect upon BASF's reporting, is expected to close in the third quarter of 2020, according to the statement.

Reuters reported last month that Lone Star was in negotiations to buy the BASF unit.

The private equity firm vied with a consortium comprising buyout groups Cinven - which owns peer Chryso - and Bain for the world's largest maker of chemical additives for concrete, sources told Reuters in November.

Lone Star had previously walked away from the bidding but was invited back to the negotiating table.

BASF's construction chemicals unit is the world's largest maker of additives for concrete. It also offers a range of substances including concrete repair fillers, grouts and sealants under a business dubbed Construction Systems, where BASF is the No. 4 player globally.

BASF purchased the construction chemicals business from Degussa in 2006 for 2.7 billion euros including debt.

Global wave of debt is largest, fastest in 50 years

STAR BUSINESS DESK

DEBT in emerging and developing economies (EMDEs) climbed to a record \$55 trillion in 2018, marking an eight-year surge that has been the largest, fastest, and most broad-based in nearly five decades, according to a new World Bank Group study.

The analysis is contained in Global Waves of Debt, a comprehensive study of the four major episodes of debt accumulation that have occurred in more than 100 countries since 1970. It found that the debt-to-GDP ratio of developing countries has climbed 54 percentage points to 168 percent since the debt buildup began in 2010.

On average, that ratio has risen by about seven percentage points a year—nearly three times as fast it did during the Latin America debt crisis of the 1970s. The increase, moreover, has been exceptionally broad-based—involving government as well as private debt, and observable in virtually all regions across the world.

"The size, speed, and breadth of the latest debt wave should concern us all," said World Bank Group President David Malpass in a statement.

"It underscores why debt management and transparency need to be top priorities for policymakers—so they can increase growth and investment and ensure that the debt they take on contributes to better development outcomes for the people."

According to the report, the prevalence of historically low global interest rates mitigates the risk of a crisis for now. But the record of the past 50 years highlights the dangers: Since 1970, about half of the 521 national episodes of rapid debt growth in developing countries have been accompanied by financial crises that significantly weakened per-capita income

and investment.

"History shows that large debt surges often coincide with financial crises in developing countries, at great cost to the population," said Ceyla Pazarbasioglu, the World Bank Group's Vice President for Equitable Growth, Finance, and Institutions.

"Policymakers should act promptly to

enhance debt sustainability and reduce exposure to economic shocks."

The analysis found that this latest wave is different from the previous three in several ways: it involves a simultaneous buildup in both public and private debt; it involves new types of creditors; and it is not limited to one or two regions.

Some of the increase in debt has been driven by China, whose debt-to-GDP ratio has risen 72 points to 255 percent since 2010. But debt is substantially higher in developing countries even if China is excluded from the analysis. Among EMDEs, it is twice the nominal level reached in 2007.

Those characteristics pose challenges that policymakers haven't had to tackle before. For example, nonresident investors today account for 50 percent of the government debt of EMDEs, considerably more than in 2010. For low-income countries, much of this debt has been on non-concessional terms, and outside the debt-resolution framework of the Paris Club.

"Under the circumstances, policymakers should develop mechanisms to facilitate debt resolution when it becomes necessary," according to the report. Greater debt transparency would also help.

The study urges policymakers to act promptly to strengthen their economic policies and make them less vulnerable to financial shocks.



REUTERS/FILE

Euro, Hong Kong dollar, US dollar, Japanese yen, pound and Chinese yuan banknotes are seen in the picture illustration.