

## Saudi prince's delegates in Dhaka to buy Rupali Bank

UNB, Dhaka

A four-member investment team from Saudi Arabia arrived here yesterday to participate in an international bidding floated by the government to sell off the state-owned Rupali Bank.

On behalf of Saudi Prince Bandar Bin Mohammed Bin Abdul Rahman Al Saud, one of the senior members of the Saudi Royal family and business tycoon, the delegation will submit tender documents to buy the bank.

The delegation will meet Privatisation Commission Chairman Enam Ahmed Chowdhury and the finance secretary today.

They are scheduled to meet the Bangladesh Bank governor on Thursday to express their interest in buying the Rupali Bank.

The Saudi prince is participating in the international tender with a high hope of investing about US\$ 5-6 billion in Bangladesh's banking sector if the state-owned enterprise is finally handed over to his company.

Yousuf Hamed Garzal, the prime consultant to the prince, is leading the delegation.

Earlier, seven companies from home and abroad were short-listed by the Privatisation Commission as potential buyers of the bank.

On May 7, the commission approved the expressions of interest (Eoi) submitted by these companies for taking over the Rupali Bank.

The companies are Domestic Investors Consortium, Summit Industrial & Mercantile Corporation (Pvt) Limited Bangladesh, National Housing Finance and Investment Ltd and FMO Netherlands Development Finance Company (four companies jointly sent their Eoi), State Bank of India, Sabrie Capital Worldwide Ltd of Oman, Bank Muscat of Oman, Prince Bandar Bin Mohammed Bin Abdul Rahman Al Saud of Saudi Arabia, Maa International Investment Ltd of Malaysia, and JJ Finance Ltd of the UK.

## Nissan's second biggest parts export base in Thailand

AFP, Bangkok

Nissan Motor said Tuesday that Thailand will become its biggest parts export base outside of Japan when a major new facility begins operations early next year.

The base, located in Laem Chabang, some 130 kilometers (80 miles) southeast of Bangkok, will export auto parts worth 300 million dollars annually to Nissan's production plants worldwide, the company said in a statement.

## StanChart strikes forex derivative deal in Bangladesh

Standard Chartered Bank Bangladesh has successfully concluded the first foreign exchange derivative deal in the country, says a press release.

The bank structured 'USD/JPY Zero Cost Range-Forward' to hedge the exchange risk of a leading corporate in Bangladesh against its imports. Range-Forward gives the customer more flexibility by fixing a range of exchange rate as compared to fixed exchange rate in forward cover.

The breakthrough deal marks the entry of Bangladesh into the foreign exchange derivatives world, added the release.

"Range-Forward will offer more flexibility to our clients and will also increase market depth. We are happy to bring in another international product for the first time in Bangladesh," said Alamgir Morshed, head of Global Markets, Standard Chartered Bank.

Standard Chartered Bank has always been the pioneer in introducing new forex products in the country, Morshed added.

Derivative is currently the most preferred product in the foreign exchange market for hedging exchange risk. Vibrant derivatives market in neighbouring countries has provided wide array of risk management tools and played a pivotal role in overall financial market development.

The deal demonstrates the active support of Bangladesh Bank and commitment of Standard Chartered Bank Bangladesh in developing the foreign exchange market in the country, said the release.

## Exports clock 20.89pc growth in 11 months

MD HASAN

Export earnings reached US\$ 9.410 billion with a 20.89 percent growth in eleven months of the 2005-06 fiscal, thanks to continuous good performance by knitwear, woven garments, leather and textile fabrics and use of advanced technology in production to satisfy buyers.

Significant rise in knitwear, leather, petroleum by-products, textile fabrics, raw jute, jute goods, foot wear contributed to the overall export growth during the July-May period of FY06 over the same period of the previous fiscal, according to Export Promotion Bureau (EPB).

As the amount the country fetched from export went \$316.04 million more than the target of

\$10.159 billion during the 11-month period, a high official of the state-run export promotional agency assumed that the earning would go well ahead of the target registering a record in this regard.

The knitwear export grew by 33.90 percent fetching \$ 3395.35 million, which exceeded the target set for the period.

"This is not an extraordinary performance for the knitwear sector, because all the year round we have performed well in exporting knit goods to the world market", said Fazlul Haque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

He said Bangladeshi entrepreneurs are becoming conscious about the trend of world market and

use latest technology to ensure international standard, which basically helps boost the growth.

"If everything goes all right, we will cross our export target of \$3600 million," he hopes.

Woven products, one of the major export earners, continued to see positive growth fetching \$ 3646.99 million during the period.

When asked about the growing performance of woven garments, SM Fazlul Haque, president of Bangladesh Garments Manufacturers and Exporters Association (BGMEA) said the USA has imposed embargo on importing Chinese woven products, which ultimately helps Bangladeshi exporters to get huge export orders in some specific woven items from America.

However, jute goods, footwear, electronics, chemical products, pharmaceuticals, chemical fertilizer, engineering products, motor parts, iron chain, melamine tableware, camera parts, leather bags and purses recorded growth over the previous fiscal, but failed to achieve the target.

On the other hand, the export growth of home textiles, tea, handicrafts and ceramic products has declined and failed to reach the target during 11 months of the last fiscal year.

Cut flower posted the highest 246.69 percent growth which fetched \$ 18.86 million, followed by textile fabrics with 179.43 percent growth earning \$ 35.04 million.

The country earned \$ 8.65 billion from export in the 2004-05 fiscal.



Visitors crowd a stall at the daylong light engineering products display in Dhaka yesterday.

PHOTO: STAR

## Easy loans, separate policy sought

### Awareness programme to promote light engineering industry held

STAR BUSINESS REPORT

The government should give light engineering units access to loans at low interest rates to help them contribute to economy in a bigger way, speakers at a function said yesterday.

Termining the light engineering industry the mother of heavy industry, they also called for joint efforts from the government and entrepreneurs for the development of around 50,000 light engineering units across the country.

They were speaking at the inaugural session of a daylong 'awareness programme on promotion of light engineering products'. The programme was organised jointly by Bangladesh Engineering Industry Owners' Association (BEIOA), Light Engineering Product Business Promotion Council (LEPBPC) under commerce ministry, and SouthAsia Enterprise Development Facility (SEDF) at the Institution of Engineers Bangladesh (IEB) in Dhaka.

Commerce Secretary Feroz Ahmed, joint secretary M Ghulam Hussain, Chairman of Bangladesh Small and Cottage Industries Corporation (BSCIC) SR Osmani, General Manager of SEDF Deepak Adhikar and President of BEIOA Abdur Razzaque also spoke.

The countries such as Japan, Malaysia and India have increased

their industrial output by involving light engineering industry with heavy industry, said SEDF general manager.

"Concerted efforts of all engaged in the sector are needed for further development of the sector," he said.

"Every year the sector, which employs around five million people, save a huge amount of money by producing import alternative machinery," said president of BEIOA.

Organisers said the event was the first one of eight awareness programmes to be held in different places of the country.

On the sidelines of the programme, light engineering product manufacturers displayed their machines at 35 stalls. The Daily Star was the media partner of the event.

Meanwhile, at a seminar, organised on the sidelines of the daylong awareness programme on promotion of light engineering products, Ramij Uddin Babu, an entrepreneur from Dholaikhal, said, "We have to pay 30 percent duty for importing raw materials while importers of finished products pay only 15 percent duty."

The uneven duty structure holds back the local light engineering sector, he added.

Shafiqur Rahman, an entrepreneur from Bogra, said although the

sector has been declared as one of the five top priority sectors both in export policy and in industrial policy, the sector lacks adequate financial assistance.

M Anwarul Azim, vice-chancellor of Dhaka University of Engineering and Technology (DUET), conducted the seminar while M Kamal Uddin, professor of Institute of Appropriate Technology of Bangladesh University of Engineering Technology (BUET), and R Gopal of SEDF presented keynote papers.

M Kamal Uddin recommended formulation of a separate policy for the light engineering sector.

He also stressed the need for establishment of an international standard testing laboratory to examine the locally produced export oriented light engineering products.

Bangladesh's light engineering sector contributes only one percent to the total export earning, while in India it contributes 18 percent to export earnings, said R Gopal.

He emphasised training programmes for entrepreneurs to produce quality products.

## Oil prices rise on fresh air raids in Lebanon

AFP, London

Oil prices rose in Asian trade Tuesday as Israel launched more heavy air raids on Lebanon in its continuing offensive against the militant Hezbollah group, dealers said.

At 2:35 pm (0635 GMT), New York's main contract, light sweet crude for delivery in August, was at 75.65 dollars per barrel, up 35 cents from 75.30 dollars in late trades in the United States.

The contract hit a record 78.40 dollars on Friday.

Brent North Sea crude for August delivery was up 33 cents at 76.25 dollars.

Brent for September delivery earlier hit a peak of 78.18 dollars in electronic trading as Israel continued to pound targets in Lebanon.

Prices had eased late Monday after a report that Israel's offensive in Lebanon could be over within days but dealers said oil will likely continue to rise before the conflict is resolved.

"I think the market would want prices to go to 80 dollars a barrel ... before this situation is over," said Tony Nunan of Mitsubishi Corp's international petroleum business in Tokyo.

Crude prices spiked after Israel launched a wide military offensive across Lebanon last Wednesday, touched off by attacks on the Jewish state by the Hezbollah militant Islamic group and the abduction of Israeli soldiers.

"If it spreads to the other countries, it will be a disaster for oil prices," Nunan said. "The biggest probability is that Iran will be affected as it supports Hezbollah."

## Emirates signs for 10 Boeing 747-8 freighters

Emirates, one of the world's fastest growing international airlines, yesterday signed a heads of agreement for 10 of Boeing's new 747-8F aircraft, to be powered by General Electric's GE9x jet engines, in a deal worth US\$ 3.3 billion, says a press release.

The agreement was signed at the Farnborough Airshow in the United Kingdom by HH Sheikh Ahmed bin Saeed Al-Maktoum, chairman and chief executive of Emirates Airline and Group, and Alan Mulally, Boeing Commercial Airplanes president and chief executive officer.

The engine component of this deal is valued at more than US\$600 million, and Sheikh Ahmed and GE Aviation's president and CEO Scott Donnelly, also signed a Letter of Intent yesterday for 45 GE9x jet engines to power the new aircraft ordered.

The 10 747-8F aircraft, scheduled for delivery from 2010, will support Emirates' long-term growth plans by providing additional capacity and operational flexibility for its air cargo services. Emirates currently operates nine wide-bodied Boeing 747Fs and Airbus A310Fs, and also has eight 777Fs on its order books.

Sheikh Ahmed said: "Worldwide air cargo traffic is projected to grow by over six percent annually for the next two decades, tripling over current traffic levels. The 747-8 freighters that we are ordering today will put Emirates in a strong position to tap into the growth of cargo traffic."

## Central clearing house in the offing to benefit Asian exporters

STAR BUSINESS REPORT

Central banks of the member states of Asian Clearing Union (ACU) have taken an initiative to set up a central clearing house (CCH) to strengthen monetary transaction facilities and benefit of exporters among the member countries.

The two-day long technical committee meeting of ACU members started yesterday in Dhaka focusing on this issue.

Bangladesh Bank Governor Salehuddin Ahmed inaugurated the ceremony at Bangladesh Bank yesterday attended by representatives from ACU members Bhutan, Nepal, Iran, India, Pakistan, Sri Lanka and Bangladesh.

"The meeting will primarily focus on inadequacies in the ACU mechanism and other pertinent topics related to ACU payment system," stated the Bangladesh Bank governor, also the present chairman of Asian Clearing Union.

The governor further said introduction of Real Time Gross Settlement System (RTGS) will also get priority in the discussion which requires extensive works on

the legal, regulatory and operational framework in the financial system.

Bahereh Mirzaei Tehrani, the ACU secretary general, also spoke on the occasion.

She expressed her hope that the recent initiative of setting up CCH would help to facilitate faster and risk-free transactions among the ACU members.

"It would help our exporters to come out of the botheration of delayed payments," she added.

The last Technical Committee meeting of the Asian Clearing Union was held in 2003 in Bangkok, Thailand.

The Asian Clearing Union (ACU), with headquarters at Tehran, Iran was established on December 9, 1974 at the initiative of the Economic and Social Commission for Asia and Pacific (ESCAP) of the United Nations.

The primary objective of ACU is to secure regional co-operation with regard to settlement of monetary transactions among the members of the Union and provide a system for clearing payments among the member countries on a multilateral basis.

The ACU consists of eight member countries including Iran, India, Bangladesh, Bhutan, Nepal, Pakistan, Sri Lanka and Myanmar. The central banking authorities of the member countries give directives and modalities for channeling the monetary transactions through the ACU.

Pushpal Chhetri, chief of Banking Division of the Royal Monetary Authority of Bhutan, L.P Giri, banking head of Bhutan National Bank, Dorji Wangchuck, deputy general manager of Bank of Bhutan, Shri E.T. Rajendran, general manager of Reserve Bank of India, Davood Nazari, ACU expert,

Iran, Alireza Zandieh, assistant director, Bank Markazi Jomhouri Islami, Iran, Ram Prasad Adhikari, executive director of Foreign Exchange Management Department of Rashtira Bank, Nepal, Azhar Iqbal Kureshi, director of Exchange Policy Department of State Bank of Pakistan and T.H.B. Sarathchandra, senior assistant director of Payments and Settlements Department of Central Bank of Sri Lanka, were present on the occasion.

## Experts link sustainable growth to infrastructure development

STAR BUSINESS REPORT

Infrastructure development is a prerequisite to sustain as well as accelerate the country's economic growth, speakers said at a workshop in Dhaka yesterday.

They also observed that private sector can contribute a lot in developing infrastructure if the Bangladesh Private Sector Infrastructure Guidelines are implemented effectively.

The workshop 'Launching Workshop for Awareness Creation on Private Sector Infrastructure Guidelines' was organised by the Board of Investment (BoI) on behalf of the Private Infrastructure Committee (PICOM) in Dhaka Sheraton Hotel. Infrastructure Development Facilitation Centre (IFC) facilitated the workshop.

While inaugurating the function, Energy Adviser Mahmudur Rahman said the manufacturing sector emerged as the single largest sector in the last fiscal year, which contributed over 17 per cent to the country's economy followed by the agriculture sector with a 16.91 per cent contribution.

"To make it sustainable (not only the growth of manufacturing sector but also the growth of overall economy), we need to improve our infrastructure," he said, adding that low cost infrastructure will not help sustain the growth.

"Equitable distribution of wealth is also possible through development of infrastructure," Mahmud, also the BoI executive chairman, maintained.

He said although Bangladesh has created more or less an investment-friendly climate in the last four

years, it is faced with a major shortcoming like inadequate infrastructure.

Termining the private sector investment a great source of fund for infrastructure development, Mahmud said, "We should not send a meek signal to the investors, rather we should send a consistent signal to them."

PICOM Chairman Kamal Uddin Siddiqui, also principal secretary to the prime minister, said the guidelines provide a level playing field for both domestic and foreign investors.

The PICOM has so far approved 18 infrastructure projects under the guidelines and more projects are in the pipeline, he told the workshop.

Ismail Zabiullah, secretary of economic relation divisions of finance ministry, said development of infrastructure is vital for accelerating economic growth and poverty reduction. "And our economic growth is often constrained by infrastructure limitations."

But, he said, the infrastructure plays a pivotal role in facilitating new investment both domestic and foreign, expanding production base besides product diversification, raising productivity and reducing costs and most important, enhancing the quality of life.

"Access to roads, power, telecom, water supply along with health and education are prerequisites for the welfare of the poor and it enhances their capability. Access to infrastructure is therefore vital for reducing poverty levels in the country and is fixed one of the major goals of PRSP," he said.

However, he said, infrastructure

development is very capital intensive and the government cannot alone bear the huge investments needed for providing infrastructure required in the country. "It is for this reason the government has adopted the Private Infrastructure Guidelines just about two years back."

Mir Nasir Hossain, president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said in the context of globalisation of economy and trade, private sector has emerged as the main player in every economy.

He said now the private sector's role has become more of a facilitator and private sector should be responsible for infrastructure development as has been done in many other countries.

"As the government approved the PSIG in 2004, the guideline provides information on the list of eligible sectors, PSIG institutional framework, technical and commercial considerations, access to finance, incentives, major terms and conditions for project awards, modus operandi and so on," the FBCCI chief said.

Later a business session titled 'Policy and Projects' was held at the workshop, which was conducted by former commerce minister Amir Khosru Mahmud Chowdhury.

Several keynote papers on Introduction of the PSIG, Operationalising the Guidelines, Projects being implemented under PSIG and IPFF: A Fund to Finance Private Infrastructure were presented at the session.

## Samsung eyes 60pc growth in export to Bangladesh

PALLAB BHATTACHARYA, New Delhi

Bangladesh is one of the key South Asian markets Samsung Electronics, the South Korean consumer durables major, is banking on to drive its exports, according to R Zutshi, Deputy Managing Director of Samsung India Ltd.

"We are planning a 60 percent growth in export to Bangladesh," he said, pointing out that the company's factory in Noida, adjacent to Delhi, is manufacturing colour televisions, refrigerators, washing machines and air conditioners for their exports to the markets in Bangladesh, Nepal, Sri Lanka and Bhutan.

Overall, Samsung is looking at a fifty percent jump in exports this year, Zutshi said, adding the export

volume was to the tune of Rs 150 crore in 2005.

Samsung India is supplying its products to Sri Lanka under India-Lanka Free Trade Agreement, which has made exports from India very competitive in the light of customs duty benefits, he said.

The Korean behemoth is looking at a 170 percent growth in its exports to Sri Lanka and a 70 percent rise to Nepal, the Samsung official said, adding plans are afoot Samsung brand shops in Bhutan and the Maldives later this year to give greater visibility to its products in the two countries.

On the other hand, LG, another Korean electronics major, is focusing on pushing up its exports from India to markets in Europe, West Asia, Latin America and Africa hoping to double its exports from

100 million dollars last year, says G V Rao, Vice President (Sales) LG India.

He said LG is trying to find new markets apart from South West Asia and the company plans to offer new products to its export markets.

Industry analysts said the untapped markets in smaller countries in South Asia and Latin America is what has prompted the two Korean companies to these places and both hope to rev up their sales through competitive pricing without compromising quality vis-à-vis products from Japanese companies.

Samsung and LG have caught the imagination of customers in India in the last six years in a big way giving Japanese companies like Sony, Panasonic and Sharp a run for their money.



Officials of Standard Chartered Bank Bangladesh celebrate the first foreign exchange derivative deal in the country.

PHOTO: STANCHART