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**HYUNDAI**  
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DHAKA THURSDAY, MARCH 26, 1998

## BOI chief briefs S'pore delegation about business climate Foreigners invest \$1.5b in 18 months

Foreign entrepreneurs invested about 1.5 billion US dollars in Bangladesh in 18 months till last December, says Board of Investment (BOI), reports UNB.

BOI executive chairman Farooq Sobhan told a Singapore Infrastructure Mission yesterday that service sectors had attracted most foreign investors during this period.

He said from July 1, 1996 to December 31, 1997, a total of 2,137 projects were registered with the BOI with an estimated investment of 3.4 billion US dollars.

Of those, 205 projects involving 1.8 billion dollars were proposed by foreign investors, he told the mission at the BOI conference room.

Thirty-three per cent of the investment proposals came from Hong Kong, 12 per cent from Malaysia, eight per cent each from Korea and two other countries and seven per cent from Singapore, he said.

He briefed the high-powered mission on the government's strong commitment, policies and steps for attraction and proportion of foreign direct investments.

The mission representing both public and private sectors was jointly organised by Singapore's Trade Development Board and Confederation of Industries. It came to Bangladesh to see the opportunities for investment in major infrastructure development projects.

Singapore's investors, after facing a setback in ASEAN countries, are now looking for new places for investment and have shown interest in investing in Bangladesh, which offers

foreign investors a wide range of infrastructural facilities.

The mission held a series of meetings with a number of ministers and leaders of different chambers of commerce and industry.

Infrastructures have recently been opened to private sectors and foreign investors, and power generation is the first area which involves foreign investments, Farooq Sobhan said.

In this context, he mentioned the Meghnath and Haripur power plants and barge-mounted power units.

New Telecommunications Policy also envisages enormous prospects for huge FDIs, he noted.

"We're very keen to attract foreign investment in road and transport sector," he said, listing Dhaka bypass, Dhaka ring road and Dhaka Express Way as possible areas for infrastructure investment.

In addition, he said, there are three mega-projects — development of the two seaports at Mongla and Chittagong, and construction of a new international airport somewhere 30 miles from the capital.

Farooq said housing and plaza infrastructure have an enormous prospect in Bangladesh. Oil and gas sector, composite textiles, agro-based industries, computer software plants are some other thrust areas identified by the government, he said.

"Bangladesh is the best place in the world for investment in composite textiles. You won't need to go for further marketing drive. Your products will be sold in advance," he told the mis-



BCI President Sharif M Afzal Hossain addressing a meeting between the chamber and a 16-member Singaporean trade delegation yesterday.

Singapore High Commissioner to Bangladesh Ridwan Dzafir was present on the occasion.

**Infrastructure fully open, BCI tells team**

Bangladesh Chamber of Industry (BCI) has invited the Singapore entrepreneurs to invest in Bangladesh's infrastructure development.

The BCI urged the Singapore investors to avail themselves of the relaxed procedures and government's incentive package at a meeting with visiting Singapore Infrastructure Mission here yesterday.

State Minister for Foreign Affairs Abul Hasan Chowdhury, who was present at the meeting at BCI board room, said the government has initiated an economic diplomacy to develop industrial and trade relations

with other countries. He said Bangladesh wants partners for her development ventures and that is why she offers a package of incentives for foreign investors.

Board of Investment Executive Chairman Farooq Sobhan said investment in Bangladesh is now free and easy in all aspects.

BCI President Sharif M Afzal Hossain said the infrastructure is now completely open for foreign and private investments.

Giving a picture of Bangladesh-Singapore investment relationship, Afzal said 30 joint venture project proposals from Singapore have been registered with the Board of Investment (BOI) till June 1997 with a proposed investment of about 380 million US dollars.

KOTRA organising team  
**Seoul Trade Week to begin May 19**



Inaugural ceremony of the 69th Singer showroom-cum-sales centre in Jhenidah on Tuesday.

**Singer opens 69th showroom in Jhenidah**  
Star Business Report

The 69th showroom-cum-sales centre of Singer Bangladesh Ltd has been inaugurated at Moulana Bhashani Road in Jhenidah.

Md Aminur Rasul, Deputy Commissioner of Jhenidah inaugurated the showroom on Tuesday, says a press release of the company.

M A Siddiqui, Marketing Manager and Sajidur Rahman Khan, Chief Accounts Manager of Singer Bangladesh were present.

## Nabil House opens in Nepal

Finance Minister Shah AMS Kibria and his Nepalese counterpart Rabin Nath Sharma, jointly inaugurated Nabil House, the corporate office building of Nepal Arab Bank Limited at Kamaladi recently.

National Bank Limited is holding 50 per cent equity share and also management of the bank, says a press release.

Bakaram Singh, Malla, Chairman, Nabil Bank and Chief Secretary of the Nepal Government, Abdul Awal Minto, Chairman, National Bank Limited, and Vice Chairman, Nabil Bank.

Mahbubur Rahman, Director, National Bank Limited and Nabil Bank, Moazzam Hossain, Director National Bank Limited, and Md Sarwaruzzaman Khan, Managing Director, National Bank Limited, and Director Nabil, were present.

## AKTEL service to be commissioned in Ctg today

AKTEL, a leading GSM operator in Bangladesh, will formally commission mobile cellular service in Chittagong today on the occasion of Independence and National Day, reports UNB.

Telecommunications Minister Mohammad Nasim will inaugurate the service making telephone call from Dhaka using AKTEL mobile terminal to Civil Aviation and Tourism Minister Engineer Mosharraf Hossain in Chittagong.

AKTEL will provide the service commercially in the port city soon as part of its countrywide cellular network programme, said a press release.

## Merchandise exports decline in January

Star Business Report

Foreign exchange earnings from the country's merchandise exports declined in the first month of 1998 though the total revenue exceeded target.

Export earnings were recorded to be Tk 13,459 crore (US\$ 3008 million) against a target of Tk 13,101 crore (US\$ 2928.33 million) during July-January period, according to the latest Export Promotion Bureau (EPB) statistics.

The EPB statistics revealed that earnings from merchandise exports surpassed its target by about Tk 358 crore which meant a 23.64 per cent increase in taka terms, and 16.32 per cent increase in dollar terms.

Exports grew by about 26.1 per cent in taka terms, or 18.9 per cent in dollar terms during July-December period of the current fiscal. EPB figures showed that the merchandise earnings during January fell by about US\$ 71.76 million or Tk 321 crore approximately. During the month, foreign exchange earnings stood at about US\$ 408.68 million (Tk 2,149 crore) against earlier (December) month's earnings of US\$ 480 million (Tk 1,828 crore).

Export earnings from hosiery, knitwear, raw jute, jute goods and leather which are considered as traditional items have declined while earnings from ready-made garments, frozen food and tea increased during the first seven months of the current 1997-98 financial year.

Foreign exchange earnings from those traditional products fell short by about Tk 482 crore during the period.

Raw jute fetched Tk 291.52 crore against its target of Tk 326.24 crore, jute goods fetched Tk 739.95 crore against its projection of Tk 801.2 crore and leather received Tk 470 crore against a target of Tk 535 crore.

Hosiery and knitwear exports marked a huge shortfall, about Tk 355 crore. It fetched Tk 2,209 crore against its projection of Tk 2,565 crore.

Export earnings from ready-made garments surpassed its target by 870 crore, bringing in Tk 7,395 crore against a target of Tk 6,524 crore.

Frozen foods fetched Tk 909 crore against its target of Tk 835 crore, while tea exports stood at Tk 154 crore against a projection of Tk 102 crore.

The US topped the import list by purchasing Bangladeshi products worth US\$ 1,110 million (Tk 4,967 crore) followed by Germany (US\$ 298 million) and UK (US\$ 261 million).

## APRACA may follow Bangladesh model of micro-credit service

Star Business Report

Asia-Pacific Rural and Agricultural Credit Association (APRACA) will contemplate amendment of its constitution to apply the "amazing Bangladesh model" of micro-credit services in its member countries.

Yong-Jin Kim, secretary general of APRACA, a 56-member organisation of 21 countries of Asia and the Pacific region, told BSS in an exclusive interview that the tremendous role the NGOs are playing in poverty alleviation through micro-credit programmes in Bangladesh has amazed him.

Kim came here to attend a recently-concluded regional workshop on Microcredit products, jointly organised by APRACA, its member Bangladesh Bank and donor agency International Fund for Agricultural Development (IFAD).

A total of 63 delegates and microcredit experts from 12 APRACA member countries attended the five-day workshop in Dhaka.

Kim said as the full-time secretary general of APRACA, he would give thrust on tapping more external resources for the member-countries.

Apart from a modest yearly membership fee, the APRACA is getting financial assistance from German Agency for Technical Cooperation (GTZ), International Labour Organisation (ILO), IFAD, and Swedish Development Cooperation (SVC).

Kim is now in close touch to get more funds from Robo Bank Foundation, Nederland, Ger-

man Cooperative Bank, Japan International Cooperation Agency (JICA) and Korea International Cooperation Agency (KOICA) to strengthen and extend APRACA activities, the top APRACA official said.

Under the present constitution only state-controlled general bank, financial institution, development agencies and the commercial banks can get the membership of APRACA.

Kim said considering the emerging role of NGOs, in rural poverty alleviation, especially the Bangladesh model of micro-credit services, he would propose to the highest APRACA organ to take the NGOs as partners in its efforts by amending the constitution.

In reply to a question, Kim said a linkage programme between farmers and the banks in Bangladesh was completed recently with the assistance of the GTZ.

APRACA will incorporate Bangladesh in its cooperative and credit project to be proposed to the Robo Bank Foundation, Nederland, or the GTZ, Kim said.

During his six-day stay in Bangladesh, Kim along with foreign delegates, visited three regional centres of BRAC, country's largest NGO, at Comilla, Mymensingh and Manikganj.

Based in Bangkok, APRACA is working on forging cooperation, sharing experience and extending training facilities to member-countries to fight the rural poverty in over 20 countries.

## Exchange Rates

The following are the **Sonali Bank's** dealing rates (BDT for one unit of Foreign Currency) to public as on 19th to 25th March'98

Name of Currency	Buying		
	TT Clear	OD Sight	OD Transfer
US Dollar	46.1500	45.9600	46.8610
GB Pound	76.8500	76.5300	76.3730
D Mark	25.1200	25.0200	24.9600
F Franc	7.4800	7.4670	7.4510
C Dollar	32.4300	32.3020	32.2260
S Franc	30.8100	30.6930	30.6170
JP Yen	0.2513	0.2499	0.2491

Name of Currency	Selling		
	T.T & O.D.	B.C.	
US Dollar	46.5100	46.5500	
GB Pound	78.0850	78.1522	
D Mark	25.5133	25.6133	
F Franc	7.6343	7.6409	
C Dollar	33.0289	33.0573	
S Franc	31.3835	31.4105	
JP Yen	0.3615	0.3618	

A) TT (DOC) US Dollar Spot Buying Tk 46.0552

B) Usance Rate

30 60 90 120 180  
Days Days Days Days Days

46.979 45.2911 44.9065 44.2919 43.7828

C) US Dollar sight export bill 3 months forward purchase. Same as OD sight export bill buying rate.

Indicative Rate

Currency	Selling	Buying
Saudi Riyal	12.4007	12.2270
UAE Di.	12.6637	12.4856
KUW Di	152.3669	150.1916
D Kroner	22.5985	22.2723
S Krona	5.8779	5.7893
Malay Ringgit	12.8837	12.5992
Sing Dollar	28.9782	28.5205

## The defaulting borrowers

Responding to a query from Jinal Abedin Hajari, MP, of the Awami League, Finance Minister S A M S Kibria placed in parliament on March 4 a list of defaulting borrowers as provided by the Credit Information Bureau, Bangladesh Bank. The list contains names of 2117 businesses having an overdue amount of at least one crore taka or above. Considering the reader interest, The Daily Star is publishing the list in phases.

- 975. M/s The New Jalalabad Match Factory Ltd 440, Jurain (Muradpur) (Old 337), Dhaka
- 976. M/s Bay Apparels 41/12 B Zigatola, Dhaka
- 977. M/s Mahmud Industries (Pv) Ltd Pagar, Pathanpara, Tongi, Gazipur
- 978. M/s National Trading Corporation 60, Banel Road, Patherghata, Chittagong
- 979. M/s United Stars (P) Ltd 145, Motijheel C/A, Dhaka
- 980. M/s Zaman Garments Ltd Tannery Road, Patherghata, Dhaka
- 981. M/s Sefchem Ltd House-35, Block-F, Road No 7, Banani, Dhaka
- 982. S.A. Hossain 128, Islampur, Dhaka
- 983. AMB Moshraf Hossain House-82, Road 11/A, Dhanmandi R/A, Dhaka
- 984. M/s Sabuj Corporation 13, Moneshwar Road, Hazaribagh, Dhaka
- 985. M/s Tarannagar Re-Rolling Mills Ltd Dapa Idarupur, Fatulla, Narayanonj
- 986. M.H. Leather Industries 115, Hazaribagh, Tannery Area Dhaka 1209
- 987. Gaz Salt Industries Pvt Ltd Arodir Patti, Jhalakati
- 988. M/s Capital Vegetable Oil Re Ltd 60, Nanda Kumar Datta Road, Dhaka



Branch Managers' Conference-1998 of Provati Insurance Co Ltd was held at a city hotel on Sunday with Mohammad Ali Talukder, Managing Director of the company, in the chair. Al-Haj Muksud Ali, Chairman of the company, was chief guest. Joarder Nowsher Ali, FCA, Vice-Chairman and other directors were also present.

## Sugar dealers get allotments for April

Bangladesh Sugar and Food Industries Corporation (BSFIC) has given sugar allotments for the month of April to its wholesale dealers, thana/district-based dealers and to Establishment Permit Holders (EPH) both mechanised and general, reports UNB.

A BSFIC press release yesterday said allotment letters have already been sent to them.

Last date for lifting of the allotted quotas of sugar is April 27. On the other hand, sugar mills under BSFIC produced nearly 1.65 metric tons of sugar till Wednesday and two mills are still in operation.

BSFIC has, meanwhile, finalised tender for the import of first consignment of 25 thousand metric tons of sugar and tender notice for another consignment has been published.

The corporation has given permission to import 1.25 lakh tons of sugar this year.

## Siemens sets about selling new products

Star Business Report

Siemens Bangladesh Ltd, the local subsidiary of the worldwide German company, is planning to launch household electrical goods in Bangladesh.

Company officials said they displayed these products at its pavilion at the just-concluded Dhaka International Trade Fair, hoping to bring refrigerators, washing machines, dry irons etc. for the time in its 40-year presence in Bangladesh.

Siemens is also introducing other new and technologically advanced products such as new type of payphone which has low initial investment cost and low maintenance cost. It is also fraud-proof and can operate in Bangladesh's existing system," a company official said.

"GSM payphone is a mobile solution for the country's telecommunication problems. It can be used in remote places where normal telecommunication is not possible. It also has data transfer facilities and can be used as replacement for VSAT," the official said.

DECT (Digitally Enhanced Cordless Telephone) which can incorporate six mobile handsets with excellent sound quality and be most useful for large offices, garment factories etc., they said.

A wide variety of Siemens products were put on display at the DITF.

These include mobile phones, home appliances, medical equipment, solar power, lighting products, and computers, among other items.

## Fulfilling the criteria

**Zahid Hossain, one of those who chase foreign capital for Bangladesh, responds to a US chamber checklist for American investors**

A few years ago, a US Chamber of Commerce survey identified what are now often referred to as the "twelve commandments" or principles of international investment. For the most part, these commandments provide guidance that the authorities can follow to attract the capital, needed for sustainable economic development in their countries. These principles are, in fact, nothing new and the companies and investors want the "commandments" implemented in places where they really prefer to invest.

### Minimal government regulation

The cost of government regulation and intervention in the affairs and profits of private companies must be kept to a minimum.

The government in Bangladesh has already undertaken a number of steps to remove administrative problems and bureaucratic bottlenecks, reduce transaction cost and facilitate business transactions. A permanent law commission has been set up to ensure greater transparency and predictability, through which rules and regulations are made and implemented.

### Stable, predictable macroeconomic policy

The foreign investors must have the confidence that the economy of the country where they make investments will be managed in a competent and predictable way. Putting it in simple words, they must believe that the rules of the game will not change in the middle of the contest.

In Bangladesh, the present political situation is quite stable. The government is following prudent fiscal and monetary policies to contain inflation at a lower level, reduce fiscal deficit, maintain a healthy foreign exchange reserve and preserve the debt level and servicing liabilities within its means as well as retain a stable exchange rate that can ensure competitiveness of the economy.

### An effective, honest government

An investor must feel it safe to rely on the integrity of the host government and its ability to maintain law and order of the country.

The government in Bangladesh has already introduced changes to help democracy to take a firm root such as making the parliament sovereign, pursuing consensus politics on national issues, assuring the rule of law and strengthening the foundation of democracy and ensuring transparency and accountability of the government.

### A large, growing market

The size and potential growth of a country's domestic market specially the purchasing power of its customers is the key to luring foreign investment. Companies do not seek to invest in markets where there are little potentials to make profit.

Bangladesh possesses a vast pool of talented and hard-working manpower. The country offers very competitive labour as well as highly trainable workforce. The country itself has a large domestic market of 120 million people, whose purchasing power is gradually increasing and their consumption habits are changing. It is also a gateway to the huge markets in South Asia, where the concept of free trade is gaining grounds as the region moves ahead to increase regional co-operation. With the implementation of SAFTA in the near future, this region will be transformed into one large and rich market.

### Freedom of activity in the market

The strength of the competition as well as the extent of governmental interference in entering a country's market are important factors. The freer the market is, the more attractive it becomes as a destination of international investments.

Bangladesh is one of the most open economies among the developing countries of the world, with policies geared to an increasingly liberalised atmosphere. The government is

### Property rights and protection

Private property must be protected. The likelihood that a company's real or intangible property will be stolen or forcibly grabbed must be averted.

### Reliable infrastructure

The ability to consummate transactions and get products and services to market is also critical. The government of Bangladesh has put improvement of infrastructure at the top of the agenda. Such sectors as power generation, oil and gas exploration, telecommunications, port development, building of highways bridges etc. have already been opened up for private investments, and encouraging responses have been received from reputed international companies in these areas particularly in the fields of power generation and oil and gas exploration.

### High quality factors of production

While the investors bring capital, technology and management to the table, the quality of the indigenous workforce and the availability of local raw materials are also key ingredients in the recipe for success.

### Freedom to operate between markets

The efforts of the government to form two new economic blocks — the D-8, a formidable organisation of eight OIC countries which promises to spur economic activity for a market of nearly 800 million, and the BIMSTEC, which groups Bangladesh, India Myanmar, Sri Lanka and Thailand -- will further expand the markets of Bangladeshi goods. And the duty barriers will naturally have a more expanded and wide sources for their goods.

### Strong local currency

The local currency must retain its value and the foreign investors always consider it as an important factor. The Bangladesh currency,

the taka, can be deemed quite strong as the official rate and the korb market rate are generally very close to each other. The difference between the Bangladesh taka and the currencies of the major neighbouring countries is quite small which used to be much higher in value earlier. Inflation in Bangladesh is still around five per cent.

Even the recent currency crisis in the Southeast and East Asia left Bangladesh by and large unaffected. Bangladesh currency was depreciated by only 5.7 per cent during first eight months of the current financial year as against massive depreciation in some of the neighbouring countries.

### Ability to remit profit and dividend

It is hundred per cent true that if any investor cannot get his or her money out of the country, why invest? And in Bangladesh unrestricted repatriation of capital and profit with capital gains are allowed.

### A favourable tax climate

The tax environment must always favour business. Although tax incentives geared to attracting initial investments are important, a company's financial investment decision is usually based on how a country's taxation will affect the normal operating environment once a venture is off the ground.

Bangladesh offers a very attractive package of incentives to the investors, perhaps the best in South Asia. Prominent among the incentives and facilities provided to foreign investors are (a) tax holidays for a period from 5 to 10 years depending on the location of the project and for 15 years for power generation (b) 80 per cent to 100 per cent accelerated depreciation of actual cost of machinery and plant in lieu of tax holiday (c) avoidance of double taxation on the basis of bilateral agreements (d) import ad valorem is payable on capital machinery and spares imported for initial installation or for BMRE of the existing industry and (e) no duty for imported capital machinery and raw materials for 100 per cent export-oriented industries.

A company must have the ability to source goods and services from its operating unit in one market in order to serve nearby markets or to maximize its global efficiency by trading among its operating entities in different countries to "round out" its product lines.

The efforts of the government to form two new economic blocks — the D-8, a formidable organisation of eight OIC countries which promises to spur economic activity for a market of nearly 800 million, and the BIMSTEC, which groups Bangladesh, India Myanmar, Sri Lanka and Thailand -- will further expand the markets of Bangladeshi goods. And the duty barriers will naturally have a more expanded and wide sources for their goods.

Thus one can come to a reasonable conclusion that the foreign investors who have decided to come to Bangladesh as their next destination for investment have done so rightly and that so, after due consideration of all the related aspects. And Prime Minister Sheikh Hasina has repeatedly assured the foreign investors that her government would continue to pursue policies with a view to making Bangladesh a very attractive place for foreign investment.

The writer is a Member of Board of Investment