

## Export to Canada up 140pc in 2003

MONJUR MAHMUD

Bangladesh's export earnings from Canada shot up by 140 percent in 2003 after getting duty and quota free access from the North American country.

The earnings rose to \$218.41 million in 2003 from \$90.85 million in 2002 and maintained a strong growth in the first quarter of 2004.

The Canadian government extended the quota-free facility to the least developed countries (LDCs) including Bangladesh from January 1, 2003.

"The market access has largely benefited Bangladesh from January 2003 onwards," said Towfique Khan Majles, a director of the Export Promotion Bureau (EPB).

Canada is a leading buyer of woven garments, knitwear, home textiles, tents, shrimps, jute products and other manufacturing products of Bangladesh.

Besides, some new products including cap, camera parts and wooden furniture found their market in Canada after getting the special facility.

Apparel is a major LDC export item for the Canadian market. The total volume of LDCs' apparel exports to Canada went up to \$173 million in 2003 from \$58 million in 1993.

"About 78 percent of these apparels comes from Bangladesh, 11 percent from Cambodia and the rest from other LDCs," Khan mentioned.

In the first nine months of the current fiscal year, woven garment exports to Canada amounted to \$129.43 million while it was only \$62.25 million in 2001-02.

"We are doing very well in Canada as it has granted duty and quota-free access. Garment export to Canada is going up substantially," said a leader of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Knitwear products worth \$46.10 million were exported to Canada in the first three quarters of 2003-2004 while it was \$35.65 million in 2001-02.

According to an EPB report, Canada is the seventh largest importing country in the world and it imports all types of products. The Canadian buyers are always inter-

ested in new and quality products available at a competitive price.

Under the Canadian market access, almost all products from LDCs enjoy duty and quota free status. Dairy, poultry and egg products are however subject to duties.

A total of 882 products have been added to the list of LDC products having free access to the Canadian market. Of them, 760 are apparels and textiles, 64 food products and 43 footwear items.

Prior to the market access, about half of Canadian imports from LDCs were subject to tariffs averaging 19 percent.

## Malaysian chamber keen to send team to Bangladesh

UNB, Dhaka

The Associated Indian Chamber of Kuala Lumpur and Selangor is keen to send a business mission to Bangladesh to explore trade and investment opportunities.

Chamber President Dato Teagarajan and Deputy President Ramesh Kondanmal conveyed the interest after a two-hour briefing given by new Bangladesh High Commissioner at the Chamber Building in Kuala Lumpur on Wednesday.

The Associated Indian Chamber is one of the oldest and leading trade bodies established in 1929 with around 6,000 members representing all sectors of trading and manufacturing.

Bangladesh High Commissioner to Malaysia Shaif U Ahmed briefed the meeting on the trade and business opportunities in Bangladesh in a presentation on "Trade and Business Opportunities in Bangladesh".

The meeting was attended by 30 representatives of leading trade and manufacturing sectors of Kuala Lumpur and Selangor, according to a message received here.

## Syngenta, Swisscontact to train agri input retailers

Syngenta Bangladesh Limited and Swisscontact-Katalyst joined hands to train retailers on proper use of agricultural inputs.

Under the programme, Syngenta Bangladesh Limited, agri-business company, and Swisscontact-Katalyst, an organisation engaged in SME (Small and medium enterprise) development in Bangladesh, have agreed to train 480 retailers in Rangpur, Kurigram, Lalmonirhat and Nilphamari over two years, says a press release.

The training programme began in January. Recently a three-day training was held at BDRS training centre in Rangpur.

The main objective of this training course is to intensify the knowledge level of input retailers so that they can effectively disseminate those to farmers in the community allowing them in making better decisions on the selection and use of seeds, fertilisers and pesticides.

Patrick Renz, managing director of Swisscontact-Katalyst, and Sarwar Ahmed, managing director of Syngenta Bangladesh Limited, also attended the course.

## Bangladesh investors confce positive signal to S'pore businesses

### PM Goh Chok Tong says

BSS, Singapore

Singaporean Prime Minister Goh Chok Tong yesterday said he expected the businesses of his country got a positive signal about investment potential in Bangladesh as they promptly responded to a conference organised here to woo foreign investment in Bangladesh.

"He (Tong) hoped that the conference could send a positive signal to Singaporean businessmen and investors," a Bangladesh High Commission press release said here referring to his talks with Finance Minister M Saifur Rahman a day after the investors conference.

Tong, who is scheduled to visit Bangladesh next month, added that the two countries currently enjoyed excellent relations.

Meanwhile, the Singaporean press yesterday highlighted the conference with leading The Straits Times in an editorial comment saying, "It's time to look beyond India. Bangladesh is positioning itself as a new haven for investments".

Saifur, who came here on Thursday to address the investors

conference to woo the Singaporean entrepreneurs, said a number of Singaporean investors and businessmen showed keen interest to invest in Bangladesh.

He also apprised the Singaporean premier of the policies and programmes of the government particularly to fight poverty, empower women and promote education.

The investors conference was jointly organised by the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) and Singapore Manufacturers' Federation in collaboration with the International Enterprise (IE Singapore), the Hong Kong and Shanghai Banking Corporation Limited (HSBC) and the Bangladesh High Commission in Singapore.

The finance minister spoke at the conference as the chief guest telling the Singaporean businessmen that Bangladesh is a potential market of 142 million people.

The huge consumer market and cheap labour cost and hard working labour force should attract Singaporean investment in Bangladesh, he said.

Saifur also highlighted various

reforms undertaken by the government to create a highly investor-friendly environment in Bangladesh, saying the investment and trade related policies of Bangladesh are liberal, private sector-friendly and is by far the best available in South Asia region.

He also pointed out that the government of Bangladesh is pursuing a private sector-led growth of the national economy as well as encouraging foreign direct investment (FDI) which are protected by laws.

Kutubuddin Ahmed, president of MCCI, Lew Syn Pau, president of SMA, and Bangladesh High Commissioner to Singapore Munshi Faiz Ahmad also addressed the conference.

Mahmudur Rahman, executive chairman of Board of Investment (BoI), and Debapriya Bhattacharya of Centre for Policy Dialogue were main speakers who highlighted investment scenario in Bangladesh and Bangladesh's macro-economic scenario.

## Al-Arafah Islami Bank declares 16pc dividend

AL-Arafah Islami Bank Limited has declared a 16 percent dividend in the form of bonus share for the year that ended in December 2003.

The declaration was made at the bank's 9th annual general meeting held in Dhaka on Wednesday, says a press release.

The meeting presided over by the bank's Chairman Abdul Malek Mollah was told that the bank earned Tk 306.34 million in net profit before tax in 2003.

Total deposit of the bank was Tk 8,643.27 million and total investment was Tk 7,571.54 million in 2003.

## Indian shares seen weaker over govt formation

REUTERS, Bombay

Indian shares are expected to open weaker Friday on uncertainty over the incoming government's economic policies and amid reports of fierce jockeying for power in the Congress-led coalition.

The rupee is expected to trade down, taking direction from the stock market amid worries over a slowdown in foreign investment in Asia's third-largest economy. Bonds are expected to be flat. Stock traders expected sentiment to be hit by reports the coalition had not yet finalised names for key ministerial berths.

"Shares should open weak and then take direction from whatever reports we get during the day on ministry formation and the common minimum programme," said Bharat Shah, a director at Vikram Kenia Securities.

Markets are keenly awaiting the coalition's "common minimum programme" (CMP), a statement on policies acceptable to all members of a coalition that includes leftists, centrists and regional parties.

## Union at SBC launches strike in 13 US states

REUTERS, Washington

The union representing 100,000 SBC Communications Inc workers in 13 states launched a four-day strike on Friday, after talks for a new contract ground to a halt over health care and job security.

The union said it was limiting its strike to minimise the financial damage to the second largest US local phone company, while leaving open the possibility of further action. SBC said it would withdraw its current offers if the union did not accept them by midnight Monday.

Negotiations for a new five-year contract between SBC and the Communications Workers of America stopped on Wednesday, as the two sides could not reach agreements on health care, job security, wages and pensions.

The union members who walked off the job on Friday ranged from construction workers to customer service operators in 13 states from Connecticut to California. Previous strikes at other phone companies have not affected basic calling, but have slowed responses to service requests for new installations or repairs.

## Samsung eyes top slot in local mobile set market

STAR BUSINESS REPORT

Samsung Electronics aims to become a top player in Bangladesh's cellular handset market by 2006, officials said in Dhaka yesterday as the South Korean company launched a new marketing campaign.

Under the new marketing strategy, the company has made Electra International its cell phone distributor in Bangladesh.

The South Korean company set up South West Asia Regional Headquarters in New Delhi covering Bangladesh, Sri Lanka, Nepal, Bhutan and the Maldives in February to boost its market share of electronic products.

Addressing a press briefing as

part of an annual celebration in Bangladesh, Kwang-Soo Kim, president and CEO of Samsung South West Asia Regional Headquarters, said Bangladesh is a booming market for consumer electronics.

"We will provide world class products to consumers of this fast growing market. The cellular market is growing in the fastest rate and we can be a market leader in this segment by 2006," he said.

"Apart from cellular handsets we want to be market leader in refrigerator, television, washing machine, PC monitor segment. Samsung plans to use its R&D centre in India to offer products and features customised to meet requirements of its customers in Bangladesh," he

said. Now Samsung mobile handsets will come through official distributor and the products will enjoy guarantee and other after sales service, he said. "As market grows, Samsung will have opportunity to increase its market share in Bangladesh."

Md Zakullah Shahid, managing director of Electra International Ltd, distributor of Samsung home appliance in Bangladesh, said, "We can offer handsets ranging from Tk 6,000 to Tk 25,000 with one spare battery, guarantee and after sales service."

He said duty on mobile handsets should be reduced to a flat rate of Tk 1,000 in the budget for the next fiscal to ensure rapid growth of telecommunications sector.



PHOTO: AL-ARAFAH ISLAMI BANK

AL-Arafah Islami Bank Limited Chairman Abdul Malek Mollah presides over the bank's 9th annual general meeting on Wednesday in Dhaka. The bank has declared a 16 percent dividend in the form of bonus share for the year 2003.

## G7 to express concern to Opec over oil prices

REUTERS, Paris

Group of Seven (G7) finance ministers will express concern to Opec over oil prices when they meet this weekend, the finance ministers of Britain, France and Germany wrote in a newspaper article due to appear Friday.

"... the G7 is meeting to evaluate the global economic situation and express its concern to Opec over the impact of the rise in the price of oil," Gordon Brown, Nicolas Sarkozy and Hans Eichel wrote in a French-language version of the article to be published by Les Echos newspaper in France.

The ministers made no other reference to the price of oil, which earlier this week hit 21-year highs on the New York Mercantile Exchange of almost \$42 a barrel.

Opec's president said earlier on Thursday that oil producers were committed to supplying more crude to world markets but the increase in prices was due to factors beyond the group's control.

The three ministers, who will attend the G7 meeting in New York at the weekend, said European Union member states must send strong signals on the need for budget discipline but underlined the need for policies that promote strong and lasting growth.

They said the EU's Growth and Stability Pact had played a key role by helping strengthen the credibility of the commitment of European governments to budget discipline.

"Europe must make sure that the framework of its economic policies

allows the generation of strong and lasting growth," they added in the article, which is also due to appear in the Financial Times and Germany's Handelsblatt.

The ministers pledged to coordinate efforts to free their economies from excessive regulation, saying superfluous regulations were partly responsible for weak growth in Europe.

"We will work together towards the aim that every new proposed rule will first go through a cost-benefit analysis and an examination of its impact on competitiveness," they said.

AFF from London reports: Oil prices retreated Friday as Opec ministers, facing pressure from consumers to pump more crude to thirsty world markets, headed to Amsterdam to discuss an output hike in response to record high prices.

The price of benchmark Brent North Sea crude oil for July delivery fell by 18 cents to 37.08 dollars per barrel in early London trading.

New York's benchmark light sweet crude for June delivery fell 75 cents to 40.75 dollars per barrel on Thursday, 80 cents shy of the record closing high point set earlier in the week.

Organization of Petroleum Exporting Countries ministers plan to meet informally Saturday in Amsterdam on the sidelines of the International Energy Forum to ponder raising production quotas to help to lower prices.

## Free markets boosting global living standard: Greenspan

REUTERS, Washington

A move toward free markets around the globe is giving a boost to living standards, despite "pockets of strife and destruction," Federal Reserve Chairman Alan Greenspan said Thursday.

"Despite the worrisome pockets of strife and destruction, commerce and wealth building continue apace," Greenspan said in remarks prepared for delivery in Philadelphia, where the 78-year-old Fed chief was receiving an award.

"On average, world standards of living are rising, in large part owing to the increasing embrace of free markets, especially by populous and growing China and India," he said.

Greenspan did not touch on the outlook for the US economy or interest rates in his brief prepared remarks, which were made available in Washington.

In his remarks, Greenspan hailed markets as a good "antidote" for corrupt business behaviour evident in recent corporate scandals.

"We should not be surprised ... to see a re-emergence in recent years of the value placed by markets on trust and personal reputation in business practice," he said.

## Spectacles struggle to stay competitive

### High prices of imported raw materials, smuggled Chinese products plague local manufacturers

STAR BUSINESS REPORT

High prices of imported raw materials and smuggled Chinese products are major problems for local spectacles industry to stay competitive.

"Unabated smuggling of China origin lens and frames into the country through Teknaf border has created an uneven competition that we are facing now," Bangladesh Optical Industries and Traders Association (BOITA) said in its budget proposal for 2004-05.

The association urged the government to allow zero-duty import of raw materials and withdraw value added tax (Vat) from local production to help grow the local industry.

A legally imported frame costs Tk 80-100 while cost of a locally manufactured one is Tk 40-80. But smuggled frames are available in market at

Tk 30-40 each, industry sources said. "Raw material prices shot up by 60-70 percent in last few months, forcing many frame and lens producers to stop production," said Manjurul Hoque Sikder, president of BOITA.

The price of wire rose to \$4,500-\$6,000 per ton from \$2,500-\$3,000 a year ago in the international market, he said. "Price of other steel and iron products also rose."

According to National Board of Revenue (NBR) sources, the import volume of frames is negligible, though the market is big enough. "The local demand is largely met by frames and lens that come through illegal channels," a leader of BOITA said.

In the budget proposal, the association said smuggling controls 70 percent of the market.

The spectacles manufacturers

demanding lifting of 15 percent customs duty on raw materials such as wire, blanks and demos plastic and natural abrasive, and 7.5 percent duty on raw materials for making frames to stay competitive.

They also demanded the local production be exempted from 15 percent value added tax (Vat).

"The government should provide incentives to help us remain competitive. We don't get any support from the government's export diversification project," the BOITA chief said.

At present, some 50 firms produce lens and meet 60 percent of domestic demand while three companies produce frames to meet 50 percent of requirement. Last year, local manufacturers exported frames worth \$ 1 lakh to South Korea and Saudi Arabia.

## Weekly Currency Roundup

May 15-May 20, 2004

### Local FX Market

There was acute liquidity crunch of USD in the local interbank market due to import payments of fuel and scrap vessels. As a result USD was bullish against Bangladeshi taka in this week and the rate of USD went up to one of its highest level against BDT.

### Money Market

Bangladesh Bank issued BDT 2,028.00 million by the Treasury bill auction held on Sunday, compared with BDT 2,280.00 million in the previous week's bid. The weighted average yields of t-bills of different tenors fell few basis points.

The call money rate was volatile this week. The rate ranged between 3.50-7.00 percent this week. The rate was 4.00-6.25 percent in the beginning of the week and ended the week at 3.50-4.00 percent.

### International FX Market

The dollar tumbled in the beginning as bomb blasts in Turkey and Iraq heightened global security fears, encouraging investors to dump the US currency after a weeklong rally. The greenback, already on the back-foot after weaker than expected US economic data on Friday, extended losses after news that the head of Iraq's US appointed Governing Council had been killed by a car bomb at a checkpoint in Baghdad. The killing followed bomb explosions in Turkey on Sunday; just hours before British Prime Minister Tony Blair was due to arrive in the country. Euro rose to as high as \$1.2060. The dollar's biggest losses came against the Swiss franc as soaring oil prices and tumbling stock markets sent investors running for cover.

The yen rallied broadly in the middle of the week on the back of a second straight day of Japanese equity gains, rising almost two yen versus the dollar and triggering a broader retreat by the US currency. Stocks ended sharply higher in Japan as renewed optimism about the country's economic recovery fuelled fresh demand after recent yen-hurting sell off. Analysts said the dollar's fall against the yen spilled over into other currency pairs, depressing the dollar more than half a percent on the day versus sterling and Euro and some 1.5 percent against the Australian and New Zealand dollars.

The dollar staged a rebound against other major currencies on Thursday, recouping some of the previous day's losses as investors returned to unwinding riskier trades in anticipation of higher US rates. Higher oil prices and stock market falls encouraged investors to continue moving out of the growth-oriented trades they have taken up over the past year which have been funded by low interest rate borrowing in the dollar. A fall in Japanese stocks helped push the yen lower along with a comment from Fitch credit rating agency, which said its outlook on Japan's rating would remain negative even though the economy is recovering. Euro was down 0.7 percent on the day. It was up 0.4 percent against the yen and 1 percent against the Swiss franc and Sterling.

-- Standard Chartered Bank