Star BUSINESS

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Stocks slump

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Share prices on the country's premier bourse slumped yesterday on profit taking in the wake of the government's ongoing drive against corrupt politicians and businesspeople.

Investors are shy now to buy new shares following the anti-crime drive, said a stock market analyst.

The joint forces yesterday arrested more high-profile political leaders including BNP leader Mirza Abbas and Awami League leader Engineer Mosharraf Hossain.

The turnover increased to Tk 89.62 crore from Thursday's Tk 87.7 crore on the Dhaka Stock Exchange.

The DSE General Index lost 35.89 points or 1.98 percent to close at 1771.42.

The DSE All Share Price Index also lost 22.48 points or 1.50 percent to finish at 1475.70.

ICC-GTZ workshop on trade rules for LC today

International Chamber of Commerce (ICC) in collaboration with German Technical Co-operation (GTZ) is organising a daylong workshop on the revised international trade rules for Letters of Credit (L/C) known as 'UCP 600' today in Dhaka, says a press release.

The workshop will be inaugurated by Bangladesh Bank Governor Salehuddin Ahmed at the Bangladesh-China Friendship Conference Centre. ICC Bangladesh President Mahbubur Rahman will preside over.

ICCB vice presidents Latifur Rahman and Samson H. Chowdhury, Chairman of ICCB Standing Committee on Banking Technique and Practice Mamun Rashid and senior business leaders are expected to attend the inaugural session of the event.

Foreign workers in Saudi remit $14b in 2006

AFP, *Riyadh*

Expatriate workers in Saudi Arabia sent home some 14 billion dollars in 2006, ranking the oil-rich kingdom second only to the United States, according to the Arab Monetary Fund (AMF).

Remittances from Saudi Arabia represented more than half of the total transfers made by foreign workers in the oil-rich Gulf Cooperation Council (GCC), the Saudi daily al-Medina reported on Saturday, quoting the AMF.

The GCC bloc, which groups Saudi Arabia with Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates, saw outflows of some 25.7 billion dollars in remittances during 2006, the newspaper said.

Expatriates make up more than a quarter of Saudi Arabia's total population of around 23 million, according to official figures published in September 2004.

Al-Medina said expatriate workers in the United States made the highest amount in transfers at 39 billion dollars. Switzerland came third with around 13 billion dollars, followed by Germany with around 10 billion dollars.

ADB forecasts 6.5pc GDP growth in '07

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Asian Development Bank (ADB) has forecast a 6.5 percent growth in Bangladesh's GDP in 2007 fiscal, a 0.2 percent fall compared to the last financial year, assuming a check in any further potential momentum in growth by political instability and power shortfall.

"Growth is expected to moderately reflect more normal agriculture growth following the last year's post-flood high growth," stated the ADB's Bangladesh Quarterly Economic Update, December 2006 released yesterday.

However, the report also stated, "The country faces several downside risks in its near to medium-term prospects. These include political disruption and infrastructure constraints, including power shortage."

On a query whether ADB still foresees any political risks clouding the environment here when a new caretaker government (CG) has taken over the administration, Country Director Hua Du did not rule out any such risk.

But, she told journalists at his office in Dhaka, her organisation looks positively to the recent measures taken by the CG. The steps deserving credit include reform initiatives in the election commission, anti-corruption commission and public service commission.

She said, "In this very short time, we feel, this caretaker government has taken all these good decisions to lay the foundations to increase FDI, which will have some major fundamental effects."

The ADB report stressed significant improvement in the infrastructures, including power and transport, to sustain higher growth over the medium term.

"In Bangladesh, per capita energy generation is only 158 kilowatt-hours a year, among the lowest in the world. Only one-thirds of the population have access to electricity. In recent years, the power situation has worsened because of load-growth outstripping supply capacity expansion, and slow progress in reforms," it added.

Bangladesh needs substantial investment to handle the gigantic task of meeting the growing energy reform. Plus it should adopt a cost-reflective power tariff structure, establish the northwest power generation company and take up other measures to organise and streamline its various power entities, the ADB observed.

On the Chittagong Port, the ADB says, "the cost of export for each container in Bangladesh is $902 compared with $797 in Sri Lanka and $481 in Malaysia. For Chittagong Port, the focus should be on contracting out operations to the private sector, outsourcing management of the new container terminal to a private operator, allowing the private sector to invest in port infrastructure and restructuring port management."

It proposed offloading the shares of state-owned petroleum distribution companies and Bangladesh Biman to boost market activity.

The ADB also encouraged major mobile phone companies with big annual turnovers to also offload some of their shares to the stock market to facilitate the process of boosting market capitalisation and trading activity.

In the report, the ADB also blamed 'weak corporate governance, lack of good quality shares and inadequate or irregular participation by large institutional investors' for Bangladesh's capital market lagging behind other South Asian countries.

The report found that Bangladesh's market capitalisation to GDP ratio of 7.5 percent was boosted by a pickup in the exchanges, but since it lags behind other South Asian countries, entrepreneurs here have difficulties to finance new businesses.

Additionally, "small savers and investors are marginalised from sharing the benefits of higher economic growth and corporate profits," the report added.

Ex-European colonies under pressure for new trade deals

AFP, *Brussels*

Caribbean and Pacific nations face growing pressure to strike a deal on new trade accords with the European Union before the end of the year or risk losing preferential treatment, experts say.

The 78-nation ACP group, made up mostly of former European colonies, have benefitted from preferential access to EU markets since the signing of the Lome accord in 1975.

But other equally poor countries, mostly in Latin America, have contested the ACPs' preferential treatment and have won backing from the World Trade Organisation.

In 2001, the world trade referee gave the EU until the end of this year to come up with a new framework that would be more compatible with international rules of commerce.

After their WTO defeat, the Europeans and the ACP opened talks in 2002 for new so-called economic partnership agreements, which are being conducted by regions -- eastern, central and southern Africa, the Caribbean and the Pacific.

But with the year-end deadline looming, there is still a lot of work to be done.

"The prospects for actually completing the negociations in time seem slim", said the Maastricht-based European Centre for Development Policy Management in a recent report.

Negotiations are due to heat up on Thursday when ACP and EU trade ministers meet in Brussels to try to give a new boost to the talks.

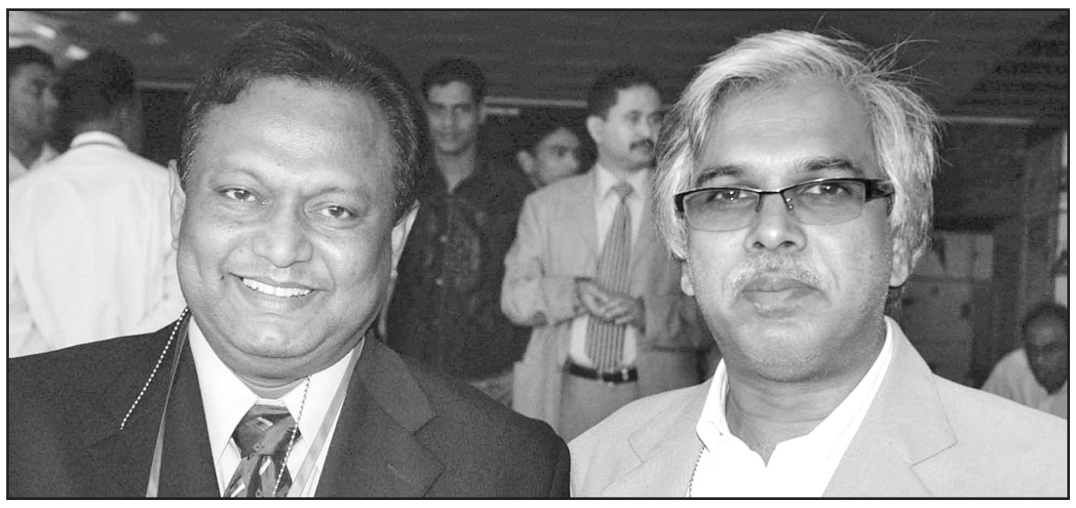

PHOTO: STAR

FRIENDS, NOT FOES: Rival panel leaders Tipu Munshi (L) of Sammilito Parishad and Anwar-Ul-Alam Chowdhury Parvez of Forum pose during BGMEA (Bangladesh Garment Manufacturers and Exporters Association) polls in Dhaka yesterday.

Finance adviser leaves for Nepal to attend Safta meet

UNB, *Dhaka*

Finance and Commerce Adviser Dr Mirza Azizul Islam left here yesterday for Kathmandu to attend the second Safta Ministerial Council meeting of trade ministers from Saarc countries scheduled for today.

Dr Aziz leads a six-member Bangladesh delegation, including a five-member official delegation, to the meeting on South Asia Free Trade Area (Safta). He is scheduled to return home on Tuesday.

The official delegation, led by joint secretary of Commerce Mohiuddin, left here on Friday to attend the 2-day Safta Committee of Experts (SCOE) Technical Committee meeting.

The trade ministers had their first council meeting in Dhaka on April 20 last year, approving the Safta work programme with a pre-set tariff-cut plan to boost regional trades.

As per the Safta roadmap, the developing members are to bring down their tariffs to 0-5 percent in three years while the Saarc LDCs like Bangladesh will do so in 10 years.

ROK-Russia '06 trade hits record high

AFP, *Seoul*

Trade between South Korea and Russia hit a record high of 9.75 billion dollars last year, the official Korea Trade and Investment Promotion Agency said Sunday.

South Korea's exports to Russia increased 34 percent year-on-year to be worth 5.18 billion dollars last year, while its imports rose 16 percent to 4.57 billion dollars, the agency said.

Last year marked South Korea's first trade surplus in eight years in the bilateral trading which has grown more than 50 times since 1992, it added.

South Korea exports cars, synthetic resins, steel and auto parts, and imports aluminum, crude oil, naphtha and nickel bullion in trade with Russia.

$3b Reliance petrochemical unit in Gujarat soon

AFP, *New Delhi*

India's largest conglomerate Reliance Industries said on Saturday it will build a three-billion-dollar petrochemical factory in western Gujarat state.

The plant, which will make ethylene, propylene and other special derivative products, is expected to be operational by 2010-11 in Jamnagar town. It will have a capacity of two million tonnes per year, the company said in a statement.

PHOTO: PID

Chief Adviser Dr Fakhruddin Ahmed poses for photographs with the members of a Bangladesh Textile Mills Association delegate when they met him at his office yesterday.

Bangladesh business environment conducive to more FDI

French envoy tells Ficci meet

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Bangladesh business environment that marked an improvement recently would lure more foreign direct investments (FDI) here, Jacques Andre Costilhes, French ambassador in Dhaka, said yesterday.

He said, "The business environment that Bangladesh has been recently experiencing has prompted me to believe that more foreign businesspeople, also from France, will come forward to invest in your country".

The ambassador made his observation addressing the monthly luncheon meeting of the Foreign Investors Chamber and Industry at Radisson Water Garden Hotel.

Presided over by Ficci President Masih Ul Karim, the meeting was attended by a considerable number of foreign entrepreneurs, who invested in different sectors in Bangladesh.

Expressing satisfaction over his country's investment here, the French envoy said it is also noteworthy that there is neither payment delays nor payment defaults in Bangladesh.

"With such a record, Bangladesh is already considered as an acceptable sustainable risk at least for the French public export insurance company, named Coface," Costilhes said.

Citing an example, the ambassador said this state guarantee institution underwrote last year over $100 million on projects in Bangladesh, mainly in energy and telecommunication sectors.

As far as investments are concerned, France still ranks among the first investors in Bangladesh, except oil and gas sector, with 30 percent of FDI, he said, adding "this situation is bound not to remain stagnant, as we will able to include the oil and gas sector into our global investment targets".

On French investment here, he said the French electronic specialist, Thales Group, is showing interest for the modernisation of the equipment at the Zia International Airport. At the same time, European space and aeronautics giant EADS is also offering a modern alternative for the modernisation of Biman Bangladesh Airlines.

The bilateral trade between France and Bangladesh is regularly increasing by almost 20 percent every year since 2004 and its total volume now reaches almost $1.1billion.

The ambassador also expressed his satisfaction over the trade performance in 2006.

He said, "I am happy to inform you that the French exports in 2006 increased approximately 63 percent and exceeded $120million, which ranks French the 16th supplier of Bangladesh.

During the same period, Bangladesh exports to France reached almost $1billion, he said, adding that France is the 4th client of Bangladeshi goods.

There are some 30 French companies represented in Dhaka, mainly by Bangladeshi businessmen.

"There is indeed a huge scope for increasing the trade flow between Bangladesh, a fast developing country with a high economic and human potential, and France, one of the world's economic power," he said.

He said Danone, the French dairy company in a partnership with Grameen, is developing an ambitious programme to fight malnutrition in the remote and rural areas.

The first plant among the 50 planned in the next ten years will provide dairy products to the children, he said.

In his speech, the Ficci president hopes that French entrepreneurs will invest more in Bangladesh.

PHOTO: CBC

Ajith Nivard Cabraal, governor of Central Bank of Sri Lanka, receives souvenirs from S Renganathan, country manager of Commercial Bank of Ceylon (CBC), during his visit to the bank in Dhaka yesterday.

CORPORATE GOVERNANCE

Lanka central bank chief offers training for local bankers

UNB, *Dhaka*

The policy guidelines of Bangladesh Bank to ensure corporate management in the country's banking sector are not working well in the absence of adequate knowledge of directors and senior bankers.

When the issue was raised and expressed concern by Bangladesh Bank Deputy Governor Nazrul Huda at a discussion here yesterday, Sri Lanka's Central Bank Governor Ajith Nivard Cabraal, who was present at the meeting, readily offered training facilities saying they have the institution and expertise.

Bangladesh Bank Governor Dr Salehuddin Ahmed, Association of Bankers Bangladesh (ABB) Chairman M Aminuzzaman, among others, took part in the discussion held at the central bank.

Chief executive officers (CEOs) of the commercial banks and Bangladesh Enterprise Institute (BEI) President Farooq Sobhan were present.

The discussants stressed the need for cooperation among the central banks of the region to share ideas on the problems relating to corporate governance and collectively endeavour to solve the problems.

"We can take the advantage of the SAARCFINANCE Group in this regard," Dr Salehuddin told the meeting. The Group is a common platform of the central banks of Saarc countries headed by the governors alternatively.

Dr Salehuddin, the current chairman of the group, said the issue could be taken to the SAARCFINANCE coordinators' meeting scheduled in Dhaka next month as well as the SAARCFINANCE Group meeting in New Delhi in the first week of April.

Ajith Cabraal offered their training facilities to Bangladesh and other countries in the region to avail of the opportunity.

Nazrul Huda pointed out that Bangladesh Bank has introduced policies and prudential guidelines in ensuring corporate governance in the banking sector.