

Star BUSINESS

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Fund managers look for new avenues in capital market

Investors' conference kicks off today

STAR BUSINESS REPORT

Managers in charge of billions of dollars of investment funds will meet in Dhaka today to learn about opportunities in Bangladesh's capital markets.

The two-day investment conference, entitled, 'Bangladesh- The New Investment Frontier' is jointly organised by Citigroup and the Dhaka and Chittagong stock exchanges.

Its aim is to promote foreign investment in Bangladesh and to show domestic corporations the large pool of funds that are potentially available to companies that list.

Conference organisers said Bangladesh's stock exchanges had taken a long time to recover following the crash in 1996, which had frightened off both foreign and domestic investors.

However in recent years capital market reforms including improved surveillance, automated

trading and investor protection funds had pushed the market towards international standards. At the same time, sustained economic growth averaging around 5 percent a year for the last decade had created the foundations for new investment opportunities.

Turnover on the Dhaka Stock Exchange has also increased significantly reaching more than Tk100 crore a day on several occasions this year.

Although there has been some increase in foreign portfolio investment, up to \$42 million in the eight months to the end of February, many investors abroad have failed to notice the improvements in Bangladesh, organisers said.

For example, market capitalisation as a percentage of GDP in Bangladesh was only around 9 percent compared to 85 percent in India, 36 percent in Pakistan and 32 percent in Sri Lanka.

Another reason for the lack of

interest has been the limited number of corporations listed on the bourses. Mamun Rashid, managing director of Citibank NA and Citigroup Country Officer-Bangladesh, said capital markets in Bangladesh faced a 'chicken and egg' problem. "Big corporations do not come to the market because they think the market does not have the depth of investment to support them. On the other hand, investors say there is nothing to invest in."

This may change in the future however as expanding corporations looked for new ways of raising funds apart from bank loans, the organisers said. This view was echoed last week by Sundeeep Bhandari, managing director, head - global markets, South Asia with Standard Chartered Bank, who in an interview with The Daily Star said Bangladeshi corporations would need to supplement traditional forms of borrowing through increased use of capital markets.

More than 50 foreign institutional investors are taking part in the conference and around 200 local institutions and individuals are expected to attend.

Salahuddin Ahmed Khan, chief executive Officer of Dhaka Stock Exchange, said they had already received a good response both from home and abroad.

"We hope this conference will open a door for the local business community to expand their horizon in their efforts to access funding for their companies," he said.

Bangladesh Bank Governor Dr Salehuddin Ahmed is scheduled to inaugurate the conference in the Ballroom of Dhaka Sheraton Hotel.

Key sessions will look at Bangladesh's overall economic potential, the untapped capital market and reforms of the last decade. It will also focus on specific sectors such as power, telecoms, textiles, pharmaceuticals and financial services.

Adviser sees manpower export satisfactory

UNB, Dhaka

Foreign Adviser Dr Iftekhar Ahmed Chowdhury yesterday said some 1,91,806 unskilled, semi-skilled and skilled workers were sent abroad from Bangladesh in the past four months.

Chowdhury, who also holds the charge of the expatriate welfare ministry, said it is the policy of this government to expand the export of Bangladeshi manpower and the efforts so far appear to have delivered extremely satisfactory results.

Talking to reporters, he said the comparable figure for the same period of the last year was 96,411 and this year there was a 99 percent increase.

He said the remittances from expatriate Bangladeshis over the past four months have already reached the record figure of US \$1.6 billion.

The adviser said Malaysia is becoming a key destination. "We've already dispatched nearly 50,000 workers and eventually hope to reach a much higher figure," he said.

Chowdhury said the government is constantly on the lookout for new opportunities. During his visit to South Korea in June, he would also discuss this with the South Korean government. He said a breakthrough, though a small one, has also been made with Canada.

The adviser said he is scheduled to receive a visit from the labour minister of the UAE in Dhaka between May 20 -22. He said the UAE hosts a huge member of Bangladeshi expatriates and the Middle East is an ever-expanding market.

ROK, German firms to build world's largest solar plant

AFP, Seoul

A South Korean construction firm said Wednesday it would team up with a German company to build the world's largest solar power plant in South Korea.

Dongyang Engineering and Construction Corp said it and Germany's SunTechnics would complete the plant at a site about 400 kilometres (250 miles) southwest of Seoul by November 2008.

It said the plant will have a capacity of 20 megawatts, nearly twice that of Germany's Bavaria solar power station which is currently the world's biggest and generates 11 megawatts.

Dongyang said it will invest a total of 157.6 billion won (169 million dollars) to build the station, which will provide electricity to 6,000 households.

The company said it plans to operate the station for 15 years after completion to gain expertise on solar power generation from SunTechnics.

Demand for eco-friendly reusable energy is high in South Korea, the world's 11th largest economy, which imports all its oil needs.

In December it opened what it called the world's largest garbage-fuelled power plant using methane gas for fuel.

Nuclear plants provide 40 percent of the country's electricity needs.

Warid Telecom launches operation today

MD HASAN

Bangladesh's sixth mobile phone operator UAE-based Warid Telecom launches its commercial operation in the country today, aiming to gain 20 million subscribers within three years.

Warid, a GSM-based cellular operator is a wholly owned subsidiary of Warid Telecom International LLC, part of an Abu Dhabi based consortium. The company expects to achieve nationwide coverage by the end of 2007.

The launch will intensify competition at a time when the existing five mobile operators are battling hard to maintain and improve their market share and profitability. Last week Grameenphone, the market leader, admitted that its growth had slowed, due to increased competition and lower call costs.

As a late entrant to the market, Warid is expected to use the price weapon to win customers. The company has set up both sale and service centres throughout the country.

When contacted, Warid officials did not comment in detail on possible call rates, however one company official said, "Of course our package will bring more benefits to the customer. We must offer lucrative offers and packages to customers".

The company was more open about the scale of its investment in its new network. "We have already installed more than 900 base stations in different parts of the country, covering 70 percent of the total population," said Zeeshan Kingshuk Huq, manager (Marketing) of the company.

"Within two weeks we will install a further 200 base stations and within three months the whole

country will be come under Warid network", he said.

In December 2005, Warid Telecom International LLC paid \$50 million to obtain a GSM license from the Bangladesh Telecommunication Regulatory Commission (BTRC) and became the sixth mobile phone operator in Bangladesh.

The number of cell phone users in Bangladesh reached 22 million at the end of 2006, adding over 12 million subscribers in a single year, according to the BTRC. The current penetration rate is around 12 percent.

The growth in 2006 was 120 percent as the number of mobile phone subscribers was 9.26 million in 2005, the BTRC added.

Massive foreign investment in the last 10 years has ensured a high growth rate. Telenor, Telekom Malaysia (TM), Orascom, and SingTel are the other foreign companies who have invested in the mobile phone sector in Bangladesh.

The number of subscribers of GrameenPhone, largest cell phone company, reached 10.76 million at the end of 2006 with the addition of 5.22 million users in a year, while the second largest operator, Airtel, acquired 6 million subscribers, adding some 3.93 million to its total at the same time.

The third largest operator, Banglalink, acquired 3.64 million users, adding 2.61 million clients, while the only CDMA operator, CityCell, acquired nearly one million customers in 2006, more than double its 4.4 lakh customers in 2005, according to BTRC data.

The state-owned Teletalk acquired about 4 lakh customers in 2006.

New chairman, vice chairmen of One Bank



Sayeed H Chowdhury



Zahur Ullah Hefazatur Rahman

Sayeed H Chowdhury has been reelected chairman of the Board of Directors of One Bank Ltd with effect from April 29, says a press release. He has also been reelected chairman of the bank's executive committee.

The Board also reelected Zahur Ullah as its first vice chairman and Hefazatur Rahman second vice chairman.

Founder, chairman and CEO of HRC Family of Companies, Sayeed H Chowdhury is also the chairman of Media New Age Ltd and Information Services Network Ltd, director of Holiday Publications Ltd, president of Bangladesh Ocean Going Ship Owners Association and a member of the British Institute of Management.

Zahur Ullah is the chairman of Apparel Fair (Pvt) Ltd and managing director of Gtex Ltd, Labels & Trims Ltd and Everest Embroidery Ltd, while Hefazatur Rahman is the managing director of Mostafa Group of Industries.

SingTel net profit down 9.2pc

AFP, Singapore

Southeast Asia's biggest telecom firm Singapore Telecommunications Ltd (SingTel) said Wednesday net profit fell 9.2 percent in the financial year to March due to higher taxes and the absence of one-time gains.

Net profit was at 3.78 billion Singapore dollars (2.5 billion US), while operating revenue stood at 13.15 billion dollars, little changed from the previous financial year.

For the fourth quarter to March, net profit declined 41.2 percent to 989 million dollars, with the fall magnified by a 618 million-dollar lump sum gain in the same period the year before, SingTel said in a statement.

"With lower exceptional gain and higher tax expense, net profit after tax fell 9.2 percent to 3.78 billion dollars," SingTel said.

Profit before exceptional items however grew a modest 7.9 percent to 3.56 billion dollars for the full year, supported by robust contributions from its regional mobile associates, which grew 25.7 percent to 2.07 billion dollars.

The homegrown Singapore firm's overseas associates contributed 43 percent of the underlying profit, up from 37 percent the previous year.

Lucrative lottery sales halted in Indian state

AFP, Bangalore

Thousands of lottery ticket vendors in a southern Indian state were forced to down shutters Wednesday after a court upheld a ban on the trade, which rakes in 3.5 billion dollars in annual sales.

A provincial high court judge Tuesday dismissed petitions brought by lottery organisers and an association of lottery dealers questioning the March 27 ban, which they argued infringed upon their right to trade in Karnataka state.

"Lottery is a game of chance involving no skills and hence it is gambling," the New Indian Express cited the court order as saying, ruling that the lottery trade could not be considered to be legitimate commerce.

The ruling annulled a previous order by the same court which temporarily blocked the ban, and put an immediate halt to lottery sales across the state of 55 million people.

HSBC gives away Young Entrepreneur Awards

STAR BUSINESS REPORT

The Hongkong and Shanghai Banking Corporation (HSBC) Ltd formally gave away prizes among the local winners of Young Entrepreneur Awards (YEA) 2006-2007 at a function in Dhaka yesterday.

Steve Banner, chief executive officer of HSBC Bangladesh, distributed the prizes.

YEA is a region-based business plan writing competition, participated by students, which was initiated by HSBC six years ago in Hong Kong. This is for the first time that Bangladesh is taking part in the contest.

Earlier, for the local competition the HSBC invited university-level students' teams to submit a single page outline of their innovative business ideas.

Over 250 teams submitted proposals. Among the teams, 30 entered the second round and seven teams contested in the final round. In the final round, three teams of Dhaka University won gold, silver and bronze medals.

The three winning teams were also given away Tk50,000, Tk25,000 and Tk10,000 respectively as prize money. The bank will also arrange for them weeklong study tours of Hong Kong and China.

The champion team will participate in the YEA regional contest to compete for the 'Best of the Best Awards' in June 2007 in Hong Kong.

Students from Malaysia, Thailand, the Philippines, Vietnam and Hong Kong will also take part in the contest.

Steve Banner at the function said HSBC is proud to give the students an access to a regional competition that will allow them to showcase their innovation and creativity.

Ziaulhuq Mamun, director of Institute of Business Administration of Dhaka University, and Mustafizur R Khan, head of Marketing of HSBC, among others, were present.

Putin to visit Central Asia on energy quest

AFP, Moscow

President Vladimir Putin travels to Central Asia Wednesday on a week-long quest to shore up Russian influence over the region's energy reserves amid competition from China and the United States.

Putin will first visit the Kazakh capital Astana and then go to Turkmenistan Thursday for a three-way meeting with new Turkmen President Gurbanguly Berdimukhammedov and Kazakh President Nursultan Nazarbayev.

He will then return to Kazakhstan for meetings in the Caspian Sea port and oil terminal of Aktau on May 12-15, the Kremlin press service said in a statement.

The tour comes as China, the European Union and the United States are also bidding for a bigger role in developing Central Asia's energy reserves and are developing export routes that bypass Russia.



PHOTO: STAR

Chief Executive Officer of HSBC Bangladesh Steve Banner, among others, poses for photographs with the winners of Young Entrepreneur Awards 2006-2007 at a prize giving ceremony in Dhaka yesterday.

Europe eyes China, India deals in absence of WTO breakthrough

AFP, Geneva

The European Free Trade Association said on Wednesday it was seeking to broaden cooperation with booming countries such as China and India in the absence of any breakthrough in World Trade Organisation talks.

EFTA Secretary General Kaare Bryn stressed however that the four-nation bloc -- comprising Norway, Iceland, Switzerland and Liechtenstein -- remains firmly committed to the multilateral trading framework.

"It must be absolutely clear, no shadow of a doubt, that for the EFTA countries, the multilateral trading framework is the most important... we are not in competition with the WTO," Bryn told journalists at a presentation of EFTA's 2006 report.

EFTA held a ministerial meeting

with Indian trade minister Kamal Nath last December, and signed a memorandum of understanding to evaluate a possible free trade agreement between the bloc and New Delhi.

"The potential in Indian markets is of course enormous," Bryn said.

Bryn added that he was "fairly optimistic" the groundwork would be in place by the end of the year, so both sides could take a political decision on whether to start fully-fledged negotiations.

On China, Bryn said that Beijing had expressed a preference at the current stage for bilateral negotiations with Norway and Iceland, rather than talks with EFTA as a whole.

Bryn noted that EFTA was often able to go further than the WTO when negotiating trade deals, notably on the contentious issue of

agriculture.

Each EFTA country negotiates a separate agriculture protocol, which means the overall deal is not restricted by a lowest common denominator, he said.

EFTA currently has fifteen free trade agreements with 19 different partner countries around the world, from Chile and Mexico in Latin America, to the Southern African Customs Union of South Africa, Botswana, Namibia, Lesotho and Swaziland.

The European Union remains EFTA's dominant trading partner, accounting for around 72 percent of all trade, Bryn said.

The WTO's Doha round of trade negotiations are mired in an impasse, with developing countries seeking greater market access in the West, while developed countries call for lower import tariffs and subsidies.

US urged to press China harder on exchange rates

AFP, Washington

American manufacturing executives Tuesday urged the US government to get tougher with China on exchange rates, claiming the modest rise in the yuan has done little to ease the massive US trade deficit.

The National Association of Manufacturers' US-China Business Relations Task Force made the comments after meeting with senior administration officials including Treasury Secretary Henry Paulson, Commerce Secretary Carlos Gutierrez and US Trade Representative Susan Schwab.

"Despite strong efforts from the administration on a variety of issues, the US-China trade deficit continues to widen," said Michael Campbell, chief executive of Arch Chemicals and chairman of the task force.

"We voiced our concerns on how to best deal with this issue, notably pressing for faster appreciation of the yuan in this month's Strategic Economic Dialogue and further enforcement of international agreements."

Paulson last year established the strategic dialogue to cover key areas of concern for the US and China. The group meets in Washington later this month.

"The necessary appreciation of China's currency has not occurred," Campbell said, noting that China foreign currency reserves have now reached 1.2 trillion dollars.

"Secretary Paulson understands that patience is growing thin not just on Capitol Hill but on the shop floors of American manufacturing plants. We told him we recognize that Congress cannot legislate Chinese exchange rates but we can legislate our own taxes to begin leveling the playing field."



PHOTO: GREY WORLDWIDE

Brac Bank Ltd opened its 27th and 28th ATM (automated teller machine) booths at Kuril and Kazipara in Dhaka recently. Managing Director and CEO of the bank Imran Rahman inaugurated the ATM booths while other senior officials were present.