

# Star BUSINESS

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## Foreign investors urged to tap opportunities in capital market

### Dhaka confce for investors begins

#### STAR BUSINESS REPORT

As the first-ever international investors' conference began in Dhaka yesterday, speakers at the inaugural session urged foreign institutional investors to avail of the opportunities lying in Bangladesh capital market.

The potential contribution of capital market to financing development is yet to be realised here and this is evident by the fact that market capitalisation is only 5.2 percent of GDP, Bangladesh Bank (BB) Governor Dr Salehuddin Ahmed said inaugurating the two-day conference.

"Given the size of the population of Bangladesh and steady growth of its GDP, there exists significant opportunities for utilising the capital market as a vehicle for raising long-term investment fund," he said.

Aiming to promote foreign investment in Bangladesh and to showcase the country's potentiality to the foreign investors, globally acclaimed financial services company Citigroup and Dhaka and Chittagong stock exchanges are jointly organising the conference titled 'Bangladesh - The New Investment Frontier' in the Ballroom of Dhaka Sheraton Hotel.

Along with local participants, managers in charge of billions of dollars of investment are attending the conference to learn about the Bangladesh's economy and its potential capital market.

Emphasising an efficient information system in the stock markets for a well functioning equity market, the central bank governor said informational inefficiency cannot ensure the fair price of stock for the investor, and may create an opportunity for the speculator to have an above average abnormal return.

"Ensuring the proper rating can play a vital role in this regard in order to reduce the asymmetric information, which eventually helps the capital market to become more efficient," he said.

Dr Salehuddin said the regulatory bodies like Bangladesh Bank, Security and Exchange Commission, Board of Investment, Bangladesh Telecommunication Regulatory Commission, Energy Regulatory Commission are expected to be more responsive, proactive and quick in giving directives about foreign investment proposals.

The Board of Investment should set up a 'one stop service centre' so that the investors can get directives about all issues relating to investment from this center, he suggested, adding that a conducive legal environment framework has been established through enacting enabling laws.

"Investment in Bangladesh is now well protected by law, fiscal, monetary, trade, industrial and foreign exchange policies," the BB chief observed.

He said apart from continuation of these policies, reforms undertaken by the government would ensure a strong conducive environment.

He, however, said a hidden cost that is often resulted from corruption and delay in procedural matters may also raise the cost of production, which must be removed.

The governor said as the reforms and development of financial market is an ongoing process, the country should take quick and bold measures to accelerate reforms for banks, leasing companies and capital market.

He said due to the domestic political situation and some policy constraints, the amount of foreign direct investment (FDI) in the current year is low.

He also pointed to some major problems that investors are facing, such as political instability and policy discontinuity, bureaucratic red-tapism, corruption, underdeveloped infrastructure, poor port management and shortcomings in legal system.

Security and Exchange Commission Chairman Faruq



PHOTO: STAR

**Bangladesh Bank Governor Salehuddin Ahmed speaks at the inaugural function of the two-day international investors' conference titled 'Bangladesh - The New Investment Frontier' in Dhaka yesterday.**

Ahmad Siddiqi said the securities market is still very small. "However, the structural changes and trends for the last few years are, perhaps, indicative that the market is in a transitional stage getting prepared for a take off."

Bangladesh's economy is in the 'junction of massive economic transformation', said Jeremy Amias, managing director and head of Asia Pacific Fixed Income, Currency and Commodities of Citigroup.

Focusing on the country's economic fundamentals such as exports and strong remittances, he stressed the need for significant private sector investment in major infrastructure projects in power, telecommunications, port facilities, roads, railway and airline sectors as well as in the export-oriented sectors such as textiles, pharmaceuticals, IT and natural resource exploration.

"We are very glad that we have received positive responses from the international institutional investors and also from the leading corporate houses, regulators, market intermediaries and other important stakeholders," he said.

He hoped that the conference will create opportunity for leading equity and fixed income investors from across the globe to hear about the strength of Bangladesh's economy, capital market's potential and key policy measures taken by the government.

Some 40 foreign institutional investors and around 200 local institutions are taking part in the conference.

Talking to journalists, Greg Rybalov, representative of Smith Management LLC, said, "I expect to share prospect for economic growth in the country and expect to share what short reforms have been undertaken and which companies are coming to the capital market through IPOs".

Terming Bangladesh a very good destination for foreign investors, he said: "I would like to see more companies listing in the market like power, infrastructure and telecommunication sectors."

Among others, presidents of Dhaka and Chittagong stock exchanges Abdullah Bokhari and MKM Mohiuddin spoke at the function.

### Thais urged to invest in Bangladesh

Hossain Khaled, president of the Dhaka Chamber of Commerce of Industry (DCCI), has urged Thai entrepreneurs to invest in different sectors of Bangladesh.

He made the plea during a meeting with a 6-member Thai team led by Akom Nantavechsan at the DCCI office in the city on Wednesday, says a press release.

DCCI chief said Thai businessmen can invest jointly in textile, telecommunication, frozen foods, leather and leather products, electronic, agro-based industry, information technology, ceramic, light engineering, natural gas-based industry, steel and tourism, infrastructure and power sector.

Pointing to the potential and facilities currently Bangladesh is enjoying specially its duty-free market access to the markets of European Union, Japan, Canada and Australia, he said these can be enjoyed by Thai businessmen by setting up joint venture industry.

DCCI president mentioned that a memorandum of understanding has been signed between the Thai Chamber of Commerce & Industry (TCCI) and DCCI to promote trade and economic ties. He also pointed out the trade gap between the two countries and urged the delegation to increase import from Bangladesh.

The Thai delegation chief said their mission is to find out trade prospects in Bangladesh. The delegation will also visit some of the renowned factories. Other delegation members are: Monthon Wongpattananukul, Prasara Suetrongtorkarn, Chatchai Sanguancheewin, Mrs Wirapan Piankusol and Miss Chusri Teasiriphet.

### Oil up in Asia

AFP, Singapore

Oil prices were higher in Asian trade Thursday, picking up after losses overnight following the latest US inventory data which showed a large rise in crude and gasoline (petrol) reserves, dealers said.

At 10:00 am (0200 GMT), New York's main contract, light sweet crude for June delivery, was up four cents higher at 61.59 US dollars a barrel from 61.55 dollars in late US trades Wednesday.

Brent North Sea crude for June was seven cents higher at 62.27 dollars.

### BOC declares 70pc dividend

BOC Bangladesh Ltd has declared dividend at the rate of 70 percent i.e. Tk7 per ordinary share for the year 2006.

The announcement came at the 34th annual general meeting (AGM) of the company held yesterday in Dhaka, says a press release.

Chairman of the company M Syeduzzaman, directors NEA Shibby, M Farashuddin and Azizur Rashid, and Managing Director WR Bhuiyan, among others, were present at the AGM.



PHOTO: IFAD MULTIPRODUCTS

**Industries Adviser Geeteara Safiya Choudhury inaugurates an automatic flour mill in Ashulia on the outskirts of Dhaka on Tuesday. World Bank Country Director in Bangladesh Xian Zhu, Italian Ambassador in Dhaka Pietro Ballero and Managing Director of the owning company of the mill Iftekhar Ahmed, among others, were present.**

## Asian women struggle in workplace: ILO

AFP, Bangkok

Women in parts of Asia still struggle to find decent jobs despite rapid economic growth, and when they do, they face discrimination and inferior pay, the UN labour rights watchdog said Thursday.

Discriminating against any group, including women, migrant workers or people with disabilities, not only puts people at risk of exploitation, but harms economic competitiveness, the International Labour Organisation (ILO) added.

"Discrimination is not just a breach of human rights -- it is a departure from economic common sense," Gek-Boo Ng, ILO Asia Pacific director, said at the regional release of its annual report on equality at work.

Around the world, more women were entering the workplace, the report said, but it highlighted South Asia as one of the worst regions for gender equality, with just 43.5 percent of women in work.

India was one of the worst offenders, with 26 percent of women in work, compared to 84.1 percent of men. This was well below the global average of 56.6 percent of women being in the

labour market.

Southeast Asian countries Malaysia, Indonesia and Brunei were also singled out for the low number of women in the labour force, but overall in East Asia and the Pacific, 61.2 percent of women were in work.

The gender pay gap was particularly wide in South Asia, the report said, where 60 percent of women worked without any pay at all -- the most in the world.

East Asia and the Pacific fared better, the report said, but the pay gap was still huge, with female manufacturing workers in Japan and South Korea earning less than 60 percent of the wages of their male colleagues.

"There has been massive improvement in terms of education and women's participation in the labour force," ILO gender specialist Nelen Haspels told reporters in Bangkok.

"But this has not translated to equality between men and women in the labour market."

Female migrants were particularly vulnerable, the ILO said, with many ending up in jobs where they have little legal protection, such as domestic workers or prostitutes.

## Automatic flour mill opens in Ashulia

Ifad Multiproducts Ltd, a local company, has opened an automatic flour mill in Ashulia on the outskirts of Dhaka with a daily production capacity of 160 tonnes.

The mill, which has been set up by using machinery imported from Italy, will also produce *suji* without the touch of human hands, says a press release.

Industries Adviser Geeteara Safiya Choudhury formally inaugurated the mill on Tuesday, while

World Bank Country Director in Bangladesh Xian Zhu, Italian Ambassador in Dhaka Pietro Ballero and Managing Director of the company Iftekhar Ahmed, among others, were present.

The company has achieved ISO 9001:2000 (quality management system), ISO 14001:2000 (environmental management system) and HACCP (Hazard Analysis and Critical Control Points) certifications, the release added.



PHOTO: BOC BANGLADESH

**Chairman of BOC Bangladesh Ltd M Syeduzzaman (3-L) is seen with directors and senior officials at the company's 34th annual general meeting yesterday in Dhaka.**



PHOTO: TRUST BANK

**The eighth annual general meeting (AGM) of Trust Bank Ltd was held on Wednesday in Dhaka. Chief of Army Staff and Chairman of the bank Lt Gen Moeen U Ahmed presided over the AGM. The bank achieved 87 percent growth in terms of operating profit in 2006 over the previous year.**

## GP wants to make sure its shares go to general public

### CEO talks to The Daily Star

#### JASIM UDDIN KHAN



Erik Aas

As Grameenphone is working on to get listed on the local stock market, the country's leading mobile phone operator wants to make sure the shares go to general public.

"I would really like to see the shares as people's shares... it should be something that everyone can buy the shares. I don't want to see all the shares go to institutional investors. I want to see individuals and people of Bangladesh buy the shares," Grameenphone Chief Executive Officer Erik Aas said in an interview with The Daily Star yesterday on the sidelines of the investors' conference in Dhaka.

"We feel it is right time for listing. I believe that it will be good for Bangladesh and stock exchanges if Grameenphone joins the capital market," Aas added.

Aas on May 7 visited the Dhaka Stock Exchange (DSE) amid speculations as to when Grameenphone will list on the bourse.

In April, Telenor, the main shareholder in Grameenphone, expressed its desire to publicly list the company.

In a statement Telenor's chief executive Fredrik Baksas said: "Public listing will bring more Bangladeshi ownership into Grameenphone."

Telenor, the Norwegian telecom operator, owns 62 percent of Grameenphone, and Grameen Telecom 38 percent.

Telecom launched its commercial operation yesterday, 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.

On allegations of a huge amount of profit repatriation from Bangladesh, the Grameenphone CEO said in the last 10 years of operations only \$ 43 million was repatriated to foreign shareholders as dividend against the investment of \$1.2 billion.

"Besides, in ten years we spent \$700 million on procuring equipment and gave dividends worth \$45 million in local currency to local and multinational investors," Aas added.

The number of cell phone users in Bangladesh reached 22 million at the end of 2006.

The growth in 2006 was 120 percent as the number of mobile phone subscribers was 9.26 million in 2005, according to the Bangladesh Telecommunication Regulatory Commission (BTRC).

Telenor, Telekom Malaysia (TM), Orascom, and SingTel are the other foreign companies who have invested in the mobile phone sector in Bangladesh.

Besides Grameenphone and Warid, other market players are AKTEL, Banglalink, CityCell and state-run Teletalk.