

Star BUSINESS

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Citigroup high official in Dhaka

Anthony J. Nappi, managing director and Citigroup's Asia Pacific Region Head of Global Transaction Services, arrived in Dhaka yesterday on a two-day visit, says a press release.

During the visit, he is scheduled to meet major clients of the bank and in a separate training programme, remittance product launch and client events.

In 2005, Nappi was awarded "The Asian Banker Achievement Award for Cash Management" by Asian Banker magazine, for his leadership in overseeing the robust development of Citigroup's cash management business for several years.

Prior to being named Asia Pacific Region Head of Global Transaction Services in 2006, Nappi was chief operating officer for Global Transaction Services and Regional Cash Management Head.

Bourses shake off concerns over new detentions

STAR BUSINESS REPORT

Dhaka and Chittagong bourses rose yesterday despite concerns that the fresh wave of arrests of political and business leaders may rattle investors' confidence.

On Monday several leading politicians and businessmen including Awami League General Secretary and Mercantile Bank Chairman Abdul Jalil, former Federation of Bangladesh Chambers of Commerce and Industry president Abdul Awal Mintoo and Partex Group Chairman MA Hashem were detained.

"The new phase of the crackdown on corrupt politicians and businessmen could not shake the investors' confidence," said a DSE broker.

The DSE General Index increased by 11.38 points, or 0.58

percent, to finish at 1948.85 points while the DSE All Share Price Index rose by 3.73 points, or 0.23 percent, to close at 1621.06 points.

The CSE All Share Price Index rose by 10.13 points or 0.21 percent to close at 4735.16 points while the CSE-30 Index increased by 62.51 points or 1.48 percent to close at 4270.93 points.

Mercantile Bank shares fell 1.18 percent on the DSE to close at Tk 355. However, the price of the bank's share remained unchanged on the CSE closing at Tk 352.

Of the 204 issues traded on Dhaka Stock Exchange (DSE), only 38 gained while 151 declined with 15 unchanged. On the Chittagong Stock Exchange (CSE) a total of 94 issues were traded. Of them, 20 advanced, 68 declined and six unchanged.

A total of 9,583,210 shares worth Tk 172.95 crore changed hands on

the premier bourse while some 2,786,488 shares worth Tk 23.93 crore changed hands on the port city bourse.

Prime Bank topped the turnover leaders on both the bourses. On the DSE, the bank topped the list with 276,000 shares worth Tk 22.59 crore while on the CSE it topped the turnover leaders with 135,350 shares worth Tk 4.32 crore.

The other turnover leaders on the DSE were Power Grid Company of Bangladesh (PGCB), Brac Bank, Premier Bank, Southeast Bank, Square Pharma, Square Textile, Summit Power, AB Bank and United Commercial Bank.

On the CSE the other turnover leaders were PGCB, Southeast Bank, Premier Bank, Rupali Bank, Bextex, Square Textile, Shahjalal Islami Bank, Square Pharma and EXIM Bank.

Bangladesh holds huge growth potential

Seminar told

STAR BUSINESS REPORT

SAP, the world's leading provider of business software, has identified Bangladesh as an economy with huge growth potential, business leaders were told at a seminar in Dhaka on Monday.

"Bangladesh's strategic location offers tremendous growth potential and has seen tremendous development across segments like logistics, manufacturing, telecom, garments and textiles, pharmaceuticals, construction, infrastructure and banking," said Moushumi Basu Roy, Regional Director, East, SAP India.

AKTEL, the mobile phone operator, has been running on SAP enterprise solution software since 2006.

SAP India, along with local partner Soltius Infotech Bangladesh Ltd jointly organised the seminar titled 'SAP Overdrive' at the Bangladesh-China Friendship Conference Centre.

The theme of the seminar was 'Business at the Speed of Thought'.

SAP is the leading business software provider across the world with more 38,000 customers in 120 countries.

Increased trade, work opportunities focus for Dhaka-Seoul talks

UNB, Dhaka

Economic cooperation and employment opportunities for Bangladeshi workers in South Korea will figure high in talks between Foreign Affairs Adviser Iftekhar Ahmed Chowdhury and senior South Korean ministers in Seoul next week.

"The talks will focus on how to improve the already excellent bilateral ties and expand further trade and economic cooperation as many potential areas remain untapped," newly appointed South Korean Ambassador Suk-Bum Park said in an interview with the news agency yesterday.

Iftekhar Chowdhury who leaves here on June 2 on a four-day visit to Seoul will meet Foreign and Trade Minister Song Min-soon as well as the South Korean labour minister and sign a MoU on exporting Bangladeshi workforce to Korea.

Ambassador Park said signing of the MoU will allow Bangladeshi workers to get jobs in Korea legally. Recruitment of Bangladeshi workers in Korea has been banned for the last five years.

Earlier this week it was revealed that under South Korean rules there is a provision to recruit 10,000 workers.

However replying to a question yesterday, the envoy said if intelligent and hard-working Bangladeshi could be found and who meet the requirements of Korean companies, the 10,000 figure may be exceeded.

Korea needs workers for its small and medium enterprises,

construction sites and service sectors, and the number of foreign workers there ranges from 200,000 to 300,000.

The ambassador said presently around 12,000 Bangladeshi workers are working in Korea, but 80 percent of them are overstaying and working illegally. He said if the illegal workers voluntarily return home respecting the Korean immigration laws, they would get reemployment opportunity in Korea.

After signing of the MoU, Bangladeshi workers will enjoy the benefit of working legally like those from Thailand, Vietnam, Uzbekistan, Pakistan, Sri Lanka, India, China and Cambodia.

About Dhaka-Seoul economic cooperation, the ambassador said Korea has been pioneer in bringing its RMG industrial units to Bangladesh as wages in his country have gone too high.

"We need to outsource and move our industry elsewhere and Bangladesh is our chosen country for replacement of our industries," he said, adding that Korea is helping Bangladesh to upgrade its textile industry and help compete in the world market.

Asked how to reduce the huge trade surplus being enjoyed by Korea, the envoy said his country has already provided duty-free access of 290 Bangladeshi products under the Bangkok Agreement.

He said the Bangladeshi entrepreneurs need to double their efforts to make their products familiar to potential importers and consumers in Korea.

The Korean envoy said his country's annual import stands at US\$ 300 billion and Bangladesh could take a share of it by diversifying its products and popularising those items in the Korean market.

According to statistics, Bangladesh's export to Korea was a paltry US\$ 42.58 million against its import of worth US\$ 471.74 million in fiscal 2005-06.

Major Bangladeshi exports include leather, woven garments, chemical fertiliser and raw jute while import items include machinery, mechanical appliances, base metals, pulp of wood, textiles and plastic articles.

GlaxoSmithKline okays 10pc dividend

GlaxoSmithKline Bangladesh Limited has approved a 10 percent final dividend i.e. Tk 1.00 per share of Tk 10.00 each for shareholders for the year 2006.

The approval of the dividend was made at the 34th annual general meeting of the company held in Chittagong recently, says a press release.

Dr Hasit Joshipura, chairman of the company, presided over the meeting.

Company's Managing Director M Azizul Huq and Directors Dr Mark Reilly, Dr Mozaffar Iqbal, Md Ziaul Haque Khondaker, Sarwar A. Khan, Shamim Rabbani and shareholders attended the meeting.

Malaysians should consider relocating industries to Bangladesh

Says industries adviser

UNB, Dhaka

Industries Adviser Geetara Safiya Choudhury has said Malaysian entrepreneurs should consider relocating their labour intensive industries to Bangladesh to take advantage of lower cost levels.

The adviser highlighted the opportunities Bangladesh offered key Malaysian sectors such as the palm oil processing industry and wood based furniture.

She expressed the view at a bilateral meeting with Malaysian Minister for Plantation, Industries and Commodities Datuk Peter Chin Fah Kui at his office in

The Malaysian minister said

private sector joint venture initiative may be collaborated to find out potentials in making future fibers using jute, kenaf, palm trunk and coconut trunk.

The industries adviser briefed the Malaysian minister about the development of jute sector in Bangladesh mentioning the jute diversification projects.

Both the sides agreed to explore the synergy between jute and kenaf.

Bangladesh High Commissioner to Malaysia Shafiq U Ahmed and First Secretary (Commercial) Moniruzzaman accompanied the adviser during the meeting.

Media, commerce links needed for positive business environment

Roundtable told

STAR BUSINESS REPORT

Speakers at a roundtable in Dhaka yesterday advocated for an enabling business environment in Bangladesh.

Highlighting the role of media in economic development, they also emphasised a close interaction between the media people and the business community.

The roundtable on 'Role of Media in Business Advocacy' was organised by International Business Forum of Bangladesh (IBFB) at a city hotel.

While speaking at the discussion, Energy Adviser Tapan Chowdhury said the media that has a significant role in promoting business can plead to both the public and private sectors for projection of the business issues to the government policy makers.

He however reminded the media's responsibility of projecting success stories for encouraging investment and business activities in the country.

Khairuzzaman Chowdhury, tax ombudsman, Anwar-Ul-Alam Chowdhury Parvez, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Mahmudul Islam Chowdhury, the IBFB president, and business journalists from different media took part in the discussion.

The adviser also felt it urgent to take some advocacy measures on the government's part to promote the country's business environment, especially for the small and medium enterprises (SMEs).

"I think some advocacy measures would be proposed in the upcoming national budget for strengthening the SMEs to ensure their contribution in a bigger way to the national economy," said Chowdhury, also in charge of the ministry of power and mineral resources.

He suggested that besides the Export Promotion Bureau (EPB), different trade bodies should come forward to take advocacy measures for projection of the business issues to the government policy makers.

The tax ombudsman asked the media people for being objective rather than writing any motivational report.

Taking the floor, the media people spelt out the problems they are faced with getting right information from both the government and private sector officials.

Shawkat Hossain Masum, business editor, the Daily Prothom Alo, Saiful Islam Dilal, business editor, the Daily Amar Desh, Sirajul Islam Quadir, correspondent of Reuters, and M Tareq Al Naser, chief reporter, The Financial Express, also participated in the discussion.

Basel II preparedness: Challenges and opportunities

ALAMGIR MORSHEAD

Banks are in the business of accepting and managing different types of risks. In order to limit the risk taking of banks within prudential levels, central banks all over the world require banks to maintain a minimum level of capital to cushion against unexpected losses arising from their investments. Basel II accord is one such directive which, unlike its predecessor Basel I, ensures that the capital set aside by a bank against its investments is more reflective of the inherent risks of its portfolio. In addition to measuring capital charge for credit risk of a bank's portfolio (as was required according to Basel I accord), Basel II requires the banks to set aside capital weighted for its portfolio's operational risk.

Bangladesh Bank has taken a proactive approach in implementing Basel II for all banks in Bangladesh by January 1, 2009. The central bank in order to assess the preparedness of the banks in Bangladesh circulated a questionnaire earlier this year among the banks. From the responses of the banks, Bangladesh Bank has decided to undertake the standardised approach in the financial institutions from the beginning of 2009. In view of this implementation, the central bank has made credit rating mandatory for all banks. In order to ensure a gradual and smooth transition, they have recently informed the banks to maintain a minimum capital adequacy ratio of 10 percent

(which is at present set at 9 percent) effective from January 1, 2008.

To implement the new risk measures for capital charge, banks will now have to shift their focus from net profit to economic profit, i.e. risk weighted return. The increased requirement for capital charge also encourages banks to look into quantifying risk, i.e. pricing for risk (setting a higher margin for financial products with higher risk). At present, the pricing for financial assets are only driven by the bank's cost of fund. The implementation requires a complete paradigm shift of credit culture in the market.

The adoption of Basel II guidelines, hence will also produce new opportunities; motivating banks to focus more on non traditional financial assets, fee-based products, capital market products like bonds etc which offer an opportunity for the institutional investors to make investments and also divest when needed with greater ease. Growing the primary and secondary market for debt securities will play a crucial role in the development of the financial markets in Bangladesh and will also go a long way in helping the financial institutions to be able to manage their balance sheet more efficiently. Robust growth of the syndicated debt market is expected to continue as it also helps banks to diversify risks.

34th Annual General Meeting of GlaxoSmithKline Bangladesh Limited

Hotel Agrabad, Chittagong

24th May 2007

Dr Hasit Joshipura, chairman of GlaxoSmithKline Bangladesh Limited, presides over the 34th annual general meeting of the company held at Hotel Agrabad in Chittagong recently. Managing Director, directors and shareholders of the company were present.



PHOTO: GLAXOSMITHKLINE

10th Annual General Meeting of LankaBangla Finance Ltd.

City Grand Hall, Bashundhara City, Dhaka

May 28, 2007

PHOTO: LANKABANGLA FINANCE

Mohammad A Moyeen, chairman of LankaBangla Finance Ltd. speaks at the 10th annual general meeting of the company held in Dhaka on Monday.

PHOTO: LANKABANGLA FINANCE