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POST-EU EMBARGO ON CHINA

Knitwear makers urged to be more competitive

STAR BUSINESS REPORT

The finance adviser has asked the knitwear manufacturers to become more competitive to sustain in the world market.

"The industry itself has to sustain in the competitive world market by exploring new avenues, improving quality of products and enhancing labour productivity," Dr AB Mirza Azizul Islam told a programme in Dhaka yesterday.

The suggestion came when a possible fall of knitwear exports is apprehended due to end of the European Union embargo on China from January 2008.

The Institute of Apparel Research & Technology (IART) organised the programme at a city hotel marking the launch of its maiden research paper on 'Impact of Removing EU Safeguard Measures Against China'.

The knitwear manufacturers sought government intervention in lobbying with their European counterparts so that the European Union continues such safeguard measures till 2008.

The adviser said the government is working with all the stakeholders to successfully face the possible challenges emerging from the discontinuation of imports growth cap on certain Chinese RMG products the European Commission imposed in 2005.

Mirza Aziz, also in charge of the ministry of commerce, said the government has succeeded in a considerable improvement in law and order situation and services at the Chittagong Port, which will help improve productivity and competitiveness of the sector.

He hoped that the readymade garments sector would be able to face the challenges successfully, if the growth cap is withdrawn from China, as the sector did following the phasing-out of the Multi Fiber Arrangement in 2005.

President of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)



Dr AB Mirza Azizul Islam (C), finance adviser, Dr Stefan Frowein (R), head of the Delegation of European Commission, and Fazlul Haq, president of Bangladesh Knitwear Manufacturers and Exporters Association, are seen at the launch of a research paper on 'Impact of Removing EU Safeguard Measures Against China' held in the capital yesterday.

Fazlul Haq informed the function that the industry experienced around 10 percent of shortfall in export orders during the peak summer season.

"We cannot find out the reason behind such shortfall, but we hope the situation will improve in September as August is a holiday period in Europe and America," Haq said.

The BKMEA chief suggested that the government should empower the Bangladesh mission in Geneva to negotiate with the European Union, but ironically the mission has been running without an ambassador for the last few months.

In his paper, MA Baset, director, BKMEA, said Bangladesh is not out of risk on removal of EU safeguard measures against China as the country has a narrow export basket.

He said the growth path is starting a declining mode, which emerges as a great concern for the majority knitwear makers of the country.

Baset felt it urgent to enhance bargaining capacity.

Mostafizur Rahman, research director, Centre for Policy Dialogue (CPD), pointed out the preference

erosion that could hit Bangladesh RMG industry hard as the country will lose the duty facility it gets in EU and Canada.

He urged the RMG makers to maintain all environment and other social compliances in order to increase productivity of the sector.

In his speech Dr Stefan Frowein, head of the Delegation of European Commission, said a long-term democratic stability with business confidence will be key factors in sustaining Bangladesh's export performance.

He said countries like Bangladesh can hold their own against challenges of China and consolidate their position in key export markets.

Frowein added that cultivation of social compliance and decent working conditions are vital to position the garments industry competitive in the global market.

Dr Hafiz GA Siddiqui, vice chancellor, North South University, Debapriya Bhattacharya, executive director of Centre for Policy Dialogue (CPD), Mohammad Ali Taslim, professor of Economics at the Dhaka University, and Anisul Huq, former president, BGMEA, also spoke on the occasion.

Citigroup set to enter into stock market as merchant banker

STAR BUSINESS REPORT

Citigroup, world's leading financial conglomerate with operations in investment banking and insurance, has set to enter into the local stock market as a merchant banker.

This is the first foreign financial institution that received license from the Securities and Exchange Commission (SEC) to operate merchant banking activities such as underwriting, and issue and portfolio management in the capital market.

The SEC at a meeting in Dhaka yesterday approved the Citigroup Global Markets Bangladesh Ltd, a subsidiary of Citigroup, to operate as a merchant bank, officials of the capital market watchdog said.

After the meeting, SEC Executive Director Farhad Ahmed said after a long time the commission gave nod for merchant banking, as the government has recently returned the authority of giving licenses for merchant banking to the commission.

However, as per the government decision, the SEC could provide licenses to maximum 35 financial institutions for merchant banking.

Presently, there are 28 merchant banks in the capital market, of which only 10 to 12 are active.

Talking to The Daily Star, Abrar A Anwar, director and head of global commercial bank of Citigroup, Bangladesh, said as there is a supply crisis for securities in the stock

market, Citigroup can contribute to bringing good products, bonds and corporate entities in the stock market.

The market regulator is also evaluating the performance of the existing merchant banks, as many of them are now inactive, Farhad said, adding that the SEC may cancel the licenses of the bad performing merchant banks.

The SEC also took tougher actions against those who submitted more than two applications for initial public offerings (IPO).

Farhad Ahmed said an applicant cannot submit more than two applications, one in his/her name and another jointly with other person. In case an applicant makes more than two applications, all applications will lose validity and will not be considered for allotment purpose. In addition, the commission may forfeit whole or part of the application money, he said.

He said the commission imposed the conditions following an allegation that the investors submit more than two applications for IPOs.

He said from now on for opening a beneficiary owner's (BO) account, an applicant will have to provide his/her mother's name in the BO application form.

Meanwhile, the SEC has published a book recently, which comprises all the securities related ordinance, act, rules and regulations.

INVESTMENT SCENARIO-V

BoI drive a one-man show

JASIM UDDIN KHAN

The Board of Investment (BoI) has neither a permanent investment promotion policy, nor a fixed budget of its own to woo foreign potential investors or to uplift image of the country.

According to sources, during the last few years the BoI confined its all efforts of attracting foreign investors to an individual drive run by the executive chairman.

The state-run agency also did not carry out any follow-up with the investors for conversion of their proposals into actual investments, whereas such investment promotional agencies in other countries have separate wings to do such a follow-up job.

However the board has very recently set to appoint two officials to take a feed back from the potential investors who signed expressions of interest with the BoI.

The BoI runs its promotional

meetings and seminars both at home and abroad with a support of World Bank fund, but such agencies in other countries like India and Pakistan have their own fund for investment promotional activities.

The previous executive chairman wooed the large scale investment proposals like India's Tata Group, Mittal Group, UK-based Asia Energy and UAE's Dhab Group by their own initiatives and personal meetings with the executives of the companies concerned.

Few months back, the immediate past BoI executive chairman, Nazrul Islam, traveled some countries in Europe to pursue non-resident Bangladeshis (NRBs). But experts believed that if the BoI initiated it few years ago a good number of affluent businessmen would have invested in Bangladesh.

When asked, the incumbent executive chairman, Mushtaq

Uddin Ahmed, said the BoI will propose to the government for allocating fund so that it can run different promotional activities in the future.

The BoI will also ask for a new building for the BoI office which will be more comfortable for the foreign potential investors, he said, adding that the existing BoI office building is not suitable for the foreign visitors as it lacks a good lift and other facilities.

He also felt it urgent to develop the present BoI website.

Mir Nasir Hossain, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), suggested that the government should develop a skilled team within the BoI to assess potential investors, and also to successfully negotiate with them. The FBCCI chief also urged for reviewing the existing investment policy to make it investors-friendly.

CONCLUDED



Trust Bank Ltd yesterday launched five types of credit cards for its clients. Chairman of the bank and Chief of Army Staff General Moeen U Ahmed, Managing Director Iqbal U Ahmed, Deputy Managing Director Ishtiaque Ahmed Chowdhury, Head of Card Division Javed Islam, Head of Corporate Brand Aftab Mahmud Khurshid and other senior officials of the bank were present at the launch.

Citibank funds Tk 123cr for BRAC

Citibank NA Bangladesh and its partner banks are providing a Tk 123 crore backstopped facility for BRAC, a leading non-government organisation with over 5 million borrowers, for rural development especially supporting the NGO's post-flood rehabilitation programmes.

Citibank directly provided Tk 71 crore, while the local banks -- Eastern Bank Ltd, The City Bank Ltd, Trust Bank Ltd and United Commercial Bank Ltd -- have jointly managed the remaining Tk 52 crore, says a press release.

"This solution underlines Citibank's commitment towards supporting the cause of micro-finance globally and the post-flood rehabilitation programme in Bangladesh, and it also marks BRAC's openness towards innovative financial solutions to channel the benefits of modern finance to its micro-borrowers," said Fazle Hasan Abed, chairperson of BRAC.

"We will expand and broaden access to finance for micro-finance institutions such as BRAC not all on our own, but through alliance partners, including other commercial banks, investors and large commercial networks working to provide services for the majority in our communities," said Sanjay Nayar, CEO India and area head of Citigroup South Asia.

Int'l medical fair from December 6

The three-day fifth international medical equipment and pharmaceutical products and healthcare services exposition styled 'Medexpo-2007' will begin in Dhaka from December 6.

Triune Exhibition and Event Management Services (TEEMS) will organise the event, says a press release.

Hospitals from home and abroad, manufacturers and distributors of medical equipment, pharmaceutical products, surgical equipment and accessories, laboratory and rehabilitation equipment, and laboratories and diagnostic centres, medical and health insurance companies, medical waste disposal companies, and telemedicine companies will take part in the show.

A number of banks and financial institutions will also participate in the exhibition to offer their loan products to medical professionals, as the exhibition is expected to attract a large number of individual doctors and medical professionals.

The objectives of the show include showcasing equipment, devices, products, packages and services available in the medical, dental and healthcare sectors at home and abroad.

Indian infrastructure projects stuck in paperwork quagmire

AFP, Bangalore

Entrepreneur Ashok Kheny has been shuttling between his adopted US home and India for 12 years to build a project he hopes will bring pride to his country.

In those years, he has fought 336 cases in the Karnataka state high court and three in the Supreme Court over the 111-kilometre (66-mile) expressway he is constructing to link Bangalore and Mysore town.

He won all the cases but does not know if or when he will complete the 32.5-billion-rupee (790-million-dollar) project, which has been muddling through a legal, bureaucratic and political maze since first conceived.

Kheny, who made a fortune building fibre-optic cable networks in the US where he migrated in 1972, said he had expected difficulties but not of such magnitude.

"Of course I feel frustrated," Karnataka-born Kheny, 57, said in an interview. "I have twin teenage boys and it's sometimes frustrating to raise them, but I can't abandon them. I see the project in the same way."

Kheny's experience illustrates the problems plaguing infrastructure projects in India, which is calculated to need to invest 475 billion dollars by 2012 in roads, airports and power plants to maintain growth of nine per cent a year.

Big-ticket projects can be flooded by problems ranging from endless land ownership disputes and red-tape to competing political interests and out-of-control budgets.

Bangalore International Airport, slated for completion in April, was conceived in 1991 and took 14 years for construction to even begin. It is now being executed by a consortium including Unique Zurich Airport and Germany's Siemens.

"It has not been easy," said airport CEO Albert Brunner, who spent as long negotiating the 500-million-dollar project as the three years he plans to complete it.

Designed to handle five million passengers a year, it had to be redesigned for 11 million passengers after air traffic surged. Negotiations had taken so long because of problems over land leases and state support agreements and concessions.

Now the airport may be ready on time but a 21-kilometre (12-mile) access road to it could be delayed because of a row over a small stretch of the land needed to build it.

"The biggest challenge to infrastructure projects is land acquisition," said V.P. Baligar, a senior Karnataka civil servant in charge of infrastructure. "We are a democracy, we have to abide by the law and respect individual rights while serving a public purpose."

Land values have surged as the economy expanded, and real-estate prices have doubled in the past three years in parts of the

country.

In the case of the Bangalore-Mysore expressway, the latest obstacle came when the Karnataka government said last month it wanted to cancel the agreement with Kheny's Nandi Infrastructure Construction Enterprise (NICE).

The government told the Supreme Court it wanted to hand over the project to a rival consortium that would build a 400-million-dollar monorail and return to the government surplus land acquired for the project.

The court's decision is awaited. The project dates back to the years when transparency was rare in deals awarded by governments. Problems arose when administrations changed.

"Projects that get into trouble are often ones where the bidding has not been transparent," said Vinayak Chatterjee, head of the infrastructure firm Feedback Ventures.

Besides the expressway linking technology hub Bangalore and Mysore, the project covering 20,193 acres envisaged construction of five townships along the road. It aimed to halve travel time between the cities from three-and-a-half hours.

The project would help Mysore and other cities en route develop into alternative destinations for firms complaining of traffic snarls, shortages of housing, power and water and the high costs of Bangalore, a city designed for 200,000 people that now houses seven million.

The entire project would cost over four billion dollars, said Kheny, who initiated it when India did not even have laws in place for private businessmen to build public works.

NICE has so far built just four kilometres of the main expressway, said company spokesman Manjunath Nayaker.

Trust Bank launches credit cards

Trust Bank Ltd yesterday launched five types of credit cards for its clients, says a press release.

The credit cards with the theme 'Me and My Trust' are VISA Classic Local, VISA Classic International, VISA Gold Local, VISA Gold International and VISA Gold Dual Card.

Chairman of the bank and Chief of Army Staff General Moeen U Ahmed, Managing Director Iqbal U Ahmed, Deputy Managing Director Ishtiaque Ahmed Chowdhury, Head of Card Division Javed Islam, Head of Corporate Brand Aftab Mahmud Khurshid and other senior officials of the bank were present at the launch.

Trust VISA Electron is being issued to the accountholders for their daily banking and purchase. Trust Bank is also giving extra benefits to the customers by providing nationwide services at VISA-enabled ATMs (automated teller machines) and POS (point of sale) terminals.

Due to the recent flood situation in the country, the launching programme was made simple and informal.

BGCCCI's new office bearers

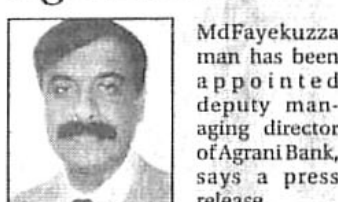


Saiful Islam of Picard Bangladesh Ltd has been elected president of Bangladesh German Chamber of Commerce and Industry (BGCCI) for a two-year term (2007-09).

Saria Sadique of BASF Bangladesh Ltd has also been elected senior vice-president of BGCCI, while Sadaquat Hossain of Pan Aviation Ltd and Peter Palesch of GTZ have been elected vice-president and treasurer of the chamber, says a press release.

The election commission of the chamber has announced the new executive committee on Monday in Dhaka.

New DMD of Agrani Bank



Prior to this assignment, he was general manager of the same bank. Before joining the bank, he was general manager of Investment Corporation of Bangladesh and worked there for around 22 years in different capacities.

Trust to set up CSR centre formed

In a bid to set up a CSR (corporate social responsibility) centre in Bangladesh, a CSR centre deed of trust was formally signed yesterday at Bangladesh Enterprise Institute (BEI) in Dhaka.

The eight executors of the trust include corporate and non-corporate members, says a press release.

The trust has been formed to set up a CSR centre in the country, which will be launched formally on September 5, 2007, the release adds.

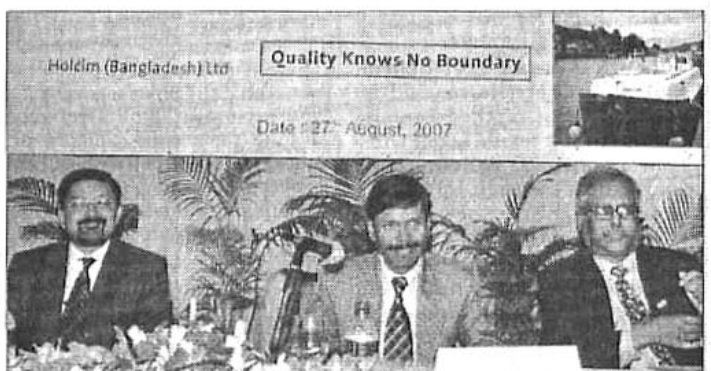
With a mission to establish CSR as a key strategy for corporate excellence in Bangladesh and maximise stakeholders' benefit, the centre aims to be the leading provider of complete solutions to CSR business needs in Bangladesh.

The centre's primary objective is to become the principle source of information, resources, and advisory services on CSR in Bangladesh. The centre, set up with private sector start-up funding, will serve as an institutional champion to facilitate, expand and encourage CSR practices in the country's private sector.

The CSR centre defines CSR as a set of business practices based on ethical norms and transparency that contribute to the sustainable development of internal and external stakeholders in the best interest of business, society and environment.

Although practitioners commonly equate CSR with philanthropy, a fully integrated CSR strategy can add greater value to brand enhancement, reputation and returns on the CSR investment. CSR is particularly important for the development of the competitiveness of business sector, including SMEs, adding to their product quality and profits.

Majority organisations in Bangladesh do not currently have sufficient resources necessary to act on the CSR opportunities. The CSR centre aims to strengthen local institutional capacity, raise CSR awareness and serve as an institution for CSR adoption and implementation in the region.



Sudhakar Dalila, councillor (Economy and Commerce) of Indian High Commission, Sunil Kanti Bose, chairman of BIWTA, and Ainun Nishat, country representative of World Conservation Union, are seen at a function organised in Dhaka on Monday to announce the launch of cement export through river route to northeast India by Holcim Bangladesh, a leading cement manufacturing company.

Holcim starts exporting cement to Assam in a week

STAR BUSINESS REPORT

Holcim Bangladesh is going to export cement through river route to northeast India in order to exploit the huge regional market potential.

A ship laden with 450 tonnes of 9,000 bags of cement will start from Meghnaghat, some 30 kilometres southeast of Dhaka, for Guwahati of the Indian state of Assam within a week.

"We have completed all procedures to begin exporting cement by river," PN Iyer, managing director of Holcim Bangladesh, said at a function at city hotel Monday marking the launch of the riverine route.

Holcim, a Switzerland-based cement giant, plans to ship around 3,000 tonnes or 60,000 bags of cement every month to Guwahati, he said.

Cement export from Bangladesh to India started in 2004 and Holcim has been sending around 1,000 tonnes of cement a month mainly to Tripura by trucks.

The company now has a ready market for 7,000 tonnes of cement a month in Tripura, Shilchar and Guwahati, Shankar said.

The present market demand for cement in northeast Indian states is around 3 million tonnes, while the local production stands at around 1 million tonnes only. These states bring cement by road from distant Madhya Pradesh, Orissa and Bihar states.

Bangladeshi cement has a competitive advantage there due to its lower transportation cost, industry insiders said.

There are about 60 cement factories in Bangladesh with a 30 million tonne production capacity. Only half of the units are in operation and they produce about 7 million tonnes of cement to meet the local demand, the sources said.

Holcim has three cement factories in Bangladesh that can produce around 80,000 tonnes a month. Its officials feel Indian market may boost Bangladesh's cement industry by making way for utilising its full capacity.

Sunil Kanti Bose, chairman of BIWTA, Dr Ainun Nishat, country representative of World Conservation Union, and Sudhakar Dalila, Councillor, Economy and Commerce, High Commission of India, attended the function.