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Export decline eases but RMG still weak

Exports fall 2.32pc in August

STAR BUSINESS REPORT

The sharp decline in exports experienced in July eased in August, although the performance remained well below target as the country's key garment sector suffered from continued weak orders.

During August total exports fell by 2.32 percent on a year earlier and were more than 13 percent below the government's target. In July, they were down 21.08 percent on the same period in 2006. In total for the first two months of the fiscal year 2007-2008 exports are down 11.69 percent on a year earlier and 23 percent behind target.

Export earnings in August were \$1.13 billion compared to \$1.16 billion a year earlier, according to the Export Promotion Bureau (EPB) statistics released yesterday. RMG exporters said the

industry had been hit by difficult markets in both the US and Europe. In the US, some major buyers such as Walmart have been struggling with large inventories and weakening demand while in Europe unusual weather patterns have disrupted customers normal buying habits, especially for winter clothes.

One exporter told The Daily Star that the political chaos at the turn of the year had undermined buyers' confidence. There have also been concerns that Bangladesh is losing out to rivals such as Cambodia, Vietnam, China and Sri Lanka.

In the two months to August 31 exports of woven garments were down 16.6 percent at \$762 million while knitwear exports were down 12 percent at \$791m. While no monthly break down was provided, the figures indicated a marked

slowdown in the rate of decline over July notably in the knitwear sector. Readymade garment exports accounted for around 75 percent of the country's exports in the last fiscal year.

MA Baset, director of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said it was not only Bangladesh that had been hit by a recession in the clothing sector caused by climate change in the European market.

Earlier, Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), told The Daily Star, "The export will be positive from September and from October and onward, we will see a very good export growth," he added. "At the end of the day, there is nothing to be worried."

Salam Murshedi, director of

Bangladesh Garments Manufacturers and Exporters Association (BGMEA), said woven export earnings are not satisfactory when compared to the capacity of Bangladeshi exporters.

A decent and peaceful environment is required for Bangladesh's apparel sector growth, he said adding, "If exporters continuously produce their products, export earnings from the sector will pick up further by December this year."

According to the EPB figures leather, ceramics, jute goods and engineering products recorded negative growth and failed to achieve their export targets.

Tea, vegetables, agro-processed foods and flower performed well -- exceeding their targets. Raw jute, footwear, and frozen food also recorded growth, but failed to achieve the month's export target.

NGOs meet Microcredit Regulatory Authority

A meeting between the Federation of NGOs in Bangladesh (FNB), CDF and INAFI, and the Microcredit Regulatory Authority (MRA) was held yesterday in Dhaka to discuss savings of the microcredit members and other issues related to microcredit NGOs.

The NGO representatives stressed the need for making savings by the poor segment of the population for their future security. FNB Chairman Dr Muhammad Ibrahim said the pro-poor programmes with innovative culture of the NGOs developed over three decades should not be questioned in view of the activities of some new entrants in the field.

The MRA executive vice-chairman said the MRA is aware of the flexibility and innovative culture of the NGOs and gave assurance that the NGOs will not be affected by the MRA rules.

He said the savings programmes for the microcredit group members would, by no means, be hindered. But it would not be appropriate to permit savings from depositors of large amount with business motive, as such depositors do not belong to the poor target group of microcredit programmes, he added.

He assured that the draft rules of the MRA for the NGOs would be discussed with them before these are finalised.

INAFI Executive Director Atiqun Nabi and Board Member Emranul Haque Chowdhury, CDF Executive Director Farid Uddin and Board Member Mosharraf Hossain, FNB Director M Tajul Islam and MRA joint directors Leela Rashid and Sajjad Hossain were also present at the meeting.

Yarn maker American & Efirid to launch operations tomorrow

American & Efirid Inc (A&E), one of the world's leading manufacturers of industrial sewing thread and yarn, will formally launch its Bangladesh operations tomorrow, says a press release.

Brandix Lanka Ltd, Sri Lanka's leading apparel exporter, and Brandot International Ltd, an investment firm that specialises in creating joint venture partnerships with apparel and textile companies, will partner A&E in launching its operations in the country.

Ashroff Omar, a leading apparel sector magnate of South Asia who is involved with Brandix, will formally inaugurate the operations of the new company, American & Efirid (Bangladesh) Ltd, at Islampur in Gazipur.

Ashroff Omar and fellow director Aslam Omar will also meet the officials of Bangladesh Export Processing Zones Authority (Bepza) tomorrow to discuss the expansion plans of American & Efirid in Karnaphuli EPZ in Chittagong.

American & Efirid Bangladesh's growth plan in the country includes providing more employment opportunities and offering training to increase knowledge and skill levels in manufacturing sewing and embroidery thread.

Warid offers daily cash back for prepaid subscribers

Warid Telecom has introduced lucrative incentives for its prepaid subscribers on daily basis, says a press release.

Users of all Zem packages can get cash back everyday based on talk-time.

According to the offer, this cash back is rewarded over SMS instantly. Subscribers will get cash back worth Tk 5 talk-time for Tk 30 usage, Tk 3 for usage of Tk 20, Tk 2 for usage of Tk 10 and Tk 1 for usage of Tk 5. Thus, a customer can start getting this cash-back from as low as Tk 5 usage, and earn up to Taka 11 everyday as cash-back!

All prepaid customers -- "Zem", "Zem 1 second", "Zem 24 hrs", "Zem Fun", "Zem Fun and Zem Fun Plus" -- are eligible for this cash back offer. The reward amount can only be used for calls to other mobile operators and the offer is valid till further announcement.

Go for emergency import of essentials to check price hike

Business leaders urge govt

STAR BUSINESS REPORT

Business leaders have called for immediate government measures to tame the 'unbearable' increase in the prices of essentials.

At a meeting with BDR (Bangladesh Rifles) on the present commodity market situation in Dhaka yesterday, the businessmen said the government should import essential commodities on an emergency basis, slash import duties and value added taxes, and offer an import subsidy on oil, onions and other essentials.

They also demanded a cut in bank interest rates for traders.

Describing the present market situation as difficult and unprecedented, both the business leaders and BDR personnel said prices of essentials had reached an unbearable level.

The business leaders also advised the government to form an Economic Intelligence Unit under the commerce ministry to forecast and monitor international market trends and take actions accordingly.

The BDR organised the meeting at its headquarters at Pihana where members of joint forces and media representatives were present.

Mir Nasir Hossain, president, Federation of Bangladesh

Chambers of Commerce and Industry (FBCCI), MA Rouf Chowdhury, president, Bangladesh Vegetable Oil Refiners and Vanaspati Manufacturers Association, Fazlur Rahman, chairman, City Group of Industries, Abul Hasem, secretary general, Bangladesh Edible Oil Wholesalers Association, Golam Maola, secretary general, Maulvibazar Business Association, Major General Sakil Ahmed, director general, BDR, Colonel Abdul Halim, Colonel Mojibul Hoque, sector commander and task force commander of Operation Daal Bhaat 2007, Colonel Halim, chief coordinator, BDR Trade and Monitoring Cell, Gulzar Uddin Ahmed, additional director general, Rapid Action Battalion, were present at the meeting among others.

"Prices of different essentials are totally out of control and therefore unbearable," Mir Nasir Hossain said, finding the market situation so unstable that even experienced businessmen were unable to speculate about trends.

The apex trade body chief criticised the government for its failure to reach its target of procuring food grains from both international and local market.

He sought government moni-

toring of the market rather than its control.

Mir Nasir also urged the government to reduce bank interest rates and withdraw import duties on essentials.

MA Rouf Chowdhury said, "If the government does not import essential products like oil, onion and rice immediately, the situation would worsen."

He echoed Mir Nasir's view on a cut in bank interest rates and withdrawal of duties and VAT from essentials.

Chowdhury warned the government that a crisis persists in essential commodity market.

"I fear essential commodities might not be available in the market if the government does not take immediate steps to import," he observed.

"I did not see such price hike in the international market earlier," said Chowdhury, adding that the situation would not improve soon.

Fazlur Rahman, also an oil importer, said, "At present we are not profiting and to some extent we are incurring a loss in our business."

He urged the government to immediately import oil to make up for the item's possible non-availability in the market in the near future.

Tk100cr NRB mutual fund early next year

SEC tightens BO account opening procedures

STAR BUSINESS REPORT

A new Tk 100 crore mutual fund for non-resident Bangladeshis will be launched early next year, responding to a huge interest in investing in securities by expatriates.

The move came following the great success of the First ICB AMCL NRB Mutual Fund that was launched last year. The first NRB mutual fund was oversubscribed by more than nine times.

The ICB (Investment Corporation of Bangladesh) Asset Management Company Ltd (AMCL), a subsidiary of ICB, will manage the fund, styled 2nd ICB AMCL NRB Mutual Fund, and mobilise it in the primary and secondary markets.

"We are hopeful that we can float the mutual fund within February next year," said Dina Ahsan, chief executive officer of ICB AMCL, speaking at a press briefing in Dhaka yesterday.

Ahsan also said the AMCL will also float another Tk 20 crore mutual fund, which will be titled '2nd ICB AMCL Mutual Fund',

within this fiscal year.

Echoing her, ICB Managing Director Ziaul Haque Khondker said with the permission of the government the ICB will organise road shows abroad to attract more expatriate Bangladeshis.

Earlier, in the morning at the 31st annual general meeting, the shareholders of the ICB approved 14 percent dividend for the year 2006-07 out of a net profit of Tk 30.23 crore.

In FY 2006-07, the ICB committed a net financial assistance of Tk 88.05 crore to 12 projects in various forms and recovered an amount of Tk 293.04 crore in respect of margin loans, project loans and other loans/advances.

ICB has continued to provide a number of incentives and relief including interest waiver for the investors under its investors' scheme who incurred huge losses due to the abnormal stock market situation in 1996-97. Under this scheme up to June 30 this year, 17,299 investment accounts have been rehabilitated and during 2006-07, Tk 176.07 crore was

invested in listed securities, resulting in a total investment of Tk 1,012.88 crore up to June 30 on behalf of investment account holder.

Meanwhile, the Securities and Exchange Commission (SEC) has tightened the beneficiary owner's (BO) account opening procedures in order to check the opening of shady BO accounts.

The new initiative was taken at a meeting of the commission yesterday presided over by the SEC Chairman Faruq Ahmad Siddiqi.

Now, a person willing to open a BO account will have to submit a bank certificate to the depository participant (DP) while opening a BO account. The bank certificate will verify the person's information.

The person will also have to submit photographs with his/her name and signature, which will have to be similar with bank account, on the opposite side of the photographs.

In case of existing BO accounts, the SEC will give a six-month deadline to the account holders to give

the bank certificates, photographs and necessary personal information to the DPs.

The SEC will also direct the Central Depository Bangladesh Ltd (CDBL) to inspect the DPs periodically whether the DPs follow the measures instructed by the SEC in opening new BO accounts. The CDBL will have to submit reports to the SEC time to time.

Recently, the SEC conducted a survey on 90,000 BO accounts and found different kinds of anomalies in opening BO accounts.

Talking to reporters, SEC Executive Director Farhad Ahmed said: "It will bring more transparency in BO account opening system."

There have been allegations that a huge number of BO accounts have been opened with wrong information, he said.

He said so far 1 lakh BO accounts have been closed following the introduction of annual maintenance fee of Tk 300 for each BO account. The total number of BO accounts at the moment came down to 13.76 lakh, he said.

Set up cell to oversee effluent treatment plant installations

SEDF urges govt

STAR BUSINESS REPORT

South Asia Enterprise Development Facility (SEDF) has urged the government to set up a separate cell to look after implementation and facilitation of installing effluent treatment plants (ETPs) for the factories discharging toxic elements into the environment.

"If the Ministry of Environment sets up such a cell, it will be easier to see the installing and operating process of ETPs," Deepak Adhikary, principal operations officer of SEDF, a multi-donors facility managed by International Finance Corporation, a concern of World Bank Group, told a view exchange meeting with media people in Dhaka yesterday.

Held at the SEDF office, the meeting focused on the problems-prospects and present state of ETP installations in different garments, washing and textile dying factories.

The speakers pointed out that most of the garment industries in the country failed to meet minimum environmental standards.

Recent estimates show around 20 per cent of the 1,200 washing and dying factories have ETPs. However, these plants are not being properly run due to dearth of skilled manpower and reluctant mood of the factory owners, the meeting was also told.

The speakers cited the Sri Lankan example of public-private partnership, which could be very fruitful in complying with environ-

mental standards.

If Bangladesh's garment units are not serious about environmental standards, buyers may shift their orders to some other countries like Vietnam and Cambodia who are more compliant than Bangladesh, they warned.

Javed Bin Karim, an SEDF consultant, said money is not the main problem to set up ETPs as there are many banks ready to give loan, but the problem is the mindset of the people.

Generally factory owners do not want to spend money for environmental purpose, as it has no direct profit return, he added.

SEDF is providing the small and medium enterprises with technical assistance to maintain environmental standards to stay competitive.



New MD of Premier Bank

Khondker Fazle Rashid has been appointed managing director of Premier Bank Ltd, says a press release.

Prior to his new assignment, he was the additional managing director of the bank.

Rashid started his banking career with Sonali Bank as a probationary officer in 1978.

During his 29-year career, he also worked for Dhaka Bank, Arab Bangladesh Bank Ltd, and Southeast Bank Ltd.

Sonar Bangla Ins declares 7pc cash dividend

Sonar Bangla Insurance Ltd has declared a 7 percent cash dividend for the shareholders for the year 2006.

The dividend was announced at the 7th annual general meeting of the company held recently in Dhaka, says a press release.

Chairman of the company Sheikh Kabir Hossain presided over the AGM, while senior officials were present.



The 7th annual general meeting of Sonar Bangla Insurance Ltd was held recently in Dhaka. Chairman of the company Sheikh Kabir Hossain presided over the AGM, while senior officials were present.



PHOTO: STAR

Dr Debapriya Bhattacharya, Bangladesh's new permanent representative to the United Nations' office in Geneva, speaks at a meeting organised by Dhaka Chamber of Commerce and Industry (DCCI) in the capital yesterday. Hossain Khaled, DCCI president, is also seen.

lems facing Bangladesh's export trade, he said.

Bangladesh's attitude was in marked contrast to neighbouring India that had initiated more anti-dumping and countervailing notifications to the WTO than some European countries, he said.

Replying to criticism that Bangladesh firms had suffered from import liberalization carried out at the behest of the WTO, Debapriya said that on occasions the country had gone further than the WTO had asked.

Import duty reductions were made following the suggestions of global financial institutions. The

WTO said Bangladesh need not reduce any import duty under WTO's trade liberalisation regime, he added.

He suggested developing capacity in trade facilitation like port handling capacity, standard and testing facility, transport facility etc.

DCCI President Hossain Khaled emphasised the adjustments costs experienced by a good number of SMEs which had led to their closure. It was important that development partners help bear the cost of these adjustments.

Trade experts, commerce ministry officials also participated in the discussion.

7.5pc growth rate can make Bangladesh mid-income country by 2016

Observes World Bank economist

STAR BUSINESS REPORT

Bangladesh will become a middle-income country by 2016 if the country can maintain a 7.5 percent economic growth per year throughout the period, observed an economist of World Bank (WB).

"Bangladesh is becoming a middle income country (MIC) by 2016, provided it can attain and sustain a growth of 7.5 percent yearly throughout the period," said Sandeep Mahajan, a WB econo-

mist, referring to a study conducted by donor bank.

He was speaking on the topic -- Can Bangladesh become a middle income country by 2016? -- at Independent University, Bangladesh in Dhaka on Sunday. Prof Bazul Mobin Chowdhury, vice chancellor of the university, and Prof Omar Rahman, pro-vice chancellor, among others, were present at the discussion.

Mahajan suggested manufacturing-led growth for Bangladesh, urging that despite maximum

inputs agricultural production can attain about 4 percent to 5 percent growth, while the growth in manufacturing sector can reach as high as 14 percent to 15 percent if necessary supports through reforms are available and agricultural productivity is sustained.

He said, "Sustainable growth is not easy and is dependent on reforms," especially for management efficiency, technology transfer, good governance, employment generation, infrastructural development and supportive legal framework.