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PHILIPS

sense and simplicity

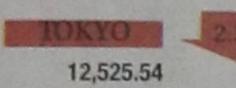
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DHAKA TUESDAY APRIL 1, 2008

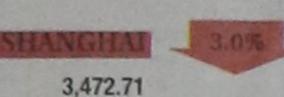
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Asian Markets

15,644.44



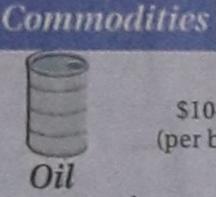
3,007.36



Currencies

Sell TK. S USD 68.20 **EUR** 106.33 134.49 139.68

SOURCE STANDARD CHARTERED



\$104.81 (per barrel)

SOURCE: AFP

More News



Pierre-Henri Gourgeon, Deputy CEO of Air France-KLM and President and Chief Operating Officer of Air France, speaks during a press conference in Central London yesterday.

MCCI demands tax holiday to local industries for another 5 years

Metropolitan Chamber of Commerce and Industry (MCCI) yesterday demanded of the government to renew the tax holiday benefit for another five years to enable local industries gain competitive strength.

International

India's Hinduja group eyeing France's Valeo

Indian conglomerate Hinduja is in talks to buy a controlling stake in France's automotive supplier Valeo for up to 1.5 billion dollars, a newspaper report said Monday.

Bangla Biz Lexicon

FBCCI - Federation of Bangladesh Chambers of Commerce and Industry, the apex representative organisation safeguarding the interest of the private sector in trade and industry in Bangladesh. Its current president is Annisul Huq.

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Biman set to take on private airlines with 49pc stake sale

International routes syndicated bank loans

SOHEL PARVEZ

The government plans to sell 49 percent of its shareholding in Biman Bangladesh Airlines Ltd this year through stock markets. The offer, and subsequent listing in the country's airline currently has a fleet of stock exchanges, will help the dozen aircraft, including four F beleaguered state-owned airline improve its cash flows an expanded fleet, it hopes to substantially and take on private carriers, a top government functionary said yesterday.

of Biman's shares to raise funds and improve the cash flow. The public offer will also create a remarkable impact on the stock markets," Mahbub Jamil, special assistant to Fakhruddin Ahmed, Chief Adviser, incharge of the Civil Aviation and Tourism Ministry, told The Daily Star, on the sidelines of a current financial year itself. discussion organised by Metropolitan Chamber of Commerce and Industry. Biman has an authorised capi-

tal of Tk 15,000 crore.

ment comes two weeks after Biman Bangladesh Airlines sealed a deal with US-based Boeing to purchase eight new aircraft for \$1.265 billion. The 28s and three A 310-300s. With take off and give domestic private carriers serious competition, besides cutting down its "We will off-load 49 per cent own losses, estimated at \$ 100 million during 2006-07.

Jamil, who also chairs Biman board, said the shares will be off-loaded through a direct listing process. "We will try our best to offload the shares within this year," he menced operations. said. In fact, he expects the has now enabled the divest- fiscal. ment plan. This will be the first

The stake-sale announce-

 Suspended flights to New York, Paris & Tokyo among other cities in 2006

such listing of an airline in the

country. In the last one year, as

many as three new domestic

private airlines have com-

TURBULENT PAST...

Losses in 2005-06: USD120 million

Losses in 2006-07: USD 100 million

Number of aircraft: 12 now including

four F-28s and three A 310-300s

As on date, it operates on 16

The national carrier, which carrier to break-even in the incurred a loss of Tk 455 crore in the fiscal year 2005-06, has The government had corpora- narrowed the loss margin by tised Biman in July 2007, which over half to Tk 272 crore last

sure if the minority stake sale will help Biman since it continued to be majority owned by the government. Imran Asif, an aviation industry consultant, said, "This will not help Biman sustain its business in the long run. The management control must go to the private sector if

Biman is to be profitable and

sustainable," he said, adding

READY FOR TAKE-OFF

... ROCKING FUTURE?

Less than 4,000

Has signed a deal with Boeing to buy 8 new aircraft

Cost of acquisition: \$1.265 billion (Tk 8,855 crore)

The purchase to be funded by US Exim Bank and

Four Boeing 777-300s to be delivered by 2013 and

four Boeing 787-8s to be delivered by 2017

Workforce estimated post-restructuring:

more will help Biman in the long run. The national carrier now

flies to 18 international destinations, competing with over 20 local and foreign and local airlines, which together dominate the airs. Saudia, Emirates, Singapore, Thai and Gulf airlines are the global players in the Bangladesh aviation mar-Analysts, however, were not that only a sale of 51 per cent or ket. Domestic firm GMG too is

"The offer, and subsequent listing in the country's stock exchanges, will Help the beleaguered State-owned airline improve its cash flows substantially and take on private carriers"

spreading fast with flights to the Middle-East and South-East Asia. The country's total air traffic is estimated to be growing at over 7.5 per cent a

Losses and crew shortages had, in several earlier occasions, forced Biman to suspend flights to eight international destinations. The Biman chairman said the national carrier had paid of all its liabilities to Bangladesh Petroleum said.

Corporation. "We are now buying fuel in cash. We have paid over Tk 580 crore to BPC since April last year," said MA Momen, chief executive of Biman Bangladesh Airlines. The airline will go for an independent valuation of its assets once it pays dues to the tune of Tk 573 crore to civil aviation authority.

Momen said the listing would help the airline improve its accountability and also strengthen its financial health.

Yawer Sayeed, Chief Executive of asset management firm, AIMS, which manages funds of over Tk 100 crore, said the market had the capacity to absorb such a big issue. "Whether the listing will benefit the market and investors will depend on correct valuation and pricing. There must be a transparent and competitive book building process," he

BTTB launches pre-paid cards to be more competitive

STAR BUSINESS REPORT

Bangladesh Telegraph and Telephone Board (BTTB), the state-run land phone operator, launched pre- paid cards Dhaka city to come back in the competition in the land phone market.

It also includes a proposal to reduce its call rate, which now awaits the telecommunications ministry's endorsement, in its plan to give customers a better service as it turns into public limited company this month.

Industry insiders say this move by the BTTB, which enjoyed a monopoly in the country's land phone market up to 2005, will certainly fuel competition between public and private land line operators.

As per the plan, the custom-

also get broadband internet

"The BTTB launched prepaid billing system to provide hassle free services to its customers. If it succeeds, it could last week for as many as be expanded," Iqbal 10,000 customers initially in Mahmud, secretary to the Ministry of Telecommunications, told The Daily Star yesterday.

> According to the BTTB's new pre paid billing system, monthly line rent and VAT (Value added tax) will be deducted from the card automatically. The present BTTB's line rent in Dhaka is Tk80. The BTTB initially has launched two prepaid cards of Tk200 and Tk500.

Commenting on the BTTB's prepaid billing system, Masrur Nawaz Waiz, head of operation and coordination at RanksTel, the couners whose numbers start with try's leading private land line 93, 834, 835, 95, 98, 885,805, operator, said, "We should 91, 815, 90, 895, 96 and 865 can welcome it. Because any new convert their existing post- initiative from a rival will paid line to a pre-paid one. The encourage others to do better BTTB's prepaid customers will for the customers."

Record levels of foreign investment in EPZs

JASIM UDDIN KHAN

Foreign investment into the country's Export Processing Zones has hit record levels this year, with the weaker dollar, low labour costs and easy access to markets in Asia encouraging foreign manufacturers.

foreign investment in the EPZs since the turn of the year. This is on top of the \$130 millon agreed in the last six months of

trast to foreign investment levels outside the EPZ which fell in the second half of 2007 to \$368 million compared to \$411 million in the same period a year earlier.

The Bangladesh Export Processing Zone (Bepza) also scale investment proposals, many from non-garment manufacturers.

over \$100 million investment

received several investment contracts that are worth more than \$100 million," Bepza Executive Chairman Brg. General Ashraf Abdullah Yussuf said.

manufacturing company Tri Max Global Company Ltd. signed an expression of inter-Malaysian plant to Bangladesh of the Middle East. The surge is in marked con- to reduce skyrocketing production costs.

A South Korean company foreign investors has been the Paka Textile has proposed to set availability of an inexpensive up a weaving mill to produce and productive labor force, he fashion fabrics for exporting or added. for garment manufacturers in Bangladesh by investing around \$120illion. Paka Textile said it is receiving much larger is acquiring for 60,000 square footwear and leather goods meter land at the Adamjee EPZ producers and buyers from at Naryangonj.

Another Taiwanese com- looking Bangladesh as a proba-"The BEPZA never received pany, Golden Chang, came to Bangladesh in January this year their production facilities. projects at a time, but during to invest here around \$70 milthe last couple of months we lion for setting a leather shoe

factory.

Besides an American company 'Leviathan Global Corporation' expressed its interest to invest \$70 million to set up a 50 MW power plant and He said Taiwanese furniture a tyre industry in Karnaphuli Export Processing Zone

The Bepza chairman said Agreements have been est (EoI) with the government the international entreprereached for more than last month to invest around neurs are attaching top priority USD\$300 million worth of \$120 million. The company to Bangladesh because of the booked 54 plots at Chittagong country's close proximity to Kharnafuli EPZ. According to the fast growing South and its proposal the company is South Asian markets and the planning to relocate their fact that it is within easy reach Another reason for

Bangladesh's attraction for

Azizur Rahman, Bepza General Manager (Investment Promotion) said some major

Bangladesh has been spotted by the foreign shoemakers

INVESTMENT	
YEAR	(in USD)
2000-01	48.41
2001-02	55.61
2002-03	102.63
2003-04	115.04
2004-05	118.52
2005-06	112.89
2006-07	152.37
2007-08	129.85
	(1st Six Months)

INVESTMENT AT BEPZA

for investment as its shoes from other countries. exports get zero tariff access to export face anti-dumping duty, Azizur Rahman added.

Changing economic and turing. political conditions in the Asian region are now prompting many international investors to reassess their investment strategies and plan for relocating their investments. Those changes are provid-

China, Taiwan and Italy are ble destination for relocating Bangladesh to attract higher levels of FDI and take up production and marketing operations that are being shifted

385 2003-04 2004-05 2005-06 2006-07 368 2007-08 (six months)

FOREIGN DIRECT INVESTMENT

OF THE COUNTRY

MILLION US DOLLAR

376

Rising wage rate and pro-

FISCAL YEAR

2002-03

European markets while duction cost in many Asian Chinese and Vietnamese shoes countries are making them less attractive as sites for laborintensive low-cost manufac-

Bangladesh Export Processing Zones Authority (BEPZA) was set up by an Act of Parliament in 1980 to attract foreign capital and technical know-how and thereby boost exports through the establishment of ing opportunities for export-oriented industries in special zones with special facilities.

jasim@thedailystar.net



Nobel Prize winner Muhammad Yunus (R), the founder of Grameen Bank, talks with French President Nicolas Sarkozy (2ndL) at the Elysee palace in Paris, yesterday during a meeting with the Minister of Foreign and European Affairs Bernard Kouchner (L) and the President of the French Commission for the liberation of Economic growth Jacques Attali (2ndR). Grameen Bank made its name by lending money to poor women who are trying to start small businesses but cannot borrow from banks because they do not have a good enough credit rating or bank accounts.

