

TRANSTEC
Refrigerator

TRH BM-11 (Blue) 10.5 CFT
TRH BM-10 (Blue) 9 CFT
TRH BM-11 (Red) 10.5 CFT
TRH BM-10 (Red) 9 CFT
TRH BM-11 (Silver) 10.5 CFT
TRH BM-10 (Silver) 9 CFT

TRANSKOM ELECTRONICS
885366-8
01712-665463

Stocks

DGEN 0.20%
3,046.93

CSCX 0.13%
5,913.92

Asian Markets

MUMBAI 1.96%
15,696.9

TOKYO -0.04%
14,348.37

SINGAPORE -0.29%
3,028.24

SHANGHAI -2.76%
2,794.75

Currencies

	Buy TK.	Sell TK.
USD	68.15	69.15
EUR	104.33	108.93
GBP	132.39	137.55
JPY	0.63	0.66

SOURCE: STANDARD CHARTERED

Commodities

Gold \$ 881.93 (per ounce)	Oil \$ 132.85 (per barrel)
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SOURCE: AFP

More News

Two firms get nod to raise Tk 19cr

The stock market regulator yesterday approved the IPO prospectus of two companies, Summit Alliance Port and Takaful Islami Insurance, to raise a total of Tk 19 crore from the stock market. Summit Alliance will raise Tk 10 crore from the public to fund its expansion, while Takaful Insurance will raise Tk 9 crore.

Strong local govt key to social safety net

Speakers at a seminar have warned without the involvement of a strong local government, it will be difficult to ensure that the huge sum of money, allocated for social safety net programme, will reach the deserving poor.

B-3

International

Lower costs drawing users to mobile internet



Lower costs are drawing more and more users to access the Internet via their mobiles, and opening up opportunities for advertisers, industry players said Tuesday.

B-4

Contact Us

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

GMG's flight to Saudi Arabia uncertain as Biman won't quit slots

State-owned carrier wants to utilise all frequencies within a short time

SOHEL PARVEZ

GMG Airlines' plans to fly to Saudi Arabia has been blocked by state-owned Biman that has refused to allow the country's largest private carrier to use its idle landing rights to the lucrative Middle East destination.

The move has forced GMG to slash its 2008 turnover forecast by 37 percent to Tk 850 crore from Tk 1,350 crore, with the company warning that rocketing fuel prices may further force it to scale back its targets.

National carrier, Biman Bangladesh Airlines, has the right to land 13 times a week in Saudi Arabia, but has only ten flights a week, leaving three slots idle. Previously the government indicated that it would distribute unused rights to other Bangladeshi carriers.

However, Biman has objected to give up any of its slots, claiming it will use them all later this year by adding additional flights to the kingdom.

Saudi Arabia is an important route as it is the number one destination for Bangladeshi workers.

"It's unfortunate. It would have been easier for us to reach our turnover target if we could fly to Saudi Arabia," said Abdus Sattar, chairman of GMG Airlines, recording a turnover between Tk 60-70 crore a

month now.

In 2007 GMG's turnover reached Tk 280 crore.

The GMG chairman said the carrier projected its turnover for 2008 based mainly on two routes, UAE and Saudi Arabia.

"We forecast the turnover based on mainly two new routes, but we have only got one," he said.

With seven aircraft in its fleet, the oldest private carrier GMG started flights to Dubai in February 2008 as its seventh international destination. But it is yet to bag a good number of passengers because of a poor response in return flights and frequent flight delays due to technical glitches.

The GMG chairman said the route is yet to become profitable.

The airline has downgraded its turnover expectation at a time when airlines across the globe are worried about losses due to the consistent surges in fuel prices, hitting close to \$140 per barrel, early this week.

In Bangladesh, all five local airlines, including the three new carriers who recently entered the market to exploit a slice of about 7.5 percent growth in air traffic a year, are also in trouble due to fuel price increases, the burden of which has been passed onto the passengers. The airlines apprehended that it might negatively



A GMG aircraft waits at Zia International Airport. The airline's plans to fly to Saudi Arabia has been blocked by Biman that has objected to give up any of its slots, claiming it will use them all later this year by adding additional flights to the kingdom.

affect passenger flow.

The Saudi routes shared by Biman and Saudi Arabia Airlines, provides Biman with a steady revenue flow at about 2.5-3 lakh passengers, traveling between Bangladesh and Saudi Arabia.

The national carrier, which had earlier signed a \$1.265 billion deal with Boeing for acquiring 8 aircraft, is unwilling to share its prime market on the ground that it would hurt its earning at a time when it is going to strengthen its fleet.

"We want to utilise all our frequencies within a short time," said a senior official of Biman.

Sattar said, "They would have to wait till September to see whether Biman utilises their slots. If Biman does not utilise their slots at that time, we may get it."

The carrier now plans to start flights on some new destinations, Karachi, Kuwait, Muscat, Abu Dhabi and Doha, despite problems such as

delays and cut in flights.

"We expect an additional Tk 10 crore in monthly turnover by flying on these destinations," the chairman said.

He said GMG would expand its routes after adding a leased aircraft.

Since its inception in 1998, the GMG Airlines initially operated flights only on domestic routes for six years and later got permission to operate on international routes in 2004. sohel@thedailystar.net

ADB for use of Ctg port by neighbours

STAR BUSINESS REPORT

The ADB (Asian Development Bank) outgoing country director has stressed upgradation and opening up of Bangladesh's premier Chittagong Port for the usage of eastern Indian states and other landlocked neighbouring countries to develop it a regional hub, which could be a major driver for the country's economic development.

"Chittagong Port may be the regional business hub if it can be connected with other regional ports," Hua Du told the regular monthly luncheon meeting of the American Chamber of Commerce in Bangladesh (AmCham) at a city hotel yesterday.

The ADB representative in Bangladesh is scheduled to complete her 6-year tenure very shortly.

Hua Du said all the sector level reforms in the Chittagong Port have improved its efficiency by 30 percent and cut costs by 40 percent recently.

In her prepared speech on 'Bangladesh Economy: Opportunities and Challenges' she said with the current growth trends, the country has the potential to reach the threshold of a middle income country by the year 2020.

"With higher GDP growth rates of 8-9 percent a year, Bangladesh can even become a middle income country earlier than 2020," she said.

She said she is impressed by the pace of unprecedented governance reforms that Bangladesh has achieved during the last 18 months.

"We sincerely believe that the December general election will lay the foundations of a democratic government under which debates on key economic issues will be held in the parliament instead of through hartals and blockades in the streets," Hua Du said.



ADB outgoing Country Director Hua Du

She said the country needs big investment in energy, power generation, roads, railway and ports to attract further investment and ensure industrial development and employment creation through private sector participation.

A hopeful Hua Du said a robust private sector is the key to attracting investment, entrepreneurship and technological innovation needed for quick economic growth. It is obvious that without private sector investment, jobs and economic opportunities for thousands of people cannot be ensured, she added.

The government, therefore, needs to continuously invest in infrastructures and social development and to further liberalise the policies and regulations and remove obstacles to inclusive growth and private sector driven development efforts, she suggested.

She said the climate change poses a major development challenge for Bangladesh.

Rising sea levels and exposure to climate disasters could result in over 70 million people being permanently or temporarily displaced, she said.

President of AmCham Syed Ershad Ahmed chaired the session.

Medicine makers vent concern over price control formula

JASIM UDDIN KHAN

The apex trade body for the pharmaceutical sector has expressed concern over the government's approval of a list of essential drugs and its move to bring some of these products under price control formula.

Termed the price control move as 'unrealistic', the Bangladesh Association of Pharmaceutical Industries (BAPI) sought the hierarchy's intervention not to go ahead with the initiative, which, it thinks, would lead to immediate collapse of the industry.

The association alleged that the list was prepared and approved bypassing all stakeholders, which has vehemently been turned down by the director general of Health Department.

The BAPI yesterday submitted a letter to the Office of the Chief Adviser and sought his appointment to have a talk to spell out their grievances over the issue.

On May 22, the Ministry of Health gave nod to the new list of essential drugs after a long gap of 25 years aiming to make key medicines available and affordable throughout the country.

BAPI General Secretary and Chief Executive Officer of Beximco Pharma Nazmul



Hassan said a technical committee that does not represent all stakeholders of the pharmaceutical industry prepared the list.

"Following this body's preparation of such a list, we expressed our reservations against it through a seminar and a formal letter to the Ministry of Health, but the ministry ignored our appeal," Nazmul said.

On the lack of proper representation in the committee that prepared the list, Director General of Health Department Prof Md Abul Fayed said, "A high-profile committee has prepared the list after a long consultation with all stakeholders."

He said many new drugs hit the market within the last 25 years, of which a good number of drugs were incorporated in the list.

At present the list of essential drugs contains around 150 items of which 117 are price controlled. Under the new list the number has been expanded to 209, reflecting advances in medical treatment during the last two decades.

An essential drug is a medicine considered as indispensable for treatment of a disease. All life-saving drugs are essential, but the incorporation of a certain drug in the essential drugs list of a country is determined by the existence of some specific diseases, or by the fact that those diseases pose a threat to the public health.

Such a list is supposed to be updated regularly, but in Bangladesh no major review has been made since 1982.

Criticising the new move, the industry people urged the government to reconsider it saying that the new list and its price controlling move will hit the profitability of the industry.

Renata Managing Director S Kaiser Kabir said, "We expect an immediate government intervention in the issue."

Chairman of Chemico Laboratories Ltd MA Kalam said, "The step will defiantly halt the present growth of the industry and the potentials of the international market."

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World faces big economic crisis Says RoK president

ANN/THE KOREA HERALD

South Korean President Lee Myung-bak on Monday called for international cooperation to fend off "the worst economic crisis since the 1970s oil shock".

"It's not too much to say that world economies are facing the worst crisis since the oil shock in the 1970s following a surge in oil, food and raw material prices," said Lee.

In his address at the opening of the Asian and European finance ministers meeting on Jeju Island, he also emphasised Korea's efforts to improve domestic investment conditions and further open its market to the outside.

"Each country faces a different situation, but we should share recognition of the difficulties and strengthen international policy cooperation," he said.

Lee also called for cooperation between ASEM members to cope with climate change and surge in prices of oil and food.

Lee reiterated his commitment to promote free trade agreements with key trade partners.

"Korea is now in the midst of mapping out a new system for economic development and will actively pursue market liberalisation and global economic cooperation through the expansion of free trade agreement deals," he said.

8 insurers' share trading halted

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) authorities yesterday suspended trading of eight insurance companies' shares for the day, as prices of most of them rose by more than 10 percent.

The companies that faced the halt are Global Insurance, Delta Life Insurance, Purbani General Insurance, Bangladesh General Insurance, Agrani Insurance, Asia Pacific General Insurance, Eastern Insurance and Mercantile Insurance. However, trading of the insurers will resume today.

Such a suspension of share

trading is part of an initiative taken by both the stock market regulators and the exchange authorities, to cool down the overpriced market.

Recently, the Securities and Exchange Commission (SEC) asked the Dhaka and Chittagong stock exchanges to take measures such as trading halt and putting companies under spot market trade, if the prices of any company's shares went up irrationally.

On Sunday, the DSE suspended the trading of shares of four companies-- Beximco Pharma, Apex Spinning, Bangladesh Shipping Corporation and Delta Spinners, on the grounds of an

overpriced market. The next day, a group of investors took to the streets to protest the suspension, a move they claimed was an unnecessary interference in the market by the regulators.

Market operators said most of the share prices of insurance companies were up by a large margin and in some cases, by more than 15 percent, owing to rumours that the government has approved a fresh ordinance for the insurance sector.

Other rumours were the life insurers will be asked to up existing paid up capital to Tk 30 crore and the general insurers to Tk 50 crore by issuing rights or bonus shares.

Star Business

JOIN THE DEBATE

Do you have views on what you read in Star Business? What do you think of the state of the economy? Was it a good or bad budget? Should we be using more hybrid rice? Why do RMG workers riot? What are the new growth sectors? How do we encourage more foreign investment? Can we re-brand Bangladesh? Free trade or protectionism? Potatoes or rice?

So many issues, so little space. From next week Star Business will run a weekly letters column to make the space to hear your voice.

The new Star Business. Join the debate.

Write to: Biz Letters
Star Business
The Daily Star, 19 Karwan Bazar, Dhaka - 1215
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Letters will only be considered if they carry the writer's full name, address and telephone number (if any). The identity of the writers will be protected. Letters must be limited to 300 words. All letters will be subject to editing

