

Stocks

DGEN ▼ 1.69% 2,810.36

CSCX ▼ 1.96% 5,556.72

Asian Markets

MUMBAI ▲ 1.57%
13,850.04

SINGAPORE ▲ 2.51%
2,919.21

SHANGHAI ▲ 2.99%
2,861.42

Currencies

Buy TK. Sell TK.

USD 68.05 69.05

EUR 106.48 111.10

GBP 134.13 139.44

JPY 0.63 0.67

SOURCE: STANDARD CHARTERED

Commodities

Gold ▲ \$965.83
(per ounce)

Oil ▲ \$130.50
(per barrel)

SOURCE: AFP

(Midday London Trade)

More News

Factories hit hard on furnace oil supply dearth

Furnace oil-run small and medium factories across the country are struggling to keep their production running in the face of high prices of furnace oil, industry insiders said. These manufacturing units require gas or furnace oil to operate boilers.

Malaysian halal goods makers eye Bangladeshi market

Malaysian halal goods manufacturers will begin a campaign titled 'Halal Malaysia Week 2008-Dhaka' from tomorrow in a bid to explore the Bangladeshi halal market. A total of 30 halal product manufacturers from Malaysia will showcase their products and services during the campaign from July 23 to July 26.

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International

Iranian goods offer lifeline to Iraqis



Before the overthrow of the Baathist regime by US-led forces in April 2003, Iraq had no well established trade links with Iran. Since Saddam's ouster, there has been a deluge of Iranian goods into the country, particularly in the strip from Baghdad to Basra. Iranian products are not truly political tools. The goods sold in Iraq are simply a breath of fresh air for the Iranian economy.

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Contact Us

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

Taiwanese relocating factories to Bangladesh

\$200m FDI in six months in EPZs

JASIM UDDIN KHAN

Taiwanese entrepreneurs are relocating their shoe, furniture and tent fabric manufacturing units to Bangladesh from China and Vietnam as the US and EU imposed anti-dumping duties on the two Asian countries.

The relocation of factories by the Taiwanese helped Bangladesh to receive over \$200 million foreign direct investment (FDI) in the first six months of 2008, which is two-thirds of the investment the Export Processing Zones Authority (Bepza) received in 2007-08 fiscal.

In April 2006 the European Commission formally approved anti-dumping duties on shoes and furniture made in China and Vietnam. In March 2008 EU member states voted in favour of a regulation, which extends the anti-dumping duty until October 2008.

However, it is widely expected that the European shoe industry will request for a further extension of the anti-dumping measure.

"Another reason for shifting the plants to South Asian countries from China and Vietnam is the soaring production costs. Production cost increased over 30 percent in the two countries during the first six months of 2008 due to appreciation of local currencies against US dollar," Frank Wen-Yan Chen, representative of Taipei Representative Office in Dhaka, said yesterday.

According to sources at the Taiwan Trade Centre (TTC) in Dhaka, during the period seven Taiwanese leading furniture, shoe and tent fabric manufacturing companies shifted their factories in China and Vietnam to Bangladesh.

TTC sources said Trendex Industries Ltd, a global leading furniture maker, invested around \$55 million in April of this year to set up a new plant at Karnaphuli EPZ in Chittagong.

Mark Hsu, chief executive of Trendex, signed an agreement with the government under which the company bought 27 plots inside the EPZ for the project.

Another big tent manufac-

turing company Eusebio Sporting Co Ltd invested \$50 million for establishing a tent fabric manufacturing plant in Comilla EPZ. But now the production cost of the fabric has increased over 40 percent in China.

Chief executive officer of Eusebio Sporting Co Ltd Lin signed the investment agreement this month and got 22 plots allocated for the factory.

Eusebio is the number one Taiwanese owned Chinese sleeping bag, rucksacks and tent producing company.

Zhong Shan Glory Shoes Ind Co Ltd will shift its shoe factory from China to Karnaphuli EPZ as export of the product to Europe and US markets has been reduced by around 60 percent due to anti-dumping duty.

Company's Managing Director Ho signed an agreement with Bepza in May of this year for setting up its plant on 22 industrial plots in Karnaphuli EPZ.

"Like Zhong Shan Glory Shoes many Taiwanese shoe manufacturers with manufacturing units in China and

Taiwanese investment in EPZs in 2008

Company Names	Investment size (in million US\$)	Products	Month
Trendex Industries Ltd.	55	Furniture	April
Zhong Shan Glory Shoes Ind. Co., Ltd.	40	Working shoe	May
Genfort Shoes Ltd.	35	Working Shoe	May
La Luna Shoes, Ltd.	22	Sporting Shoe	July
Eusebio Sporting Co., Ltd.	50	Tent Fabric	July
Water Fall Ltd.	5	Shoe Sole	July
La Luna Shoes, Ltd.	2	Shoe Machinery parts	July

Vietnam are seriously thinking of shifting their plants to South Asia," the representative of Taipei Representative Office in Dhaka said.

He said Taiwanese investment in India also jumped to \$600 million this year.

Genfort Shoes Ltd and La Luna Shoes signed agreements in May and this month, respectively, to invest around \$35 million and \$22 million.

La Luna Shoes will also establish a separate shoe machinery manufacturing plant in Karnaphuli EPZ.

Representative Yan Chen said more Taiwanese investment will come and get registered for industrial plots in Bangladesh.

He pointed out that Bangladesh EPZs do not have adequate plots for the Taiwanese firms with plans to invest in Bangladesh.

"If the government allocate separate industrial plots exclusively for Taiwanese companies investment from Taiwan will double within the next year, Yan Chen hoped. jasm@thedailystar.net

EU, US pile pressure on emerging economies at WTO trade talks

AFP, Geneva

The United States and European Union took aim at emerging economies at crucial WTO trade talks in Geneva on Monday, warning them to open up their markets if the seven-year Doha Round is to succeed.

EU Trade Commissioner Peter Mandelson even implied an ultimatum, saying he had gone out on a limb on agriculture and stressing that agreement was now conditional on developing countries making 'real' cuts in industrial tariffs.

Mandelson, who is under strong political pressure, notably from France, to harden his stance on industrial issues, said: "They must be real. These cuts must provide some new market access in practice."

The EU revealed it was prepared to go even further than hitherto on farm issues, offering to extend proposed cuts in its tariffs on farm produce to 60 percent from 54 percent.

Earlier, Mandelson said Europe was prepared to make 'painful' cuts in its payments to farmers but only if it received guarantees of progress on other topics such as industrial tariffs and services.

"We are prepared to offer more than others in this round, but everyone must understand that we need something in return," he said.

The EU's offer, he warned "will not remain on the table indefinitely."

Ministers from 35 key nations began critical talks under the aegis of the World Trade Organization here on Monday after seven years of confrontation and crisis.

US Trade Representative Susan Schwab called on emerging markets to play their part in the process.

She highlighted the "fundamentally critical role" of the emerging markets to the Round, noting that much of the developing world itself did not have access to the rapidly emerging markets.

Seventy percent of the



EU's chief trade negotiator British Peter Mandelson (L) receives a picnic basket with his blanket from the hands of President of the European Union Council of Ministers and French Minister of State for Foreign Trade Anne-Marie Idrac (C) and French minister of Agriculture and Fisheries Michel Barnier yesterday in Geneva. The European Union is ready to extend proposed cuts in its tariffs on farm produce to 60 percent from 54 percent at WTO trade talks a bloc's trade spokesman said.

tariffs paid by developing countries are paid by other developing countries, they aren't paid by developed countries," she said.

The United States was prepared to make a contribution in return for contributions from emerging countries.

The so-called Doha Development Round of negotiations was launched with great fanfare in the Qatari capital in

November 2001.

It has been deadlocked as developed and developing countries show brinkmanship over concessions on issues such as agricultural subsidies and tariffs on industrial goods.

Any draft agreement thrashed out here would then have to go before all 152 members of the World Trade Organization.

An already difficult situation

was not helped over the weekend when a remark by a Brazilian minister, comparing the tactics of advanced countries to the methods of the Nazi propaganda chief Joseph Goebbels, sparked a row with Washington's representative.

Celso made his contentious comment at a news conference on Saturday in response to claims by the industrialised countries that they had offered concessions on agricultural tariffs.

He said those claims reminded him of a remark by Nazi propaganda chief Joseph Goebbels that "if a lie is repeated enough times, it becomes the truth."

On Monday, Schwab declined to respond further.

She said there was a "sense of anticipation, a sense of momentum and a great desire to see a successful conclusion" to the Round. Egyptian Trade and Industry Minister Rachid Mohamed Rachid also expressed optimism "because people expect nothing out of this week -- because when expectation is so low, people are becoming more relaxed to negotiate."

Industrialised states are demanding in return that developing countries make their markets more accessible to imported services and manufactured goods.

WTO Director General Pascal Lamy of France argues a Doha deal could inject between 50 billion and 100 billion dollars each year into the world economy and be of enormous benefit to poor countries.

For the meeting to be a success, the WTO's 152 members will have to agree on 'modalities' -- the key percentages for tariff cuts that would form the basis for any comprehensive deal.

The Geneva talks have added urgency because all sides know that the United States will have a new administration and a new Congress next year.

Taka appreciates slightly against dollar



Photo shows Bangladeshi taka and US dollars. Taka gained slightly by 2 paisa against US dollar on Sunday due to an increase in the inflow of foreign currency in the market, Bangladesh Bank sources said.

STAR BUSINESS REPORT

Taka gained slightly by 2 paisa against US dollar on Sunday due to an increase in the inflow of foreign currency in the market, Bangladesh Bank (BB) sources said.

The minimum price of US dollar came down to Tk 68.48 from Tk 68.50 in the inter-bank foreign exchange market Sunday. But the highest price of dollar remained unchanged at Tk 68.53.

The local currency marginally appreciated against the US dollar earlier in June.

"Over the past two weeks, the supply of US dollar was adequate in the market," a senior private commercial bank official said, reasoning the latest appreciation of taka.

He said the inflow of remittance and payment to readymade garment exporters by their buyers for the winter season purchase are the two major reasons for the depreciation of US dollar against the local currency.

"Some big import payments due for June have been deferred mainly due to start of a new fiscal year," a BB official said. He also hinted the exchange rate of the US dollar may increase shortly as the payment for those imports is likely to shoot up by the end of this month.

On Tuesday last, the central bank bought \$9.50 million from the commercial banks at a rate of Tk 68.50 in order to keep the forex market stable. Sources said the BB bought the dollar to keep the local currency stable against the greenback, which it thinks necessary for ensuring the inflow of remittance and export earnings.

Last December, the central bank also purchased at least \$37 million from the commercial banks as part of its policy intervention.

A section of the economists and importers have been asking the central bank to take one year to appreciate taka against the dollar to reduce the inflationary pressures on imported items. Bangladesh imported goods including rice and wheat worth over \$20 billion in the just concluded fiscal year of 2007-08.

On the other hand Bangladesh's exports and remittances were about \$14 billion and \$8 billion respectively in 2007-08.

Another group of economists, exporters and bankers said a weak dollar would reduce earnings from exports and remittances, which the economy cannot afford.

They said the appreciation of taka would reduce the local currency costs of importing commodities.

But the commodity market price exhibits more volatility than the foreign exchange rates.

Dhaka stocks slide for sixth consecutive day

STAR BUSINESS REPORT

Dhaka stocks ended yesterday lower for the sixth straight day, led mainly by the falling prices of the shares of market heavy-weight Square Pharma due to lower than expected dividend postings, market operators said.

A regulatory move that had earlier barred close-end mutual funds to issue rights or bonus shares to the existing unit holders also contributed to the downturn, sending many investors rattling.

Upbeat in the morning trade, the market began to fall as Square Pharma posted 40 percent cash dividend and 35 percent stock dividend for the year 2008.

Square Pharma shares, third on the day in terms of turnover, lost 7.49 percent to Tk 4671.75.

"Square Pharma's dividend declaration has discouraged many of the investors as they expected higher dividends from the company," said a brokerage house executive.

Pharma shares ended lower with shares from banking, financial institutions, mutual funds, and power and fuel sectors following the downward trend.

The benchmark (DGEN) or DSE General Index slumped 48.590 points or 1.69 percent to close at 2810.36. The DSI or All Shares Price Index shed 30.274 points or 1.21 percent to end at 2453.13.

The blue chip or DSE - 20

Index fell 14.478 points or 0.55 percent to finish at 2585.77.

"I have already sold all the shares in my portfolio. Many of the investors are doing the same due to frequent changes in SEC's (Securities and Exchange Commission) decisions," a retail investor said, adding that he incurred a loss of about Tk 46 lakh resulting from the bar on mutual fund imposed by the SEC.

Turnover on the bourse however increased to Tk 406 crore from Tk 307 crore of the previous day, backed by a sharp rise in UCBL's share.

UCBL shares, which topped the turnover table on the day, surged 18.13 percent to Tk 6628.25.

Of the other top issues in terms of turnover, Beximco Pharma dropped while ACL and BATBC ended higher.

British American Tobacco said the half yearly net profit increased to Tk 69.04 crore in the six months to June 2008 from Tk 36.21 crore a year earlier.

Meanwhile, none of the shares of Rupali Bank were traded for the second day. On Sunday on resumption of its trade any share of the bank did not change hands.

Market operators on Sunday said due to the circuit breaker the buyers were unable to offer prices any lower than Tk 2614.

Losers outnumbered gainers with 46 issues gaining, 174 declining and 11 closing unchanged.