

Stocks

DGEN ▼ 0.97% 2,826.01

CSCX ▼ 0.86% 5,565.07

Asian Markets

MUMBAI ▼ 3.89%
13,791.54

TOKYO ▼ 1.46%
13,159.45

SINGAPORE ▼ 0.82%
2,886.56

SHANGHAI ▼ 1.82%
2,850.31

Currencies

	Buy TK.	Sell TK.
USD	68.05	69.05
EUR	105.64	110.25
GBP	134.03	139.34
JPY	0.63	0.66

SOURCE: STANDARD CHARTERED

Commodities

Gold ▼
\$930.02
(per ounce)

Oil ▲
\$125.05
(per barrel)

SOURCE: AFP

(Midday London Trade)

More News

Insurance industry hails new law

The insurance industry is now upbeat on a replacement of 70-year-old insurance laws with two ordinances aiming to modernise the sector. The cabinet approved two ordinances on Sunday. Insurance Regulatory Authority (IRA) Ordinance 2008 and Insurance Ordinance (IO) 2008 now await the president's assent.

B-4

DSE indices continue falling

Price indices on the Dhaka Stock Exchange (DSE) fell yesterday for a second day with majority of the share prices dropping. The DSE General Index declined by 27.82 points, or 0.97 percent, to 2826 points, while the DSE All Share Price Index fell by 24.82 points, or 1 percent, to 2448.68 points.

B-2

International

Former Qaeda bastion awaits flow of Iraqi petrodollars



Al-Qaeda militants have vanished from the streets of Fallujah -- their former bastion in west Iraq -- but economic growth that could protect the city from their return has yet to materialise. The patience of local leaders in this Sunni city of mosques is diminishing amid claims that Baghdad's Shiite-led government has been reluctant to share the billions of dollars earned from Iraqi oil.

B-4

Contact Us

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

Biman expects major drop in loss in FY08

SOHEL PARVEZ

Biman Bangladesh Airlines' loss is likely to be over six times lower than provisional estimates of about Tk 549 crore in 2007-08, officials familiar with the matter said.

The national carrier now hopes that its loss during the last fiscal year (FY) will stand at about Tk 80 crore from actual loss of about Tk 274 crore in the FY 2006-07. Its provisional loss was estimated to be at Tk 526 crore for FY07.

Officials said improvement in efficiency and stoppage of pilferage has contributed to the reduction in losses over the past two years. Trimming of loss making flights also brought about a positive impact on the airlines overall earnings, they added.

"We have improved our efficiency by removing mismanagement. We have also reduced the number of our loss making flights over the last two years," said Muhammad Tahir Husain Director, Finance, Biman Bangladesh Airlines, yesterday.

The official said the airline is yet to finalise the actual amount of losses but expects that it will be about Tk 80 crore.

The 11-fleet carrier, which

sealed a deal with US plane maker Boeing to procure 10 aircraft last month, has slashed its actual loss forecast just a year after it posted a record loss of Tk 454 crore for FY 2005-06.

Mismanagement, corruption and the fuel-guzzling decade old aircraft led Biman to incur such losses despite revenues hitting the highest at Tk 2,653 crore for that particular year, industry people said.

In FY 2007, the carriers' total revenues stood at about Tk 2,463 crore against expenses of around Tk 2,737 crore, officials said.

The government turned the ailing Biman into a public limited company in July last year to give it a fresh lease on life. Till date, it has been freed of liabilities against its name of over Tk 1,700 crore from the Bangladesh Petroleum Corporation and the Civil Aviation Authority.

Additionally, its move to retrench over 1800 employees has facilitated a drop in overall operating expenses.

Officials said the carrier cut its operations to eight international destinations amid aircraft shortages and losses since 2006, in an aim to recover from the beleaguered situation. The airline now operates flights to 18 international destinations.



A file photo shows an aircraft of Biman. The national carrier hopes its losses are likely to be more than six times lower than the provisional estimates of about Tk 549 crore in FY 2007-08.

"Apart from stopping pilferage, our extra flights to certain destinations has also helped us increase overall revenue inflow," the official said.

Since last year, Biman operated about 215 extra flights to Malaysia and 115 to one of its profitable destinations in the Middle East, namely Dubai, to ease the pressures of the out-bound Bangladeshi workers.

Despite additional earnings

from these flights, rising fuel costs in the global market has placed increased pressures on the airline. The national carrier, along with four local private airlines, now counts \$1.25 for a litre of fuel, which rose two times since early this year.

"The increase in fuel price has cost us an additional Tk 250 crore," Tahir said but added that Biman has not been able to raise its fares due

to competition from the Middle-eastern airlines that usually purchase fuel at reasonable rates from their own countries.

"We had a profit of over Tk 100 crore at the end of December last year. But increasing fuel costs have put us on the back foot," he said.

Analysts however said a reduction of losses by cutting

down operations, does not indicate an improvement in Biman's efficiency.

"Trimming of operations does not translate into an improvement in efficiency. Biman will be efficient when it will be able to reduce its losses by keeping operations intact and steady," said an aviation industry analyst Imran Asif.

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US economy falls into recession, finds survey

AFP, New York

A majority of American investors believe the troubled US economy has fallen into a recession, according to a survey released Tuesday by asset management giant Schroders.

A total 62 percent of the poll respondents said they believed that the world's largest economy was contracting, Schroders Investment Management said.

Despite this gloomy outlook, however, nearly all the investors polled, or 94 percent, said they still expect to reap a positive return on their market investments during the next 12 months.

"While we anticipate that the economic performance in the US will be significantly worse than originally expected, the interest-rate outlook is more favorable and ultimately the inflation outlook is as well," said Alan Brown, chief investment officer at Schroders.

Although some investors believe the US economy is in a recession, it is still expanding albeit at a lackluster pace.

The economy grew at a 1.0 percent annualized clip in the first quarter, according to government figures, and most economists believe growth accelerated to a 2.3 percent pace during the second quarter.

GP submits IPO prospectus to SEC

STAR BUSINESS REPORT

Grameenphone, the country's number one mobile phone operator, yesterday submitted a draft prospectus of the largest-ever initial public offering (IPO) to the stock market regulator for raising \$ 150 million (around Tk 1000 crore) from the public.

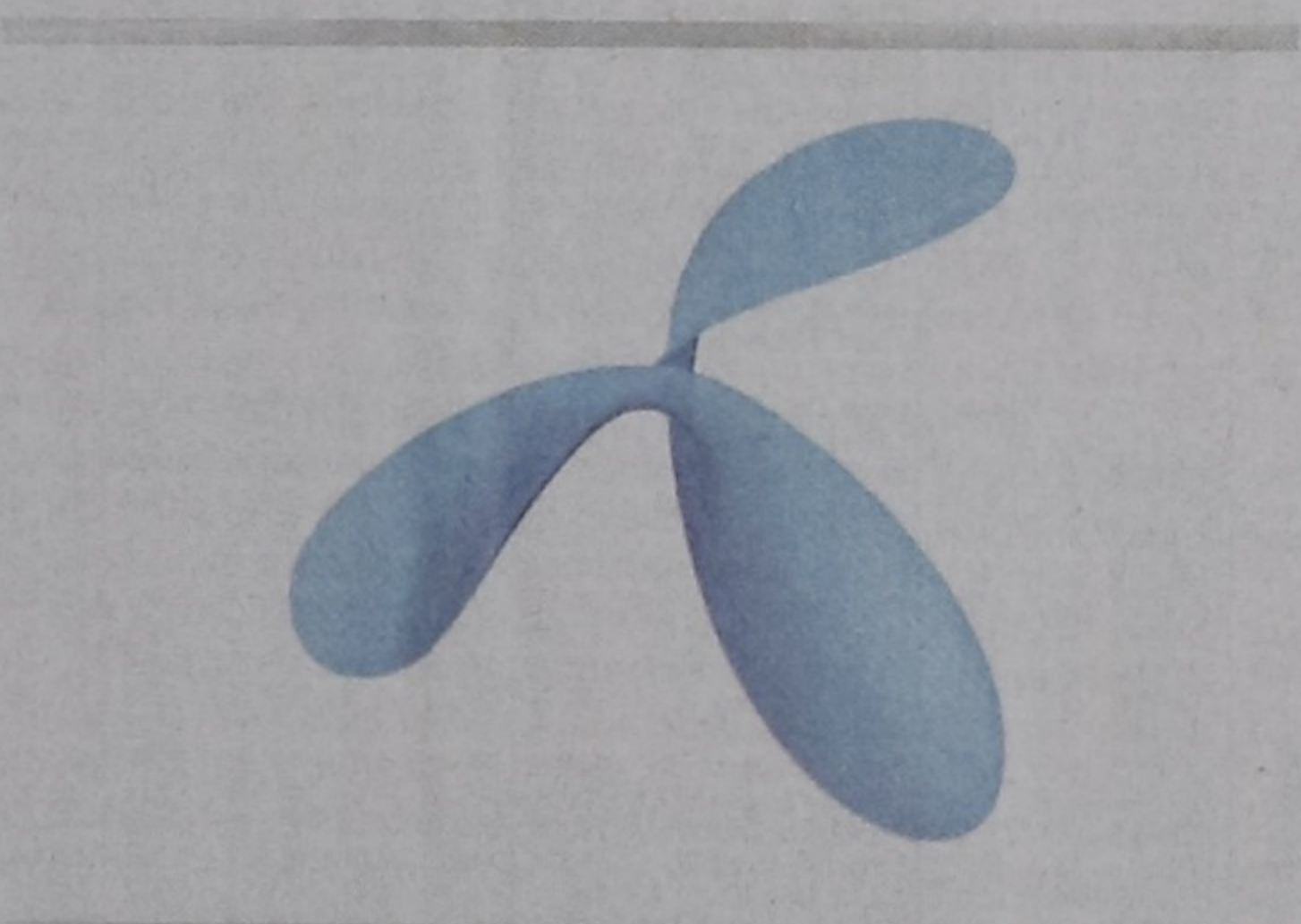
However, the cellphone company declined to share details about its IPO proposal saying that it was a 'confidential' document.

Sources, however, said Grameenphone, which has recently been valued at \$ 3.2 billion, wants to offer each share at Tk18 including a premium of Tk17. The raised money will be used for Grameenphone's network development programme.

As of 2007, earning per share of Grameenphone was Tk1.50. When asked, Syed Yamin Bakht, director (Public Relation) of Grameenphone, said, "The draft prospectus of Grameenphone IPO was filed with the SEC and it is a confidential document. The version linked with the DSE website will not be the full version. We can only file the full version of the IPO prospectus after receiving approval from the SEC."

Details of the IPO prospectus will also not be published on Dhaka Stock Exchange's (DSE) website as it was in previous IPO prospectuses. Instead, a brief version of the prospectus will be published on the website where details such as the paid up capital, authorised capital, earning per share, market lot and premium may not be available, according to sources.

The sources said there are some legal aspects and all the



information could not be published right now. All the IPO related information will be available with in a very short time, the sources added.

Yesterday Grameenphone also submitted the pre-IPO plan to the Securities and Exchange Commission (SEC) for approval to raise another \$ 150 million through private placements.

According to sources, Grameenphone wants to sell shares worth \$ 150 million through private placements, mostly to international investors.

Arif Al Islam, chief financial officer of Grameenphone, formally submitted both the IPO and pre-IPO prospectuses to SEC Chairman Faruq Ahmad Siddiqi.

In a short press briefing, he said by the end of this year Grameenphone will be the largest listed company in the country's stock market, which will be a milestone for Bangladesh's capital market.

Citigroup Global Markets Bangladesh Limited is the issuer manager of the Grameenphone IPO.

Norway's Telenor owns 62 percent stakes in

Grameenphone, which launched its operations in 1997, with the remaining 38 percent being held by Grameen Telecom, a concern of Grameen Group.

According to Telenor's financial report, the company's revenue (4,622 million) in NOK (Norwegian Krone) was 7 percent higher in 2007 compared to its revenue (4,314 million) in NOK in 2006. Its operating profits, however, dropped sharply by about 33 percent to NOK 1,239 million (Tk 1,645 crore) during the year compared to NOK 1,836 million (Tk 2,438 crore) in 2006.

Earlier, Abu Ahmed, professor of the Department of Economics of Dhaka University, said that Grameenphone's entry in the stock market will be a breakthrough for the country's capital market history.

Ahmed said Grameenphone's IPO plan will be a big encouragement for the other mobile phone operators.

Grameenphone submitted its IPO roadmap in January this year. As per the roadmap, the company is scheduled to go for public listing by the end of September 2008.

High tension at WTO as trade talks face 'appalling' collapse

AFP, Geneva

Tension rose sharply as grueling WTO talks to hammer out a global trade pact ran into a ninth day on Tuesday, with leading nations urging flexibility to avert an "appalling" collapse.

Describing the mood in a morning meeting of ministers, Indonesian Trade Minister Mari Elka Pangestu said there was an understanding that "nobody wants a failure" and that all parties were trying to be constructive.

"More than half felt that while the issues that remain are complex and it seems we've never been so far, we're actually so near because so much has been agreed on," she told reporters.

"We need to go to this last mile, but this last mile is a significant issue," she said.

Ministers are struggling to close differences on subsidies and import tariffs to forge a new deal under the World Trade Organization's Doha Round, which has repeatedly foundered since it was launched in the Qatari capital seven years ago.

Arriving at the meeting earlier, EU Trade Commissioner Peter Mandelson had assessed that a deal was at hand "considering what is at stake".

He also warned of the consequences of a failure, saying that it would be an "appalling prospect".

He said: "If people want this deal, there's no better deal coming along and you have to consider if this fails what they would lose."

Mandelson also said that both Washington and New Delhi needed to show flexibility if the whole tortuous cycle of negotiations were not to end in ignominious failure.

"The compromise has to come from both sides who are involved -- it means US and India principally and other developing countries," he said.

"If they don't demonstrate the will to compromise, then I'm afraid the deal will go down, it's as an appalling prospect as that," the EU trade chief warned.

Brazil's Foreign Minister Celso Amorim meanwhile, called for politicians to step up to the challenge and shoulder political responsibility by taking risks.

"Political responsibility is also about taking risks. It's not about doing what you're absolutely sure, otherwise we could have computers here instead of negotiators," he said.

"We are at a crucial moment, but we cannot make accusations," Amorim told AFP.

At the heart of the hold-up of progress to negotiations here is an issue called SSM or Special Safeguard Mechanism.

The mechanism allows countries to protect poor farmers by imposing a special tariff on certain agricultural goods in the event of an import surge or price fall.

Some developing countries such as India want that mechanism to kick in at a lower rate to protect their farmers, while others want that measure to take effect at a higher rate.

With both sides refusing to give way, acrimony grew on Monday with the US publicly pointing its finger at India and China for holding up progress.

"That's a real risk because those countries are advocating selectively reopening the package," US Trade Representative Susan Schwab said then.

"There is a real threat to a delicate balance we've achieved on Friday night and



European Trade Commissioner Peter Mandelson talks to reporters as he leaves World Trade Organisation (WTO) headquarters yesterday in Geneva. Top negotiators left off from intensive talks aimed at hammering out a world trade pact and planned to resume them later on July 29. "There have been very intensive discussions this evening amongst ministers," said Mandelson after the talks involving the US, Australia, Brazil, China, the European Union, India and Japan.

I'm concerned it will jeopardise the outcome of this round," she added.

For WTO spokesman Keith Rockwell, "the situation is very tense, things are finely balanced and the outcome is by no means certain".

The mood darkened over

the weekend, as optimism arising from a breakthrough in negotiations on Friday dimmed.

"For everyone in the EU team there is a sense of being in the endgame," Mandelson wrote in Monday's edition of his daily blog on the talks.