

## Workshop on role of commodity derivatives

STAR BUSINESS DESK

Bangladesh Foreign Exchange Dealers' Association (BAFEDA) recently organised a workshop on "Role of Commodity Derivatives in Financial Risk Management" for the member banks in Dhaka, said a press release.

Bangladesh Bank has recently issued a circular on "Hedging price risk of commodities" that would allow banks to help importers of various commodities, such as wheat, cotton and base metals to hedge their price risk.

The keynote speakers at the workshop were Alamgir Morshed, head of Global Markets, Standard Chartered Bank (SCB) and Zahedul Arefin, Associate Director, Standard Chartered Bank.

## Warid selects beauty expert as its brand ambassador

STAR BUSINESS DESK

Warid Telecom has selected the country's top beauty expert Kaniz Almas Khan as the brand ambassador of its Zahi post-paid brand, according to a press release.

As the brand ambassador, Khan, who is the chief executive officer of Persona, the leading beauty parlour for women, participated in the latest media campaign of Warid Telecom to promote its Zahi post-paid brand.



Arif Al Islam, chief financial officer of Grameenphone, submits both the IPO and pre-IPO prospectuses to Securities and Exchange Commission (SEC) Chairman Faruq Ahmad Siddiqi in Dhaka yesterday. (Story on B1)

## Vietnam draws record \$45.3b foreign investment

AFP, Hanoi

Vietnam received a record 45.3 billion dollars in foreign direct investment (FDI) pledges in the first seven months -- more than double the total of last year, the government said Tuesday.

Taiwan topped the list of investors with FDI pledges worth 8.4 billion dollars, a figure that includes a 7.8-billion-dollar steel plant by the Formosa Group, said the state-run General Statistics Office (GSO).

Next came Japan -- the partner with Kuwait in a six-billion-dollar oil refinery project -- with a total of 7.2 billion dollars in FDI pledges, and Malaysia

with 5.1 billion dollars, said the GSO.

The inflow of pledged capital comes in the year after communist Vietnam joined the World Trade Organisation, promising to level the playing field for foreign companies in a variety of industrial sectors.

From January to July, Vietnam's government licensed 654 new projects worth a total of 44.5 billion dollars and approved 788.6 million dollars in additional spending for 188 existing projects.

The total FDI pledges of 45.3 billion dollars represent a 373-percent rise over the same period last year and more than double the record 21.3 billion

dollars in FDI pledged for the whole of last year.

Of the total, 381 projects worth 21.5 billion dollars were in the industrial sector, 243 projects worth 22.8 billion dollars in services, and the remainder in agriculture, forestry and aquaculture, said the GSO.

Disbursed FDI for the seven-month period reached six billion dollars, up 43 percent against the same period last year, the GSO said.

The GSO also said that Vietnam's industrial production in the first seven months of the year reached more than 380,000 billion dong (22 billion dollars), up by 16.4 percent year-on-year.

## Citi sweeps Asiamoney's 2008 cash management poll

STAR BUSINESS DESK

Citi has been named the region's best cash management bank in the Asiamoney 2008 cash management poll, said a press release.

In the client voted survey, Citi won both regional awards, named by respondents as the Best Cash Management Bank for Corporates and the Best Cash Management Bank for Financial Institutions.

This year marks the first time that Citi has swept both regional cash management awards in the Asiamoney Cash Management Poll. In 2007, Citi was named by respondents polled by Asiamoney as the Best Cash Management Bank for Corporates in Asia. After finishing second in 2007, Citi is extremely proud to claim its first win as Asia's Best Cash Management Bank for Financial Institutions.

In its 18th year, the annual Asiamoney Cash Management Poll is voted on by both corporate and financial institution clients. The 2008 poll included over 2,200 corporates and 350 financial institutions.

## BP profits up

AFP, London

British energy giant BP said on Tuesday that its net profit rallied by 28 percent to 9.47 billion dollars (6.02 billion euros) in the second quarter as oil prices surged to record highs.

BP's revenue soared by 49 percent to 111 billion dollars in the three months to June 30 compared with a year earlier as gas prices also soared, but production was flat at 3.83 million barrels of oil equivalent per day.

## Japan's tech giants struggle with economic slowdown

AFP, Tokyo

Sony issued a profit warning Tuesday after its earnings almost halved while Toshiba plunged into the red as Japan's technology giants felt the pain from a price war, a stronger yen and an economic slowdown.

This year is shaping up to be a tougher one for Japan's consumer electronics makers compared with 2007, when many leading companies enjoyed double or even triple digit growth in earnings.

Sony Corp.'s net profit fell 47.4 percent to 34.98 billion yen (326 million dollars) in the three months to June as operating profit fell 39.5 percent to 73.44 billion yen.

Sony has endured a difficult few years in the face of tough competition from rival products such as Apple's iPod and Nintendo's Wii.

Last year it enjoyed a strong recovery under its first foreign boss, Howard

Stringer. But the bottom line is now being pressured by a weak dollar, slowing global economic growth and rising costs for raw materials.

In China demand cooled in the wake of the huge earthquake in Sichuan province, particularly for televisions, said chief financial officer Nobuyuki Oneda.

"We had high expectations for the Olympics season but things are below our expectations," he told reporters.

Sony lowered its forecast for net earnings for the full fiscal year to next March to 240 billion yen from a previous projection of 290 billion yen, which would mark a 35 percent decline from the previous year.

"The soft US economy poses a significant downward risk for future sales," said Osamu Hirose, an analyst at Tokai Tokyo Research Center. "The US economy is slowing down, so the sales volume is likely to slow."

Toshiba Corp. blamed falling semiconductor prices and a stronger yen for its net loss of 11.61 billion yen (108 million dollars) for the three months to June, after a year-earlier profit of 20.63 billion yen.

Toshiba, which recently called it quits in a next-generation DVD format war, swung to an operating loss of 21.18 billion yen from a profit of 21.2 billion yen.

"The result of the first quarter was extremely dissatisfying," said Toshiba general manager Tomio Muraoka.

"The main factor for the result was the deteriorating performance of the semiconductor business," particularly flash memory chips used in portable music players and other electronic devices, he said.

The company kept its annual forecasts for a net profit of 130 billion yen, operating profit of 290 billion yen and revenue of 8.0 trillion yen.



Eastern Bank Ltd arranged an information memorandum launching ceremony for syndicated facility of Tk 650 million medium term loan for General Pharmaceuticals Ltd in Dhaka recently. Among others, Ali Reza Iftekhar, managing director of Eastern Bank Ltd, and Momenul Haq, managing director of General Pharmaceuticals Ltd, attended the ceremony.

## BIZ LETTERS

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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.

## Depositor directors for all banks: A different solution and outlook

There has been a lot of discussion about the depositor director issue covered by The Daily Star and other media. I have to agree that banks need independent directors, but this must be enforced uniformly rather than being selective. We should look at expanding this concept beyond its current boundaries.

According to Bangladesh Bank (BB), all banks are supposed to take directors from depositors. Conspicuously missing from BB's mandate are foreign banks. And especially in the last year we have seen a plethora of foreign banks failing at an alarming scale.

Foreign banks are the most profitable companies in Bangladesh as evident in the National Board of Revenue's (NBR) tax lists. However they also take a large amount of deposits from the local population.

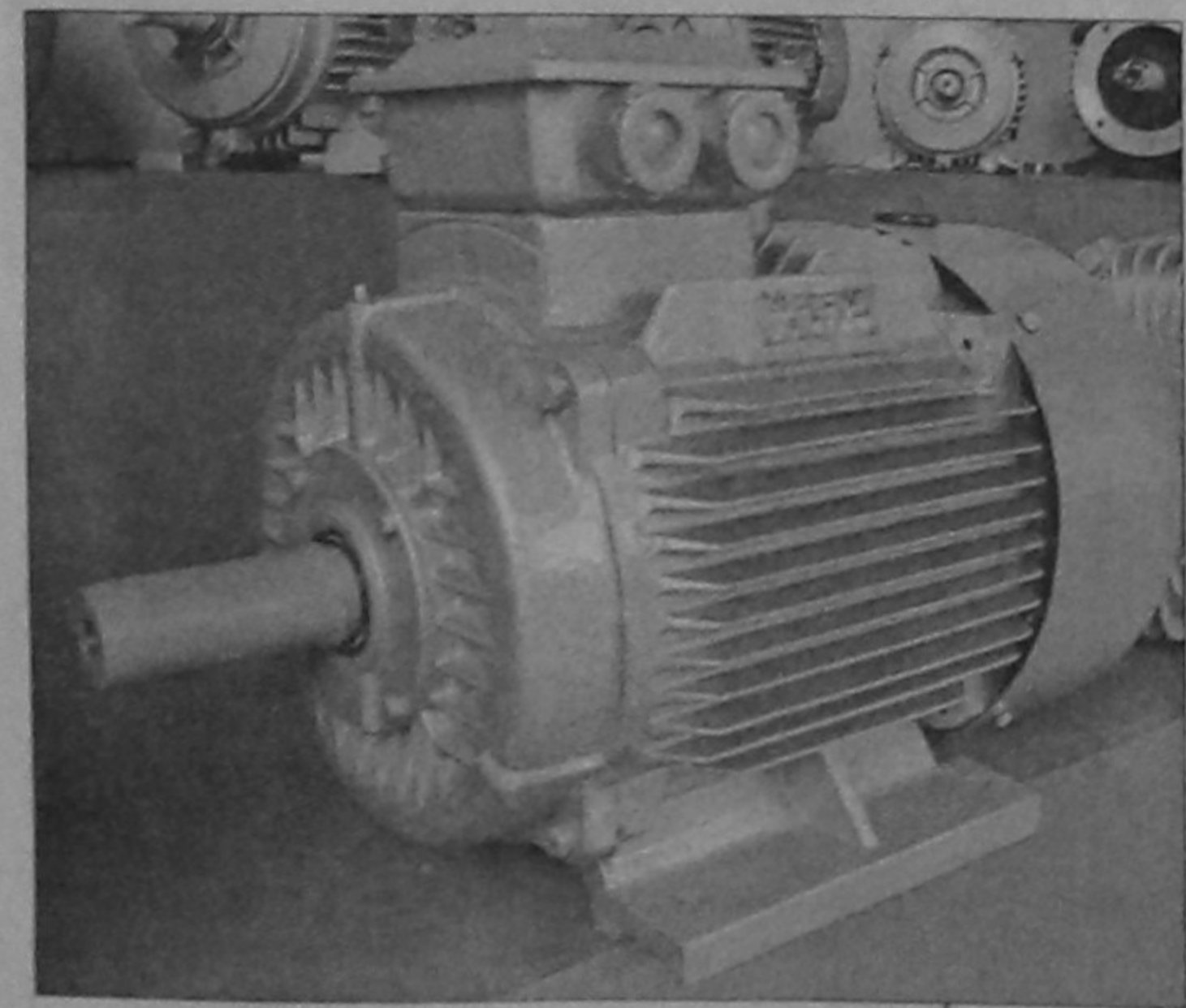
If foreign banks (or any bank) do not want depositors as directors, then they should not collect deposits from the Bangladeshi public. Especially since we know that no bank, regardless of its size, is bankruptcy-proof. Instead the foreign/local banks that refuse to implement this will have to take their deposits from institutional lenders (i.e. banks that have implemented this directive).

The directive should be an option instead of a mandate whose benefits and guidelines should be uniform across all banks, instead of the local insignificant ones.

This concept of BB can be expanded to all other types of institutions in Bangladesh including many civil and public organisations. Since taxpayers finance many of these institutions, they should be allowed to sit in the board of these institutions. Hence this concept is inherently beneficial and should be expanded to all organisations that are funded on taxpayer's and depositor's money to protect their interests.

Azad Mustafa  
Dhaka.

## Acquisition of essential technologies



A couple of days ago I was examining a list of 386 companies listed on the Dhaka Stock Exchange (DSE) to see how many big technologies we have in Bangladesh. It came as a disappointment that of the 386 companies, only twenty-three were listed under the engi-

neering section. Further examination revealed that many of these 'engineering' companies were nothing more than metal foundries.

However there were some companies that did give me an uplifting boost. For example, Bangladesh is capable of producing copper wire and other conductors and semi-conductors. Although these technologies are not really high tech, they are essential to create more complex items and machinery.

But we have to ask ourselves more serious questions, such as, why after 36 years of independence, the country has been so slow in acquiring essential technologies.

One such technology is the capacity to produce electrical motors. Although this technology is not very complex, it is something that is required by all electrical machinery with moving parts. With the availability of such technology the country will be able to produce electricity generators, as they are both the same technology. This will enable the county to reduce the costs incurred by importing electrical power generators needed for creation and overhauling of power plants in Bangladesh.

The electrical motor has been one of the most crucial inventions in modern history. It has been the power tool of the first world, responsible for speedy production in assembly lines; make it possible to build sky scrapers with fifty floors and not needing to climb 50 flights of stairs; keeps our water supply flowing and our overhead fans blowing. In fact without the electrical motor, modern life would have been impossible.

Yet in 2008, 137 years after the British physicist, Michael Faraday created the electrical motor/generator, the technology has failed to gain a place in our industrial heartland. And how could it be ever possible? For 37 years, our politicians have been so busy trying to figure out who should lead.

Now is the time to play catch-up in Bangladesh. We must devote our energies to the acquisition of technologies. Not just one type of technology, but every one of them. Without this drive, Bangladesh will continue to have nothing more to offer to the world apart from jute, cheap labour, video footage of flood disasters and a display of political circus.

Minhaj Ahmed  
Dhaka.

## Public transportation in a state of despair

Just went through Syed Nasim Manzur's great article related to traffic jam and its possible solutions. I also happen to be one of those people who would like to cycle or simply walk to work given the 3-5 km distance, however just like him, I do not want to risk my life for that.

I am sure it would take me the same or less amount of time to cycle to work rather than to take my car. I am very lucky to have an air-conditioned car at my disposal to travel wherever I desire, come rain or shine. I wanted to share with you my attempt last week to brave it for my journey to office.

One day I decided to use the public transportation system to go to work. I live in old DOHS and my office is on Gulshan Avenue. I waited for 20 minutes at Kakoli for a CNG or a taxi; however no one was willing to take me to such a short distance and also because they would not get fare for their ride back. When I told them that I would be willing to pay double, they still wanted Tk 100. I did not even dare take the upgraded tempo from Kakoli to Gulshan because of the horrifying line at the stand and for the fear that I would be molested (just kidding).

I decided to walk. I had to take a detour of 7 minutes to cross the street using one of the over bridges and that itself was a dangerous affair as it seemed that the over bridge, which was built not more than 2 years ago, had holes where the sheets were soldered

together. The footpath to Gulshan itself was not particularly too bad: except for some water puddles, mud-on-my-shoes, some hand and shoulder grabbing here and there, I managed to reach the office safely, barely alive, and happy to have lost 1 kg of fluid from my oversized body.

I am not doing it again unless I get fired from my job or go bankrupt or my car breaks down.

In times of rain, I see hundreds of people including ladies, waiting for some public transport to take them to their destination, however they have to wait hours, be harassed by others, taxis, CNGs or buses and pay extra. This cannot go on and the situation will only get worse. The other day, a not very well to do relative of mine had decided to buy a car because of the problems they were facing with public transportation, little knowing that the investment in a car would cost them more than 50 percent of their monthly budget.

We need access to reliable public transportation facilities. We need to create a bypass around Dhaka so that the city does not get clogged with transit transportation.

In order to address the situation properly, we need management. By management I mean to outsource the solution to other countries where these things are managed very well. Our managers (be it bureaucrats or politicians) are so bogged down with the miseries in their own lives, that they are not capable of a pragmatic solution. Let's face it - WE NEED HELP.

Rouham Manzoor  
Dhaka.

## Functions of the SEC: Not fulfilled

I would like The Daily Star to dwell more on the subject issue of the Securities and Exchange Commission (SEC). We know what the functions of the SEC are. One of their main responsibilities is to act as a watchdog to see that the companies do not misappropriate the ordinary shareholder's money. I know a few companies who issued shares and did not invest the money in their industries; rather they siphoned the money off the country.

Whenever the SEC initiated some action by demanding an explanation of these rogue companies, the companies go to the high court and obtain an injunction. As you know, obtaining an injunction is as easy as buying a bottle of water from the market. In reality, these companies have swindled small shareholders, like us, and are enjoying the luxury of the stolen money.

Mufazzel Hossain  
Dhaka.

## Grab the trend

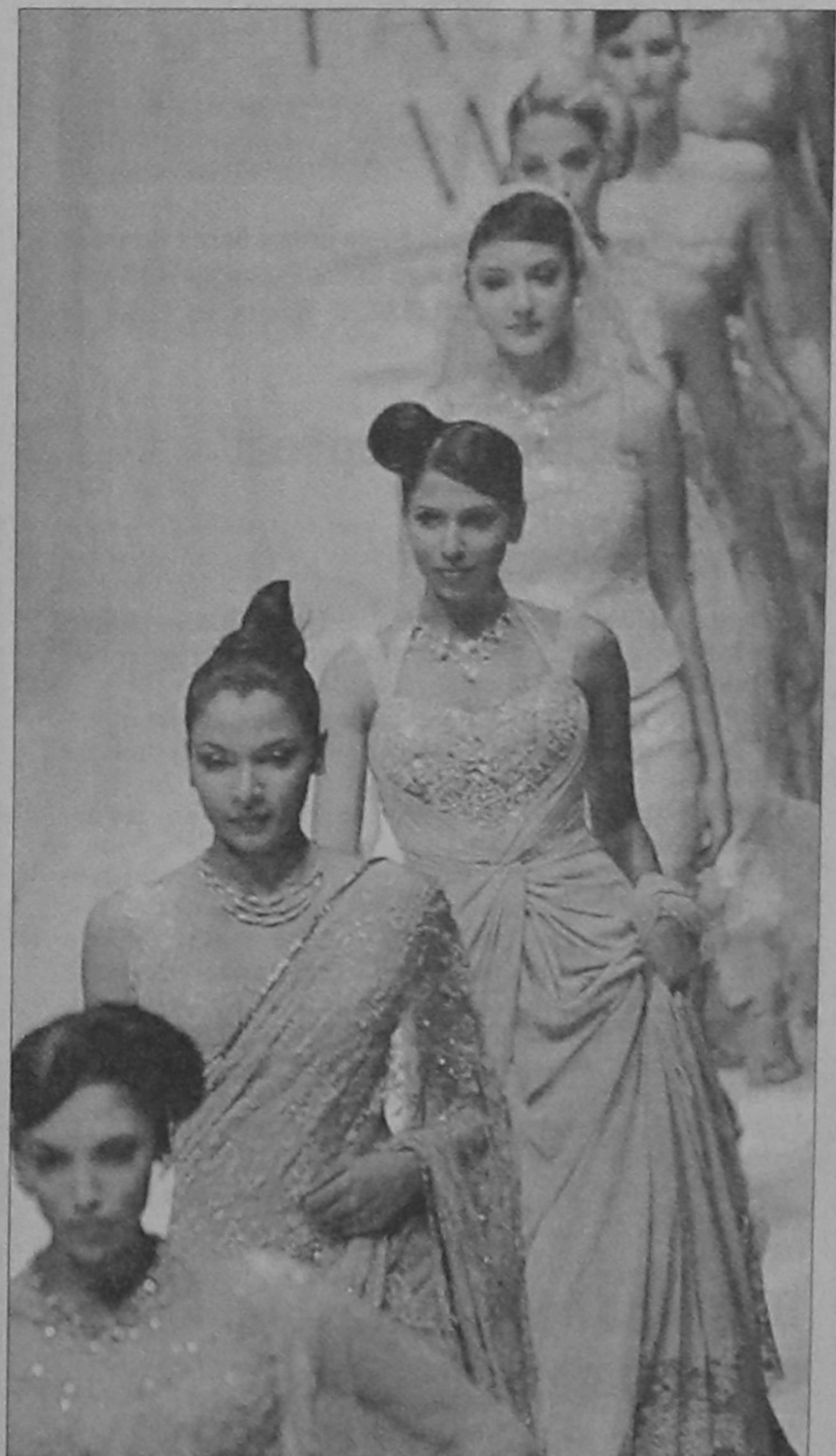
'Trend', a simple word but it describes a picture of the culture of a country. Bangladesh is a country of culture and our culture is our pride.

This is a good sign for the country and expresses that we are not old and that the people of Bangladesh are always young at heart. It is the youth of the country that can take this country into the future.

Today various fashion houses are coming up and they fuel the actual culture of the youth. Changes in trends, such as wearing 'short kamiz' and 'fotuas' will have an impact upon the economy because the mushrooming fashion houses are generating revenues and employment.

Many fashion designers and models are connected with this industry and they create a fusion of the western and eastern cultures. The fashion industry is developed abroad and they regularly arrange fashion shows, which represent our smugness.

In the past year, the Italian fashion house came to our country and arranged a fantastic fashion show. Later the Aromatic Gold Dhaka Fashion Week 2008 hit the market and also grabbed the trend.



The success of the shows means that we have the ability to pursue this industry but our government does not take any kind of initiative to improve this valuable fashion sector, which has the potential to become a contributor to our economy. If the government does not orchestrate national and international programmes to facilitate growth, then this trend will rumble.

Today many Indian designers come to our country and welcome us to their shows. For this reason I cordially invite the knowledgeable personalities of our country to scrutinise our fashion sector and provide some excellent counsel to improve our fashion houses.

Md Shahriar Parvez  
Dhaka.