

DHAKA WEDNESDAY OCTOBER 29, 2008

Customer Care Center: 8855368-8, 01712 665463

Stocks	
DGEN	1.30% 2,768.51
CSCX	1.03% 5,530.38

Asian Markets	
MUMBAI	Closed
TOKYO	6.41% 7,621.92
SINGAPORE	4.14% 1,666.49
SHANGHAI	2.81% 1,771.82

Currencies	
Buy Tk	Sell Tk
USD 68.40	69.40
EUR 83.80	88.38
GBP 105.70	110.76
JPY 0.73	0.77

SOURCE: STANDARD CHARTERED BANK

Commodities	
Gold	744.90 (per ounce)
Oil	\$63.70 (per barrel)

SOURCE: AFP
(Midday London Trade)

More News

Timepieces stand test of time



Ranjana Fatema is deep in thought as she ponders over what to give her cousin as a wedding gift. She realises that gold ornaments would be too expensive for her, especially after a spike in world gold prices.

B-4

Bangladesh can cash in on global crisis: UK envoy

The current global economic crisis may be a blessing for Bangladesh, said British High Commissioner to Bangladesh Stephen Evans yesterday. He said the looming global recession had dwindled the real purchasing power of developed country's consumers and consequently they would be forced to go for relatively cheaper goods.

B-3

International

Dutch insurer Aegon gets 3b euro cash injection

The Dutch state gave a three-billion-euro (3.75-billion-dollar) cash boost to insurer Aegon on Tuesday in the latest bid to shield a financial institution from the world financial crisis. "With this capital injection, Aegon remains a healthy and well-run insurance group," the finance ministry said.

B-4

Contact Us

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

Exporters see silver lining

REJAUL KARIM BYRON and
REFAYET ULLAH MIRDHA

Garment exporters and major buyers say the global economic crisis will not affect Bangladesh's readymade garment sector as it exports mainly basic products.

"Buyers will flock to Bangladesh for cheaper RMG products as major competitors such as China, India and Vietnam make mainly high-end garments," said an official of a buying house, requesting anonymity.

He said the sales of cheaper RMG products increased both in Europe and the US by 20 percent following the global turmoil.

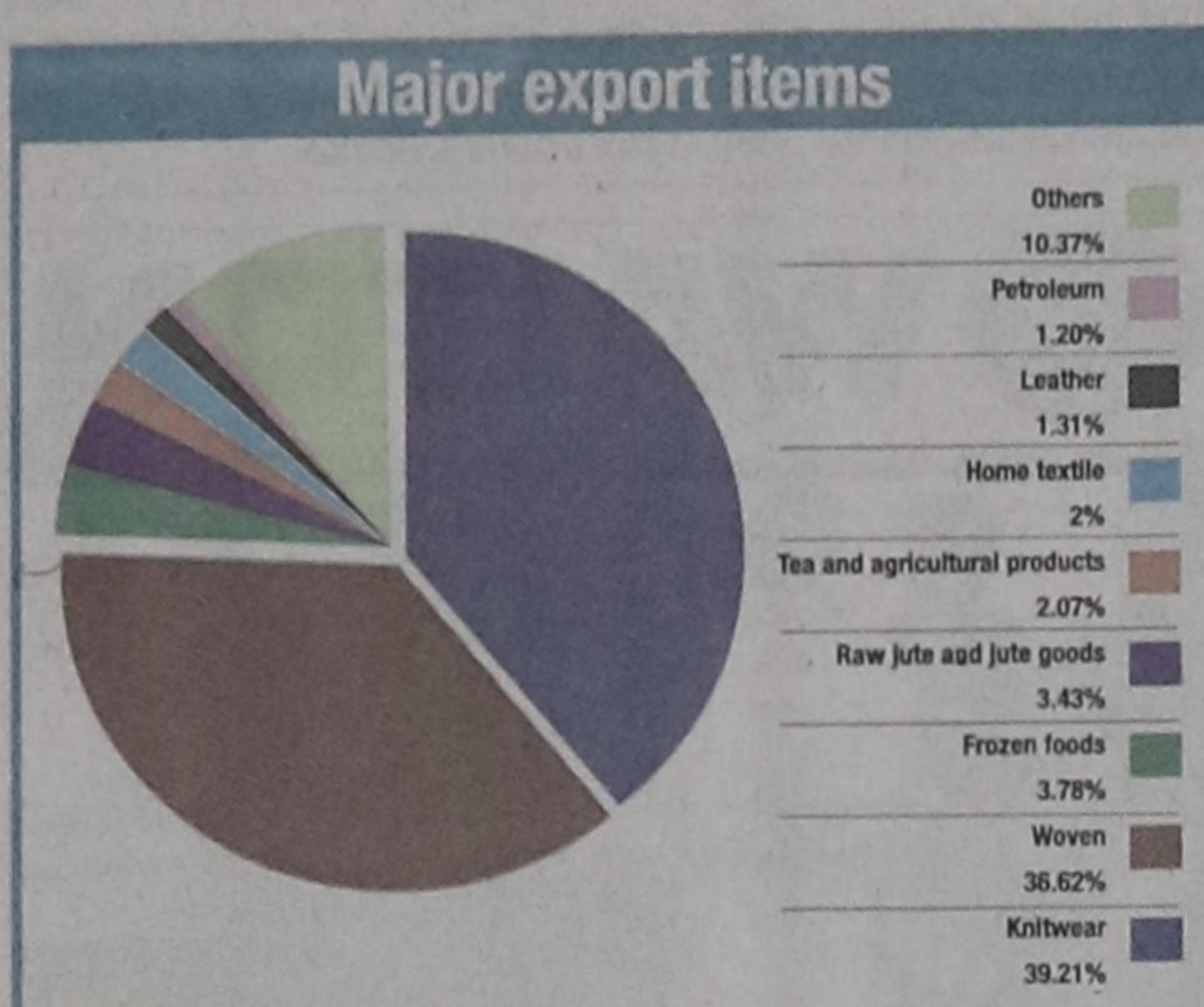
Manufacturers said only 5 percent of Bangladesh's readymade garments are high-end.

KI Hossain, a local buyer, said the global financial recession might be a boon for Bangladesh and a bane for competitors.

"The number of orders we are receiving from foreign buyers is still high as the buyers now look to cheaper RMG products," he said.

"I don't see any negative impact of the financial turmoil on the export of Bangladeshi readymade garments," said a senior official of an international buying house in Dhaka.

Talking to The Daily Star, Ghulam Faruque, chairman of SG Group, one of the largest sweater exporting groups in Bangladesh, said: "Till now, the situation is good as the flow of



foreign orders has been the same. It was rather higher in some cases."

"The bad impact of the global recession may be felt in February or March if the situation in the western financial markets does not improve," Faruque said.

KM Rezaul Hasanat, managing director of Viyellatex Group, said the buyers of high-end readymade garments of India and China would now outsource products from Bangladesh.

The orders are usually low from August to October and start peaking up from November. "So, we should not be worried about orders," Hasanat said.

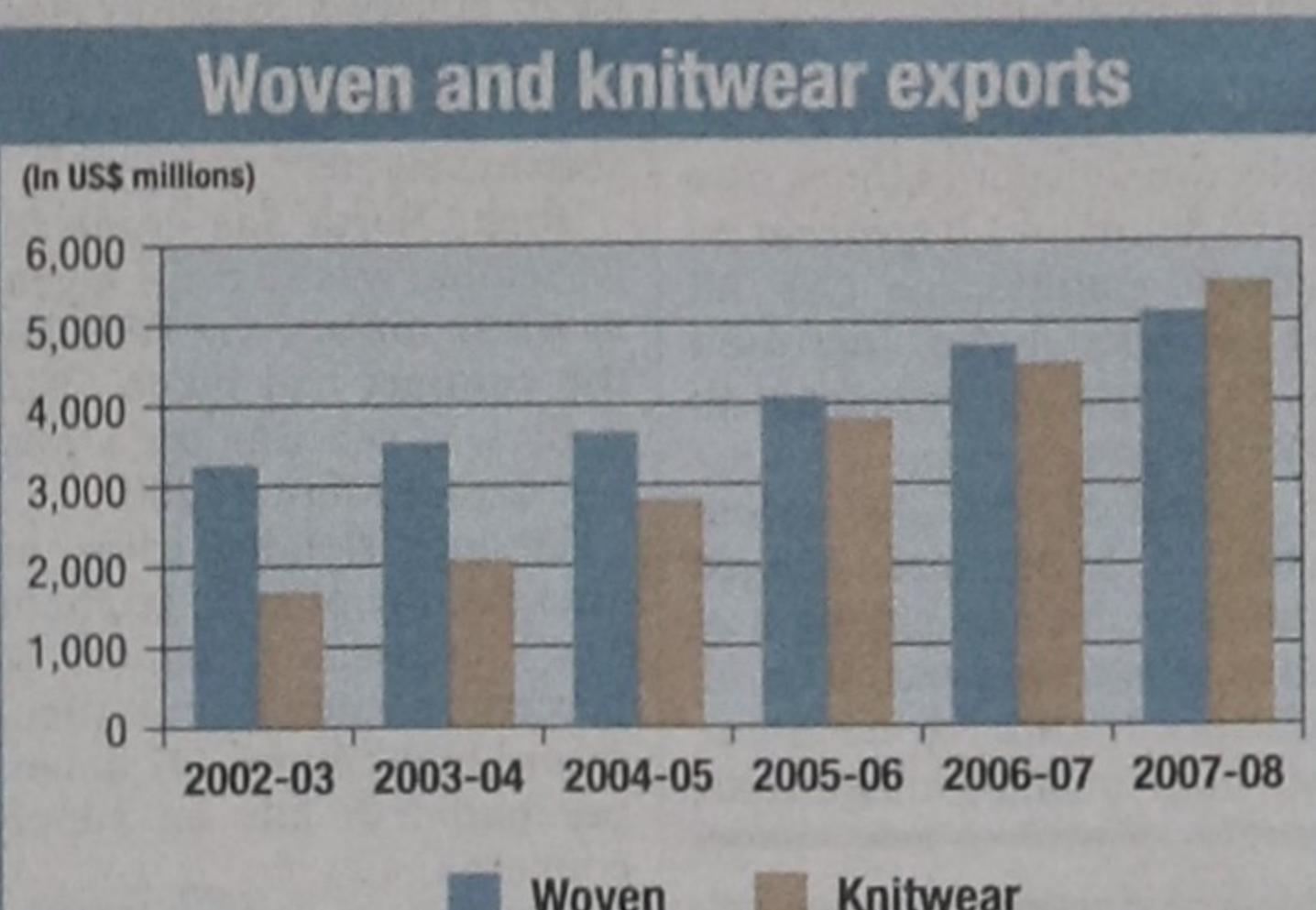
He cautioned that some 'so-called' buyers might want to take the opportunity of the recession.

"They may demand rebates or concession. We must handle such a situation smartly," Hasanat said. He said he did not receive any fewer orders than before.

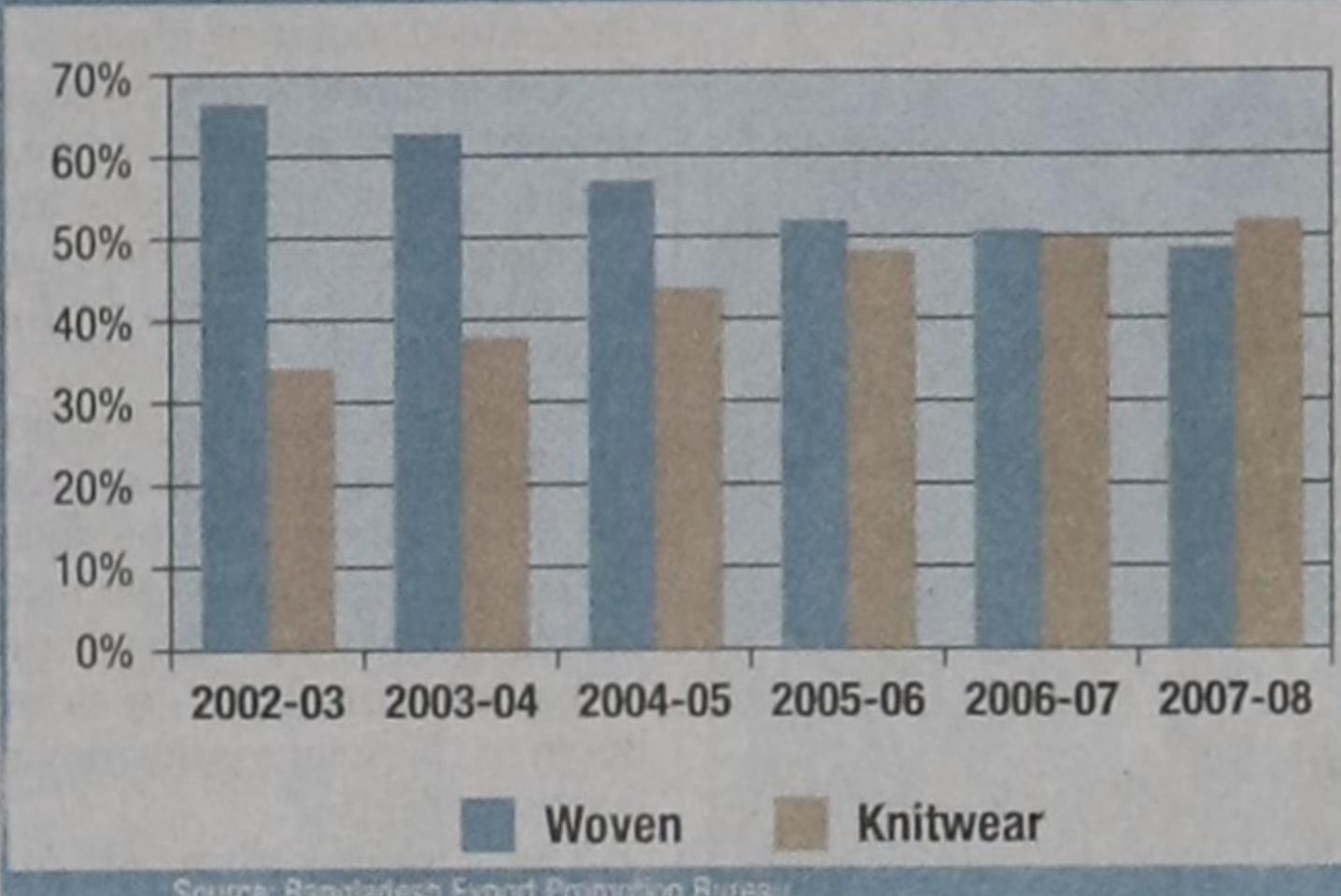
A recent study of the International Monetary Fund (IMF) said Bangladesh's abundant and relatively low-cost labour made it an attractive destination for investors.

"Its success in the garment industry, which was the starting point in the industrialisation process for many of the East Asian economies, will make it attractive to investors as will its growing domestic market and good access to the huge Indian market," said the IMF study report.

According to the study released a week ago, "Although competition is becoming more intense, Bangladesh's strong



Shares of woven and knitwear in value of garment exports



market position does not look like diminishing in the short term."

Bangladesh set an export target at \$16,298 billion for fiscal 2008-09, with the readymade garment sector to

earn the highest amount of foreign currency. Of \$16,298 billion, \$12,267 billion is expected to come from two main sub-sectors of RMG: knitwear and woven.

reefat@thedailystar.net

market position does not look like diminishing in the short term."

Bangladesh set an export target at \$16,298 billion for fiscal 2008-09, with the readymade garment sector to

achieve temporarily shut down any shop, factory or warehouse if it detects any anti-consumer practices there. It will also be able to impose ban on production, import and marketing of any product hazardous to health, the law says.

Under the new law, traders will have to face one year in jail or Tk 50,000 as fine or both for violation of packaging rules, non-display of price list and charging extra price for a product.

The directorate will also be liable to look after whether consumers are being cheated by traders through fake or misleading advertisements. Non-delivery of products and services against payment and malpractice of showing low weight will also be treated as anti-consumer practices.

It will also be responsible for playing a surveillance role over service sectors such as private healthcare centres, transports, telecom service providers, and hotels and restaurants.

sohel@thedailystar.net

achieve temporarily shut down any shop, factory or warehouse if it detects any anti-consumer practices there. It will also be able to impose ban on production, import and marketing of any product hazardous to health, the law says.

Hossain Zillur Rahman, commerce adviser, Masami Tamura, counsellor for development cooperation affairs, Japan Embassy, Dhaka, Captain Kamal, general manager of HighSpeed Group, Prof Kabirul Haq Chowdhury of Bangladesh University of Engineering and Technology (Buet) and Mominul Islam Patwari, chairman of Islami Bank attended the anniversary programme.

Hossain Zillur hoped that the shipping cost would come down, as the venture with MOL in Bangladesh would bring solid competition among the shipping lines.

The adviser also assured the shipbuilding sector of continued government support.

"The country has a long history of manufacturing ships. And now an opportunity has come to regain the reputation and establish Bangladesh as a major shipbuilding country," Hossain Zillur said.

However, he reminded the shipbuilders that they would face challenges in maintaining quality of services and producing skilled manpower.

BB may pick S&P, Moody for sovereign rating

SAJJADUR RAHMAN

The central bank is at the final stage to hire two international credit rating agencies -- Standard & Poor's and Moody's Investors Service to conduct a credit rating for Bangladesh.

A five-member technical committee, comprised of officials from Bangladesh Bank (BB), Ministry of Commerce and the Institute of Chartered Accountants of Bangladesh, sits today to recommend these two firms to the BB governor for their appointment. The central bank chief will finalise the appointment of the two among the three invited to do the credit rating.

Another firm, Japan Credit Rating Agency did not respond. "The technical evaluation committee has decided to recommend Standard & Poor's and Moody after scrutinising their proposals," a senior BB official said yesterday.

The move for Bangladesh's first-ever credit rating, initiated by the central bank in May to ensure a better credit rating for the country, will help attract foreign investment and mobilise resources from the capital market as well, experts believe.

Such rating was earlier arbitrarily practiced by donors and individual enterprises.

"We need a credit rating for the country so that any organisations or countries cannot do such rating solely on

Bangladesh based on their own perceptions," a BB senior official remarked.

In this context, the BB governor's observation is: "Some ratings unnecessarily branded Bangladesh as a high risk country."

On appointment of the recommended firms, the central bank will issue work orders to them after completing negotiations with them on prices and time duration in a month.

There foreign banks -- Citibank NA, Hongkong and Shanghai Banking Corporation (HSBC) and Standard Chartered Bank will offer advisory services to the BB in the total process of completing the task.

Standard & Poor's and Moody's Investors Service will be allowed to do the credit rating job independently, if appointed. However, the reports to be submitted by these firms will be assessed by the central bank for a better rating of the country.

Although credit rating for business organisations is common globally, country-wise credit rating is a bit new. Besides developed countries, some Middle East and many African countries have their own country credit ratings.

Credit rating generally reflects a country's overall economic situation, but socio-political issues also get high focus.

sajjad@thedailystar.net

Consumer law violators to face jail

The new law, first ever in Bangladesh and gazetted on October 13, allows consumers to lodge cases against traders and manufacturers engaged in adulteration, cheating and forgery

immediate implementation of the law," said Borhan Ahmed, who was partly unhappy over the government because of not keeping provisions to form a consumers' court to file cases directly.

"It would be much better if consumers could file complaints with a consumer court directly," he said.

Consumers will have to file complaints against traders, manufacturers or service providers with the Directorate of

National Consumers' Rights Protection to be formed under the law.

The directorate, to be looked after by a National Consumers' Rights Protection Council, will act to prevent anti-consumer practices such as adulteration of food and medicine, forgery and charging extra price for a product.

The directorate will also be liable to look after whether consumers are being cheated by traders through fake or misleading advertisements. Non-delivery of products and services against payment and malpractice of showing low weight will also be treated as anti-consumer practices.

For adulteration of food, medicine and other products, traders or manufacturers will also have to face a fine of up to Tk 2 lakh or three years in jail or both.

A fine of up to Tk 2 lakh or at least one year in jail or both will be applicable for cheating by showing fake advertisement to sell a product and service.

sohel@thedailystar.net

ICB seeks to manage EEF

