



Stocks	
DGEN	1.26% 2,616.58
CSCX	1.20% 5,226.23

Asian Markets	
MUMBAI	5.47% 10,509.74
TOKYO	5.81% 9,081.43
SINGAPORE	1.16% 1,885.02
SHANGHAI	7.27% 1,874.80

Currencies	
Buy Tk	Sell Tk
USD 68.20	69.20
EUR 86.17	90.78
GBP 106.28	111.36
JPY 0.68	0.72

SOURCE: STANDARD CHARTERED BANK

Commodities	
Gold	\$751.46 (per ounce)
Oil	\$63.42 (per barrel)

SOURCE: AFP
(Midday London Trade)



Jobs, just click away

The economic model of demand and supply outlines the boundaries of the market, where buyers and sellers crowd the scene and form the backbone of the industry. But the product, slightly unorthodox, is a job seeker.

Installation of Ctg port scanners likely in Dec

The installation of four scanners at Chittagong Seaport is likely to be completed next month, as the EU countries and the USA have given the authorities 2009 and 2010 as deadlines to install those. "The scanners are already in the port. We hope those will be installed before mid-December," said an NBR official.

G20 opens door to smaller economies in crisis talks

A Sao Paulo meeting of key finance officials opened the door slightly Sunday to broadening the club of global economic leadership in an effort to battle a deepening financial crisis. The finance ministers and central bank governors of the Group of 20 set up the agenda for an emergency summit next Saturday.

International

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At a press conference in Dhaka yesterday, the announcement of the export to Mozambique was made.

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"It's a result of our 25-year endeavour. I believe Bangladesh will soon put its name on the global map as a shipbuilding country," Dr Abdullah Bari, chairman of Ananda Shipyard, told reporters at the Dhaka Reporters Unity auditorium.

Shipping Adviser MA Matin is expected to remain present at the ferry handover ceremony, due at the shipyard at Meghna Ghat.

Industry insiders said

Contact Us

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Rough ride for leather exporters

Downtrend in trade volume, prices

SAYEDA AKTER

Local leather exporters are facing turbulent times because of a fall in both exports and prices of their products in the international markets that might threaten the growth of the local tannery industry, said industry people.

"The fall in both exports and prices is a direct effect of the decline in leather consumption in international markets," said Tipu Sultan, president of Bangladesh Finished Leather and Leather Goods Exporters Association.

The price of leather was \$ 4.95 per square feet in fiscal 2006-07, which declined to \$4.70 last fiscal year, translating to a 5 percent rate of decline, according to Bangladesh Bank (BB) data.

Industry people predict the global economic crisis will further take a toll on this industry and reduce consumption, and eventually prices.

"The price of finished leather and leather products may drop up to 40 percent in



the current fiscal year," Tipu Sultan said.

He said the industry is going to face serious problems this year as export of finished leather has already marked a 20 percent decline in the first quarter of the current fiscal year.

He also said the fall in the prices of leather products in the international markets will result in a 25 percent decline in exports by the end of the fiscal year. This will directly concern the 195 tanneries in the country.

Bangladesh has plenty of rawhide, as every year thousands of cattle are slaughtered to celebrate the Muslim religious festival Eid-ul-Azha. On an average, 18-20 lakh pieces of

cowhide and 35-40 lakh pieces of goatskin are collected during the festival alone.

Leather is one of the most important export items of the country, as it attracts impressive foreign currency. Some of the most common leather items are shoes, bags and purses.

Leather is also one of oldest export items from this region, starting from the British colonial period. The tannery industry is a years old industry that sprang up in Narayanganj, and later shifted to Hazaribagh, the northwestern part of Dhaka, in 1990, said industry people.

Currently, the overall market size of the leather industry is



around Tk 3,500 crore a year, with export figures standing at \$284 million in 2007-08, said the industry people.

Sultan said the consumption of leather and prices in the international market declined by 30 percent last year, followed by a decline of international production by 6 percent.

SAMM Nuruddin, managing director of Kid Leather, one of the major exporters, said the government needs to immediately take necessary measures to overcome this crisis to save the industry, such as preserving the local leather and leather goods properly for the coming years.

He said another problem of

this industry is the rising cost of processing the finished leather, which makes Bangladesh's leather more expensive than China, India or Morocco.

"The essential chemicals, such as sodium chloride and sulfuric acid that are needed for conversion of animal hides to leather, have to be imported and are very expensive," he said, suggesting that the government reduce import duties and VAT on these chemicals.

Tipu Sultan advised local industry men to emphasise producing diversified products, such as shoes and bags, to minimise the threat of future collapse.

Renata enters UK pharma market

JASIM UDDIN KHAN

Renata Limited, the country's second pharmaceutical company that got go-ahead to manufacture medicine for the European market, is sending its first consignment to the UK today.

The Potent Product Facility (PPF) of the company in Mirpur, Dhaka received accreditation from the UK Medicines and Healthcare Products Regulatory Agency (MHRA) last year.

Bangladesh's seventh largest pharmaceutical firm in terms of sales has bagged an order to supply prednisolone, a generic steroid product, to a UK medicine company.

"It's one of the greatest achievements for any Bangladeshi company that its products will be sold in an advanced market like Europe," said Syed S Kaiser Kabir, chief executive officer and managing director of Renata.

Getting access to the European market is a long and difficult process and it took Renata around four years, he said.

Last year the UK MHRA recognised Renata's newly built US\$3 million Potent Product Facility.

Renata is the second pharmaceutical company after Square Pharmaceuticals to gain MHRA approval. Square has already shipped products to the UK, and hopes to bag further orders from the lucrative European market through contract manufacturing of bulk drugs and formulations.

Industry leaders believe the country has the ability to grab a greater share in the international pharmaceutical market, thanks to low costs of manufacturing in Bangladesh on the back of cheap labour.

The UK is among a growing number of countries where Renata is expanding its market. In the last one year the company entered such markets as Guyana, Hong Kong, Jordan, and the Philippines.

Earlier this year Ceylon National Chamber of Industries awarded gold trophy to Renata for its performance in the pharmaceutical market of Sri Lanka.

AWTO agreement on Trade-Related Aspects of Intellectual Property Rights has also enabled Bangladesh to manufacture generic drugs for exporting to other least developed countries.

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GP gets new boss Stock plunge triggers protest, clash

STAR BUSINESS DESK

Mobile phone operator Grameenphone (GP) yesterday appointed Oddvar Hesjedal as the company's new chief executive officer (CEO).

He will take over the charge from Anders Jensen, who announced his plan in September to curtail his tenure on familial grounds.

"The Board of Directors is very pleased to appoint Oddvar Hesjedal as Grameenphone's new CEO," said Sigve Brekke, chairman of the Board of Directors of Grameenphone and CEO of Telenor Asia, according to a statement.

Hesjedal, 58, has been serving Grameenphone as its chief technology officer (CTO) since June this year. Prior to joining the operator, he held various



Oddvar Hesjedal

top management positions within Telenor Group. He was also CTO of Kyivstar, Ukraine during 2004-06.

Before joining Telenor Group, Hesjedal was CEO of software and consultancy companies in Norway and Sweden. A Master in computer science from the University of Oslo, Hesjedal is married and has three daughters.

STAR BUSINESS REPORT

As hundreds of investors took to the streets in front of the Dhaka Stock Exchange yesterday after the key index lost 40 points on the Dhaka bourse around 11am, police detained at least one investor.

Around 10 people were injured in a span of half an hour and then the police took the upper hand by charging batons on the protesting investors, who broke the windshields of a private car.

The Motijheel police station said no case was filed in this connection and they are yet to take any decision regarding the detainee, Shuvan Ahmed.

The protest, which was triggered by the five weeks of continuous slump in the market, prompted the stock market regulator to sit with the mer-

chant banks today, for the second time in two weeks.

"If required, we will even sit with the central bank, to bring back market stabilisation," said Farhad Ahmed, executive director of SEC.

Trading on the premier bourse started with an upward trend at 10am yesterday. The market started falling soon after 20 minutes of the onset of trade, and at around 11am, the key index of the DSE came down to a 14 months low at 2557 points with almost all share prices dropping. Finally, the DSE General Index rose by 32.55 points, or 1.25 percent, ending the day at 2616.57 points.

Witnesses said around two hundred investors took part in the protest, chanting slogans and demanding immediate steps to be taken by the

Securities and Exchange Commission.

The protesters demanded a halt to forced sales by the merchant banks, an increase in the margin loan ratio, a reduction in margin loan interest rate and formulation of policies for merchant banking activities.

They also demanded resignation of the chief executive officers of the merchant banking wings of IDLC, Lanka Bangla and Prime Bank.

Talking to journalists after the incident, DSE Chief Executive Officer Salahuddin Ahmed Khan said Investors should not panic over the current downturn in the market, he said. "Following the huge price correction, there are a number of securities which are now attractive for investment," he said.



Police beat a person in front of the DSE building yesterday as investors took to the streets to protest a fall in share prices.

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Bangladesh, known for its ship breaking, is fast becoming a builder of small vessels, as traditional ship building nations are now reluctant to build smaller ones having the capacity of less than 15,000 dead weight tons (DWT).

Japan, China, South Korea and Vietnam, known for building ocean-going ships, are now focusing more on building large ships with the capacity of over 20,000 DWT.

Cost competitiveness, technical know-how, skilled manpower and above all excellent communication skills of Bangladeshi ship builders helped the country to get orders, according to industry people.

They said Bangladesh enjoys the benefit of skilled workforce in building ships as some workers, who have working experience in different foreign countries, already came back to their own country and joined the local industry.

"It's a big achievement. Our main goal now is to maintain quality and ensure timely delivery," the Ananda Shipyard chief told The Daily Star yesterday.

About 300 small and large shipyards are now in operation in Bangladesh, which employed about 1 lakh people.

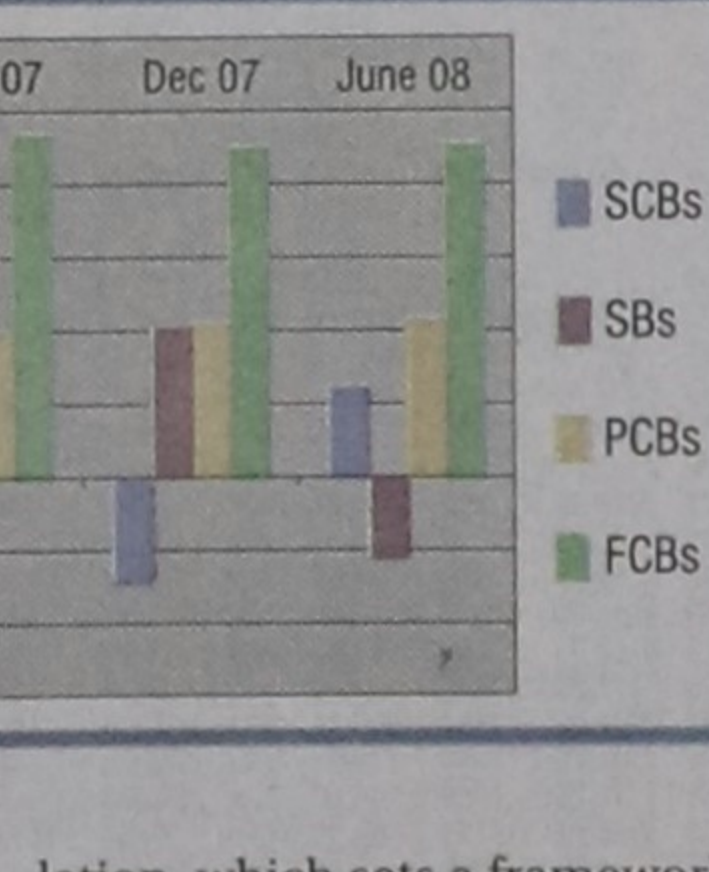
Bank capital against risk rises

STAR BUSINESS REPORT

The risk-weighted capital asset ratio (RWCAR) for banks has increased by 2.1 percentage points in a space of six months, according to central bank statistics.

The RWCAR for all banks rose to 9.5 percent in June 2008 from 7.4 percent in December 2007, mainly driven by three state-owned commercial banks (SCBs) that issued shares in favour of the government on their asset-liability position as on June 30, 2007, Bangladesh Bank (BB) said in its quarterly report.

The capital ratio is the percentage of a bank's capital to its risk-weighted assets. The capital requirement is a bank regu-



lation, which sets a framework on how banks and depository institutions must handle their capital.

The RWCAR is defined as the ratio of capital covering core and supplementary capital to risk-weighted assets of the banks. As per BB requirements, the banks are required to maintain RWCAR at a minimum of 10 percent, with core capital (paid-up capital and statutory reserve) no less than 5 percent.

According to BB regulations on the weight of capital adequacy ratio, cash and government bonds have a zero percent risk weighting, and 20 percent for balances with private financial institutions, bilateral trade and export cred-

its have a 50 percent risk weighting. All other types of assets (loans to private customers) have a 100 percent risk weighting.

RWCAR is the major indicator to gauge the health of the banking sector. An increase in the ratio means gaining higher capacity to weather any systemic shock in the banking sector.

RWCAR remained significantly above the regulatory requirement of 10 percent only for foreign commercial banks (FCBs) and marginally higher for private commercial banks (PCBs).

Still, SCBs lack the regulatory requirement despite a magical improvement in its RWCAR in June. The ratio positive for SCBs rose to 6.3 percent in June 2008 from a negative 7.1 percent in December 2007.

The SCBs showed negative RWCAR for the last few years which turned positive in June 2008 after a memorandum of understanding (MoU) was signed between the three SCBs (Sonali, Janata and Agrani banks) and the government.

Following the MoU, the SCBs issued shares in favour of the government on their asset-liability position as on June 30,

2007. It is considered that the banks have created goodwill equivalent to their accumulated loss as per international financial principles. The goodwill is treated as an intangible asset, which is shown in valuation adjustment accounts of individual banks and would be amortised by profit in a given period.

"We have been given time until 2011 to amortise the liability by making profit," said Syed Abu Naser Bukhtear Ahmed, managing director and chief executive officer of state-owned Agrani Bank Limited.

On the other hand, the specialised banks (SBs) showed positive RWCAR in the previous years, which turned negative in June 2008 since the cumulative losses of Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank are now shown in the negative retained earnings.

The losses were earlier shown as cumulative loss, which did not influence the ratio. The change in the accounting process of SBs has been introduced to ensure consistency with accounting procedures of other banks, according to the BB quarterly report.

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StanChart buys Lehman unit

AFP, London

British-based emerging markets bank Standard Chartered said Monday that it has agreed to buy the Brazilian activities of failed US investment bank Lehman Brothers for an undisclosed amount.

"Standard Chartered announces that its local subsidiary in Brazil has entered into an agreement to acquire a specialist team and some fixed assets from Lehman Brothers Brazil," the British group said in a statement.

The Brazilian assets were worth approximately 4.3 million dollars (3.3 million euros), it said.

The purchase, expected to be completed before the end of November, is subject to regulatory approval.

Standard Chartered, which is focused on Asian, African and the Middle Eastern markets, already has 28 staff in Brazil.

"The transaction adds 14 staff to Standard Chartered's Brazil operations with specific capability in financial markets to support clients from footprint markets in Asia, Africa and the Middle East doing business with Brazil," the bank added.