

## Stocks

DGEN	▲ 0.23%	2,671.06
CSCX	▲ 0.27%	5,357.22

## Asian Markets

MUMBAI	▲ 0.39%	8,813.84
TOKYO	▲ 1.90%	8,051.74
SINGAPORE	▲ 0.25%	1,708.77
SHANGHAI	▲ 1.00%	2,004.95

## Currencies

	Buy Tk	Sell Tk
USD	68.40	69.40
EUR	87.35	92.00
GBP	93.51	98.38
JPY	0.76	0.81

SOURCE: STANDARD CHARTERED

## Commodities

Gold	▲	\$850.25
		(per ounce)

Oil	▲	\$46.02
		(per barrel)

SOURCE: AFP  
(Midday Trade)

## More News

Measures of competitors may hit Bangladesh



The global economic meltdown is shaking the world. Though the crisis originated in developed countries, its adverse impacts started to be felt in economies of many low-income countries. There has been a lot of debate among businessmen, economists about the impact of the meltdown on Bangladesh.

B-4

MCCI stresses competitive exchange rate

The Metropolitan Chamber of Commerce and Industry (MCCI) has suggested that the government should keep the exchange rate stable and competitive to support export growth. MCCI also stressed the need to prioritise distribution of bank credit to agriculture, manufacturing and services sectors and to limit the government's borrowings from the banking system.

B-3

## International

Nokia profit drops 69pc in fourth quarter

The world's top mobile phone maker, Nokia Corp., on Thursday said its profits fell 69 percent in the fourth quarter as the economic downturn slowed handset sales. Net profit was euro576 million (US\$743.62 million), down from euro1.84 billion in the same period in 2007.

B-4

## Contact Us

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# Singapore Airlines cuts Dhaka flights in turmoil

SOHEL PARVEZ

Singapore Airlines (SIA) has cut two of its flights from Dhaka as it is receiving less than expected passengers due to the global economic downturn that forced the leading carrier to suspend more than 200 flights worldwide.

The carrier said it would operate five weekly flights from Dhaka from February 16, instead of the present daily flights. Its Monday and Friday flights will remain suspended until March 27.

Meanwhile, Association of Travel Agents of Bangladesh (ATAB) President MA Muhaimin Saleh expressed concerns over the decline in the air travel ticketing rate, saying that the overall ticketing by travellers has slumped by about 16 percent to about 27.5 lakh in 2008 from about 33 lakh a year ago.

The ATAB president said the overall slowdown, worsened by a drop in new recruitment in the Middle Eastern countries, is likely to affect the local aviation market.

Saleh also attributed the fall in travel for business and leisure to the global economic meltdown and a rise in travel costs after the carriers raised fares to cope with previous oil price rises.

"It's an impact of the global recession," he said. Despite drops in airfare in response to the slump in jet fuel prices, fares remain relatively high. The reduction in fare has not come in line with the drop in jet fuel prices," Saleh added.

The Southeast Asian carrier, Singapore Airlines, cut flights from Dhaka months after Thai Airways, the airline from neighbouring Thailand, had suspended operations from Chittagong and reduced the number of flights from Dhaka due to slowing demand.

Thai Airways, which had earlier revealed a plan to resume flights by February, sought \$974 million in loans from financial institutions in working capital and debt refinancing, after being hit by recent shutdowns of Bangkok airports.

"We are receiving a less than expected volume of passengers from here. The whole global environment is bleak and not only us, but many airlines are also cutting their flights," a senior official of Singapore Airlines in Dhaka told The Daily Star yesterday.

The airline, described for years by analysts as the best-run and most profitable airline in the world, announced the cancellation of more than



200 flights to China, India and Australia in response to falling passenger numbers.

The cut in flights by Thai Airways and Singapore Airlines came at a time when the International Air Transport Association (IATA) feared that the Asia-Pacific carriers will be badly hit with more than doubling of losses, to \$1.1 billion in 2009 from \$500 million this year. These Asia-Pacific carriers account for nearly a third of global passenger traffic and 45 percent of the global cargo market.

In Dhaka, Singapore Airlines is operating as one of the top carriers, banking mainly on business travellers and holidaymakers.

Presently, it is competing with state-run Biman, Best Air and Indian budget carrier Air India Express. The latter is operating from Dhaka to Singapore via Kolkata.

Industry insiders said around 4,000 passengers had earlier travelled to Singapore a month with the carrier attracting businesspeople, medical treatment seekers and tourists.

Officials of the SIA said the cut in flights is a temporary measure.

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# Maker says no control over drug price

STAR BUSINESS REPORT

A leader of the local trade body for medicine manufacturing sector has admitted that pharmaceutical companies have no control over the prices of life saving drugs.

The pharma industry meets 97 percent of the domestic demand.

"There is no law, no monitoring system to control the price," Nazmul Hassan, general secretary of the Bangladesh Association of Pharmaceutical Industries (BAPI), told reporters at the inaugural of 'Asia Pharma Expo 2009' in Dhaka yesterday.

His observation came in response to FBCCI President Annisul Huq's allegation that many drugs are being sold at a price much higher than the rate fixed by makers.

According to Huq, Pathedine is now selling at

Tk 250 whereas its company rate is Tk 19, while Tk 240 is charged for inhaler instead of Tk 100. The chief of the federation for trade body associations added that so many examples can be cited in this regard.

However, Hassan, also the chief executive officer of Beximco Pharmaceuticals Ltd, explained: "We don't take higher price. It is the distribution channels who do it."

He also said: "Drug Administration Department of the government is the right authority to monitor the price, not the companies."



Finance Minister AMA Muhith speaks at the launch of 'Asia Pharma Expo 2009' in Dhaka yesterday.

Finance Minister Abul Maal Abdul Muhith

opened the three-day-long fourth pharma exposition of the Asian companies at the Bangladesh-China Friendship Conference Centre.

Commerce Minister Faruk Khan, BAPI President SM Saifuzzaman, industrialists and BAPI advisers Samson H Chowdhury and Salman F Rahman also spoke on the occasion.

Bangladesh's pharmaceutical industry is one of the fastest growing sectors. In 2008, the total size of the local pharmaceutical market is estimated to be Tk 5,000 crore with

an annual growth rate of about 19 percent, BAPI data show. The local companies exported drugs worth Tk 450 crore to 72 countries last year.

"There is ample scope for further growth of the industry. It can overtake the readymade garment sector in five years provided the government support is ensured," Salman F Rahman said.

He pointed out that the five companies that have already achieved plant approval in foreign countries are yet to make any business because of the Bangladesh Bank restriction on capital account convertibility.

"Even, we face hassles to register

our products in foreign countries because of such restriction," Hassan echoed.

He claimed India is registering many products in other countries for future business.

With the existing capacity, Hassan said, the market size could go up to Tk 25,000 crore from the existing Tk 5,000 crore in a span of five years.

The finance minister asked the drug producers to ensure quality and spend a portion of their income for research work to sustain the competitive market.

"We should be careful in producing and selling medicine as it is a public service-oriented task," Muhith reminded.

Faruk Khan assured the pharmaceutical companies of all cooperation in flourishing the sector.

Some 400 companies from 26 countries are participating in the fair where pharma products, including machinery, bulk drugs, environmental equipment and analytical laboratory supplies, are being displayed.

Asia Pharma Expo is the only common platform for the pharmaceutical and allied suppliers from India, Taiwan, Europe, Korea, Malaysia, Singapore, Indonesia and Japan. Accordingly, the fair becomes a landmark event and meaningful business meeting point to interact with the entire South Asia pharma community, BAPI officials said.

# Japan firm seeks to buy \$600m RMG

REFAYET ULLAH MIRDHA

One of the largest Japanese retail chains, Uniqlo, sought to purchase readymade garment (RMG) products worth more than \$600 million from Bangladesh in 2009, said a top official of the company.

"Uniqlo purchases RMG products worth \$3 billion from different countries a year," said Akhteruzzaman, managing director of Pacific Quality Control Centre Bangladesh Limited, the local quality inspection agent for the company.

Bangladeshi products will take up 20 percent of \$3 billion in the company's total purchases from different countries in 2009.

He said Uniqlo started its liaison office in Dhaka in September last year although the company had previously outsourced RMG products from an operational office.

"Uniqlo is conscious about quality and standards and has operations in 30 countries," Akhteruzzaman said.

Uniqlo started operations in June 1984 and purchases trousers, shirts, cargo pants and knitwear products from Bangladesh and other countries of the world.

Uniqlo has a network of over 750 stores in Japan and is currently looking to boost the brand's appeal through the development of more large-format stores, the official said.

Meanwhile, Bangladesh exported woven items worth \$20.801 million and knitwear items worth \$7.234 million to Japan in fiscal 2007-08, the Export Promotion Bureau data said.

Bangladesh exported RMG products worth \$10.70 billion in fiscal 2007-08 and now aims to export RMG (woven and knitwear) worth \$12.267 billion in fiscal 2008-09.

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# German investor keen to set up \$200m RMG unit

UNB, Dhaka

German Ambassador to Bangladesh Frank Meyke said yesterday an investor of his country is eager to set up a mega-RMG unit in Bangladesh spending \$200 million.

During a meeting with Foreign Minister Dr Dipu Moni at her office, the German envoy said the RMG unit would be able to generate employment for about 10,000 Bangladeshis.

Meyke also handed over a felicitation message from German Foreign Minister Frank Walter Steinmeier to the foreign minister.

They also discussed various issues, including Bangladesh-German trade relations, investment, development and some matters of bilateral, regional and international interests.

The envoy assured the foreign minister of continued German support to Bangladesh's trade, investment and development.

He also informed the Foreign Minister of the forthcoming visit of the German foreign secretary to hold bilateral talks with his Bangladesh counterpart in late January and the visit of German South Asian Parliamentary (Friendship) Group in the second half of February 2009.

Dipu Moni expressed satisfaction at the current level of trade with Germany, (an export of more than US\$ 2 billion in 2007-2008) and requested for more foreign investment from Germany, sought continued support for Bangladesh's development efforts and German scholarship and study opportunities for Bangladeshi students.

The discussion also covered some important issues, including cooperation in the field of renewable energy in which Germany has long experience and keenness to assist Bangladesh.

**Berlin assures Dhaka of continued German support to Bangladesh's trade, investment and development**

# Bangladesh fares well as exports slip in Asia

THE NEW YORK TIMES

KARAWANG, Indonesia -- At a three-story factory here that used to make television remote controls, most of the fluorescent lights have been turned off. The hallways are nearly silent, and three-quarters of the workers have been laid off.

A pencil factory down the road closed last September, laying off 100 workers. Another nearby factory that turned out carved and painted wooden window frames shut down and laid off 800 workers. And two Toyota factories, one here in Karawang and another in a nearby city, have not renewed the contracts of 277 temporary workers.

"In our 11 years here, this is the worst situation with so many layoffs not even in 1998 was it this bad," said Abraham Saute, the manager of the TV remote factory, comparing today with the Asian financial crisis in 1997 and 1998. "The problem now is we don't know where to go, and we don't know how long it will last."

On Thursday, Japan said exports fell 35 percent in December from a year earlier as the crisis hurt its main markets. China and Japan draw the most attention, but the global slump in manufac-

turing is spreading across Asia.

Industrial production is dropping in South Korea at the fastest pace since record keeping began in 1975. Taiwanese exports dived 40 percent in December compared with a year earlier. And ports from Indonesia to Thailand are handling ever fewer shipping containers.

During the last crisis, investors took their money out of country after country. Asian leaders thought they had found a solution: increases in exports to the West, particularly of electronics. But that dependence on exports fed this crisis. Now American and European buyers are pulling their import orders from country after country. And while governments have short-term economic stimulus plans, long-term answers seem more elusive.

Hard times in factory towns are especially troubling in Asia, where countries depend on manufacturing for a far greater share of economic output than Western countries do, as much as 40 percent in the case of China and other big exporters.

That is triple the current 13 percent in the United States, and much higher even than the American peak of 28 percent in 1953.

While all of Asia is suffering, some



Workers make clothes at a garment factory in Dhaka. Bangladesh's exports dominated by the sale of low-cost garments to mass-market retailers like Wal-Mart have fared well.

economies are feeling the effects of the global downturn less than others.

Many of these countries are latecomers to the world market. They have even lower wages than China and were just starting to benefit from the arrival of businesses seeking to avoid increases in wages and other costs in China from

2003 through last summer.

For example, Bangladesh's exports are dominated by the sale of low-cost garments to mass-market retailers like Wal-Mart that have fared well as consumers have begun shifting toward thrifter purchases. Garment workers in Bangladesh still earn \$40 to \$50 a month,

barely half the minimum wage in export-oriented coastal cities in China.

Economic difficulties in the West "will have an impact on Bangladesh in terms of our growth rate, but I'm not concerned it will eat into our share" of the global garment market, said Mustafizur Rahman, the executive director of the Centre for Policy Dialogue, a nonpartisan research group in Dhaka that specialises in trade and other economic issues.

The numbers bear that out. While overall American imports dropped 12 percent in November compared with a year earlier, imports rose from Bangladesh and from Vietnam. Each country shipped more knit apparel to the United States, and Vietnam also shipped more furniture.

Few countries were hit harder in the Asian financial crisis than Indonesia. Much of the banking system collapsed, economic output plunged, riots ensued and the government fell.

But Indonesia is often described as one of the less vulnerable countries in Asia, because its insular economy relies less on trade than other countries in the region. Indonesia has long had a domestic market big enough to sustain large industries without the need for foreign markets.