

Stocks

DGEN ▼ 0.10%
3,306.12

CSCX ▼ 2.58%
7,207.31

Asian Markets

MUMBAI Closed

TOKYO ▼ 0.21%
10,236.51

SINGAPORE ▲ 0.13%
2,711.70

SHANGHAI ▲ 2.07%
3,038.27

Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	99.88	105.15
GBP	109.79	115.25
JPY	0.74	0.80

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▲
\$1,055.00
(per ounce)

Oil ▲
\$78.77
(per barrel)

SOURCE: AFP

(Midday Trade)

News in Brief

Bernanke warns against trade imbalances

AFP, Washington

The United States and Asia should work to avoid "unsustainable" imbalances in trade and capital flows that can destabilize the global financial system, Federal Reserve chairman Ben Bernanke said Monday.

Bernanke, speaking at a California conference on Asia and the global financial crisis, said the United States needs to save more and most Asian economies need to boost effort to spur consumption to achieve a better balance.

The Fed chief said Asia's economies are emerging from the crisis but may be too dependent on exports.

Crisis hurting Europe's middle class: Red Cross

AFP, Geneva

The economic crisis has taken a toll not just on the most vulnerable across Europe and central Asia, but also the middle classes, the Red Cross said Monday, warning that the next months would be "especially difficult."

"The middle classes are also struggling and several Red Cross societies in the European Union have reported an increase in the number of requests for assistance in cash," said the International Federation of Red Cross and Red Crescent Societies.

Contact Us

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

Tifa debate to linger

STAR BUSINESS REPORT

Bangladesh will continue discussions over signing a Trade and Investment Framework Agreement (Tifa) with the US, as three issues are yet to be resolved, said Commerce Minister Faruk Khan yesterday. Khan said three major issues -- labour, intellectual property rights (IPR) and environmental concerns -- were not ironed out yet.

"The main Bangladeshi export item to the US is readymade garment. But there is no guarantee in Tifa about duty-free access of our RMG to the American market," he said. As an LDC (least developed country), Bangladesh is entitled to some benefits from the WTO, which the Tifa draft has not taken into account. It focused more on service-related business than trade of products.

Bangladesh has been suffering because of climate change and global recession, Khan told reporters after a meeting with Assistant US Trade Representative for South Asia Michael J Delaney at the commerce ministry.

"We have discussed Tifa. I told the US trade representative that there is no child labour in Bangladesh. We have some

observations about Tifa in labour, intellectual property rights and environmental issues," Khan said.

On trade unionism, part of the Tifa debate, the minister said the government has allowed trade unionism at factories and formation of workers' welfare committees at factory level.

Bangladesh and the US have been discussing Tifa for more than seven years now. The draft went through some changes over time and ran into a lingering debate over Tifa's insistence on intellectual property rights.

The US thinks American companies are suffering in business in absence of proper implementation of IPR.

Bangladesh will enjoy benefits until 2016 under the IPR rules of the WTO.

Talking to reporters, Delaney said: "We have a lot of experiences about Tifa. It will be extremely useful for Bangladesh."

It is a hypothetical concern that Bangladesh will be hurt if it signs a Tifa with the US, Delaney said. "Tifa will help strengthen bilateral trade relationship."

On the duty- and quota-free access, he said it is linked to the Doha Round of the WTO.

"We understand the importance of apparel items of Bangladesh, but getting such access to US market depends on further discussions," Delaney said.



Bicycle tyres reach foreign markets

SAJJADUR RAHMAN

A local company has made a foray into the international tyre market by earning Tk 35 crore in exports in a year.

Meghna Rubber Industries, a concern of Meghna Group, began exporting tyres in August 2008. The biggest slice of the company's exports was destined to European countries, with other major export markets being Brazil and Taiwan.

"An interesting aspect of tyre exports is value addition. We use locally produced rubber, the main component of tyres," said Mizanur Rahman, chairman of the group.

Rahman said earnings from tyre exports could reach Tk 500 crore annually in future, if the government comes forward with helping hands. "Government incentives will give us some

advantage over our competitors."

The global bicycle tyre industry is worth several billions of dollars. Only Europe consumes 3 crore bicycles annually. Additionally, bicycle tyres need to be replaced at least twice a year, according to industry people.

Meghna Rubber Industries is going to double its capacity from the present 20,000 tyres a day by this year, to meet growing export demand, said MA Halim Khan, executive director of the group.

"We have already geared production," Khan said.

Meghna Group is also the leading manufacturer and exporter of bicycles in the country.

The export potential of bicycle tyres has cushioned local rubber manufacturers, who were previously facing slack demand for rubber.

Currently, the country is capable of

producing about 30,000 tonnes of rubber a year, but some 10,000 tonnes are currently being produced a year because of limited market demand.

"We consume about 150 tonnes of rubber a month to produce bicycle tyres," Khan said. "It could be doubled in one year."

Motahar Billah Chowdhury, vice president of Bangladesh Rubber Garden Owners Association, said, "we are getting better prices for rubber now than two years ago because of increased use of the item by tyre manufacturers."

"Both the demand and price of local rubber is rising," said Chowdhury.

However, rubber producers are still getting lower prices for their produce than in India and Malaysia, the two closest markets. "We get only \$1.5 for a kilogram of rubber, which costs \$2.17 in India."

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Prime Bank mutual fund debuts by Dec

Regulator fines two investors, DSE turnover reaches a new high

STAR BUSINESS REPORT



A Tk 100 crore closed-end mutual fund, sponsored by Prime Bank, will hit the market by December, as the regulator approved it yesterday.

The Securities and Exchange Commission gave the green light to the fund, "Prime Bank 1st ICB Mutual Fund" at a meeting, presided over by the commission's Chairman Ziaul Haque

Khondker.

"We are hopeful of debuting the fund on the stock exchanges by December," said Sheikh Mortuza Ahmed, head of Prime Bank's merchant banking division.

Of Tk 100 crore, Prime Bank subscribed 20 percent, or Tk 20 crore, as sponsor. Of the rest of the 10-yearly fund, 40 percent, or Tk 40 crore, has been kept for pre-IPO placement and initial public offering each.

The bank has completed the allocation of the pre-IPO placement early this month.

At yesterday's meeting, the SEC also approved another Tk 75 crore mutual fund titled "ICB Employees Provident Fund One", the maiden mutual fund floated by the provident fund of Investment Corporation of Bangladesh (ICB).

The sponsor subscribed Tk 7.50 crore,

while Tk 15 crore was allocated for pre-IPO placement and Tk 52.50 crore for IPO.

TWO INVESTORS FINED

The market watchdog fined Ali Zaman and Fazlul Kabir -- both investors -- Tk 2 lakh each on charges of spreading rumour and making financial windfalls through price manipulation.

An SEC investigation found that the two investors had spread a rumour that Maq Enterprise, a Z-category company, would be put under BMRE (balancing, modernisation, renovation and expansion). The investors had quoted Anwarul Kabir Bhuiyan, executive director of SEC, as telling reporters about the BMRE plan, to back up his claim, according to investigation findings.

The SEC did not find any such BMRE plan by Maq Enterprise.

Ali Zaman and Fazlul Kabir will have

to deposit the fines to the commission in 15 days.

ARAFAT SECURITIES

The SEC also suspended trading of Arafat Securities, a brokerage house, for one month for violating securities rules.

The suspension came following some allegations, including short selling, which is not allowed in Bangladesh capital market.

Short selling is the sale of securities that are not owned by the seller.

In another development, the SEC gave consent to the company to raise its paid-up capital to Tk 13.77 crore from Tk 1.50 crore by issuing 12,27,504 ordinary shares of Tk 100 each at Tk 240.38 per share.

The new shares will be issued to the company's lenders -- Pacific Industries Limited, Pacific Traders Limited, Pacific Motors Limited and Morshed Khan or

their assignees or the assignee's nominees -- for repayment of outstanding loans.

DSE TURNOVER HITS NEW HIGH

Single-day turnover on the premier bourse reached a new high of Tk 1,216 crore yesterday, surpassing the previous record of Tk 1,201 crore on October 14.

The stocks however finished marginally lower on speculation that the market regulator was going to take some measures to cool down the rising market.

The benchmark index of Dhaka Stock Exchange, DSE General Index, declined 3.39 points, or 0.1 percent, to 3,306.12. The broader DSE All Share Price Index fell 2.87 points, or 0.1 percent, to 2,772.35.

Losers beat advancers 138 to 101 with two securities remaining unchanged. A total of 7,50,20,666 shares and mutual fund units traded on the prime bourse.

Feather export fails to duck crisis

KAWSAR KHAN

Exports of duck feather, a non-traditional forex earner, have declined sharply in recent times mainly because of the global financial crisis, leaving many feather suppliers and collectors in rural settings at bay.

Sector people said a sharp fall in price of the item in international market has made local duck feather less competitive compared to those supplied by China, the largest contributor to the global market.

"Now we sell each kilogramme of feather at around \$2.5, while it was over \$5 before the crisis began," said JH Shakil, director of Alliance Feather Products Ltd, a concern of Anamica Corporation and the biggest feather exporter of the country.

Some small exporters have already stopped production, while others were forced to reduce shipments.

According to Export Promotion Bureau (EPB) statistics, the country exported duck chest feather worth Tk 20 million

in fiscal year 2008-09. The amount was Tk 56.2 million in FY2007-08.

Destinations of the item are such rich markets as the US, Europe, Canada and Japan. Products made of the feather include winter clothes, blanket, pillow and shuttlecock.

As products made of duck feather are comparatively costlier, the financial meltdown has reduced its demand and price in the world market, said the exporters.

Earnings from the item are not significant, but the importance lies in the fact that it is a hundred-percent locally value-added product. And at the same time the product creates huge jobs in rural areas and also mobilises money there directly.

Abdus Salam, owner of Naogaon-based Nahid Feather, said over 5,000 people work at his factory, while the director of Alliance Feather said around 30,000 people supply them feather.

"Now people are losing interest in collecting feather anymore as they don't get more than Tk 40 for each kilogramme, but

KEY FACTS



Duck chest feather is a non-traditional export item

Prices have come down sharply in recent times due to a slump in global economy

Collection of duck feather involves a large number of people

Duck feather export declines to Tk 20 million in fiscal 2008-09 from Tk 56.2 million in fiscal 2007-08

Buyers of duck feather products are mainly from the US, EU, Japan, and Canada

Products made from duck feather include winter clothes, blanket, pillow, toy, and shuttlecock

we had bought each kg at around Tk 100 in the past," Salam added.

The process of collecting duck feather, which is considered garbage, is simple. The exporters assign agents to organise people who collect feathers going from

door to door.

Feathers are generally thrown away after dressing ducks for consumption.

Nahid Feather collects each kilogramme of feather at around Tk 50 from the agents, while the agents buy it from field-level collectors at Tk 40-Tk 45. The company exports 5-6 tonnes of feather every month from Mongla port.

"Demand for duck feather is huge in the global market but we cannot supply enough for a shortage in local supply," said Taufiqur Rahman, manager (Marketing) of Anamica Corporation.

He said in China there are a lot of duck farms from where feather is collected in bulk, but in Bangladesh such farms are scanty.

"We attempted several times to promote duck farms, but in vain," Rahman added.

The main hurdle to duck cultivation in Bangladesh is a dearth in duckling supply, he said.

Despite being a non-traditional export item, duck feather does not get any cash incentive from the government, which could boost its export, the sector people said.

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HSBC to host NRB night in Dubai

STAR BUSINESS REPORT

HSBC Bangladesh will organise a 'non-resident Bangladesh (NRB) night' in Dubai next month to attract more remittance through its banking channel, officials said yesterday.

The bank is expected to gather 1,500 NRBS at the function to be held on November 14, Shafquat Hossain, personal financial services head of HSBC, told reporters at the bank headquarters in Dhaka.

HSBC

"We will highlight our service propositions at the gathering," Hossain said. He said the three highest remitters, who use HSBC as their channel, will also be awarded.

Towfiqul Alam Chowdhury, manager of NRB services, and Mustafizur R Khan, head of marketing and communications, also spoke.

They said the initiative would help build a sustainable relationship with the NRBS.

HSBC will also launch a remittance campaign from October 25, 2009, to January 31, 2010.

Bangladesh is the world's 7th largest destination for remittance and the 4th largest in Asia, with over \$9 billion in income last year. Saudi Arab is the single largest source of inward remittances.

Padma Bridge bond awaits review today

REJAUL KARIM BYRON

The proposals on fund mobilisation from internal sources, including releasing Tk 4200 crore bond, for Padma Bridge construction will be placed at the cabinet body meeting today.

Of the estimated cost of around \$2.39 billion, development partners have so far pledged \$1.17 billion fund for the bridge, the target of which completion is 2013, according to the communications ministry.

The committee on economic affairs will review the three proposals with regard to the bond to meet the fund deficit internally, which include among others offloading shares on the basis of 51:49 public-private partnership.

Another proposal is issuance of bond for a four-year term with a target of collecting Tk 1500 crore in the first year, Tk 1000 crore in the second year, Tk 1000 crore in the third year and Tk 700 crore in the fourth and last year.

The other proposal is to issue a five-year term bond with a goal to collect Tk 500 crore each in first and the fifth years and Tk 1000 crore in each of the second, third and fourth years. The rest Tk 200 crore may be collected through issuing securities on toll collection at Bangabandhu Bridge.

Among the lenders, World Bank pledged \$460 million, Asian Development Bank \$300 million, Japan International Cooperation Agency (JICA) \$200 million, Islamic Development Bank \$130 million, Abu Dhabi Fund \$31.40 million and JDCF \$43.48 million.

The government will provide \$631 million through budgetary allocation in the next few years to purchase land for the bridge site. Of this amount, \$148 million has already been allocated in a period from fiscal 2008-09 to the current fiscal.

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