



Stocks	
DGEN	0.82% 3,392.02
CSCX	0.83% 7,354.11

Currencies	
Buy Tk	Sell Tk
USD	68.60 69.60
EUR	99.71 104.99
GBP	110.25 115.72
JPY	0.73 0.79

SOURCE: STANDARD CHARTERED BANK

Commodities	
 Gold	\$1,040.00 (per ounce)
 Oil	\$78.11 (per barrel)

SOURCE: AFP (As of Friday)

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News in Brief

Better Business Forum to be restructured, says Muhith

UNB, Dhaka

Finance Minister AMA Muhith said yesterday the Better Business Forum (BBF) would be restructured and strengthened.

"As the Regularity Reforms Commission (RRC) does not exist anymore, we decided to strengthen BBE," the minister.

Muhith said this after a meeting with Rachel Kyte, vice-president of Business Advisory Service of the International Finance Corporation (IFC), at his office.

The minister said the government wants to continue the reform initiatives, which had been taken up by the RRC.

He said the government would form a taskforce to scrutinise the suggestions received from the BBF.

About the issues discussed with the IFC vice-president, Muhith said he urged the IFC to provide assistance to set up a special economic zone.

The minister said he also asked the IFC to enhance assistance in social sectors apart from their existing assistance in communication and energy sectors.

After the meeting, Kyte said they had discussed ways to promote SMEs, provide quality jobs, public-private partnership and private investment in energy and health sectors.

They also discussed the future bond market.

Gulf single currency may face delay

AFP, Kuwait City

Gulf states plan to launch their monetary council, a precursor for a joint central bank, in 2010 but the planned single currency may be delayed, the Saudi central bank chief said on Sunday.

"The (Gulf) monetary council will be established in 2010. It will be entrusted to complete other procedures," Mohammad al-Jasser, head of the Saudi Arabian Monetary Agency (SAMA), told reporters in Kuwait.



A DAY OF DELIGHT

It was a day with a difference -- full of delight and festivity for garment workers. Galleries of Bir Shreshtha Shaheed Sipahi Mohammad Mostafa Kamal Stadium wore a colourful look yesterday, as about 15,000 people gathered at the Batekho Garment Workers Fair 2009, organised by Bangladesh Garment Manufacturers and Exporters Association. The stadium came alive with the workers dancing to the rhythm of songs. The day came as a sharp contrast to Saturday's RMG unrest in Tongi.

CPA control over dockworkers irks port users

ABDULLAH AL MAHMUD, Ctg

A plan to put dockworkers under the control of Chittagong Port Authority (CPA) has triggered resentment among port users and worker organisations.

The leaders of 10 worker organisations under the Dock Bandar Sramik Karmachari Federation reached a consensus at a meeting with the shipping minister and the state minister for labour in Dhaka on October 26.

As part of the plan, CPA will appoint, control and give workers bookings in rotation through CPA's own booking centre to be formed in line with the dissolved Dock Workers Management Board (DWMB).

The board was dissolved after the January 11, 2007 changeover, and workers were put under the control of berth operators as part of a reform plan.

With a new government coming to power, worker organisations, backed by both the ruling party and the opposition, began a state of agitation, demanding a revival of the board and reinstatement of the workers who lost their jobs.

But the Port Users Forum, an association of 12 organisations, has criticised the shipping minister for holding meetings with workers by ignoring all others and taking a 'unilateral' decision on worker management.

Port users urged the prime minister to intervene, as they fear it will create scope for workers appointed by CPA to frequently keep the port under siege, as they did before.

They also said they did not have any enmity with the workers. They complained that the minister held meetings only with the workers' organisations in

Dhaka and during his visits to Chittagong. At a meeting on Saturday, they called for an opportunity to have a voice in port management.

Port Users Forum Chairman and Chittagong Chamber President MA Latif MP presided over the meeting where BGMEA 1st Vice-President Nasir Uddin Chowdhury, Chamber Senior Vice-president MA Salam, Bangladesh Steamer Agents Association (BSAA) Chairman Ahsanul Haq Chowdhury, C&F Association Chairman AKM Akter Hossain and BMSA Senior Vice-chairman Sarwar Hossain Sagor were also present.

"The understanding was that a committee formed by CPA will submit a report after examining the cases of sacked dockworkers, stevedoring staff, merchant and hedge workers," said Golam Mohammad Chowdhury, presi-

dent of Dock Bandar Sramik Karmachari Federation, after the October 26 meeting between worker leaders and the labour ministry.

Shipping Minister Shajahan Khan was present at the meeting, which was chaired by State Minister for Labour and Employment Begum Munnujan Sufian.

"An arrangement will be made to appoint the physically fit workers and staff gradually."

"The proposed booking centre will be on the CPA land and controlled by CPA," he said. An understanding was reached on opening a dormitory and a hospital and reintroducing welfare facilities for workers, he added.

But Fazley Ekram Chowdhury, convener of Shore-handling and Berth Operators Association, said: "The understanding cannot be accepted as it was reached with the workers and

employees, in the absence of employers."

"If we are forced to engage an unnecessary number of workers and staffers, as in the past, we will have to stop work and leave the port," he said.

BSAA Chairman Ahsanul Haq Chowdhury said: "I think putting the workers and staff under CPA means going back to the past."

"During reforms, the size of a group was determined by considering the actual number of workers for any number of workers. There was a control over workers under berth operators," he said.

"But control may be lost if they are put under CPA again," the BSAA chairman observed.

"I think decisions in this regard can be taken after discussions with all concerned and port users," he said, also a co-chairman of Port Users Forum.

Japan widens scope for apparel makers: CPD

STAR BUSINESS REPORT

Opportunities have widened for local apparel makers, as the third largest garment importer, Japan, is going to look beyond China and diversify outsourcing to other nations, the Centre for Policy Dialogue said in a study yesterday.

Much of the potential remained untapped because of various factors, such as strict Rules of Origin (RoO) criteria in Japan and lack of marketing campaigns.

Japan's insistence on product quality, emphasis on compliance and language barriers were disincentives to local garment makers in finding a niche in the more than \$24 billion Japanese apparel market where Bangladesh exported apparels worth only \$74 million in fiscal 2008-09, discussants said.

They however said initiatives, including relaxation of RoO criteria by the Japan government, strengthening of economic diplomacy and marketing campaigns by entrepreneurs, can help Bangladesh fetch as high as \$2 billion from apparel exports to Japan in the next few years.

"A new avenue for garment exports to Japan has opened up. We hope to bag \$2 billion in earnings by exporting apparels to Japan. The RoO will not be a big problem between us," said Commerce Minister Faruk Khan, emerging from the dialogue.

CPD organised the discussion -- In Search of New Markets: New products Bangladesh Apparel Export to Japan -- at the CIRDAP auditorium, where Former Commerce Minister Amir Khosru Mahmud Chowdhury urged Japan to relax the RoO criteria for Bangladesh under the Aid for Trade perspective of WTO.

Japan Ambassador Tamotsu Shinotsuka said his embassy communicated the RoO problem with Tokyo to seek a solution.

Member of CPD Board of Trustees M Syeduzzaman chaired the discussion.

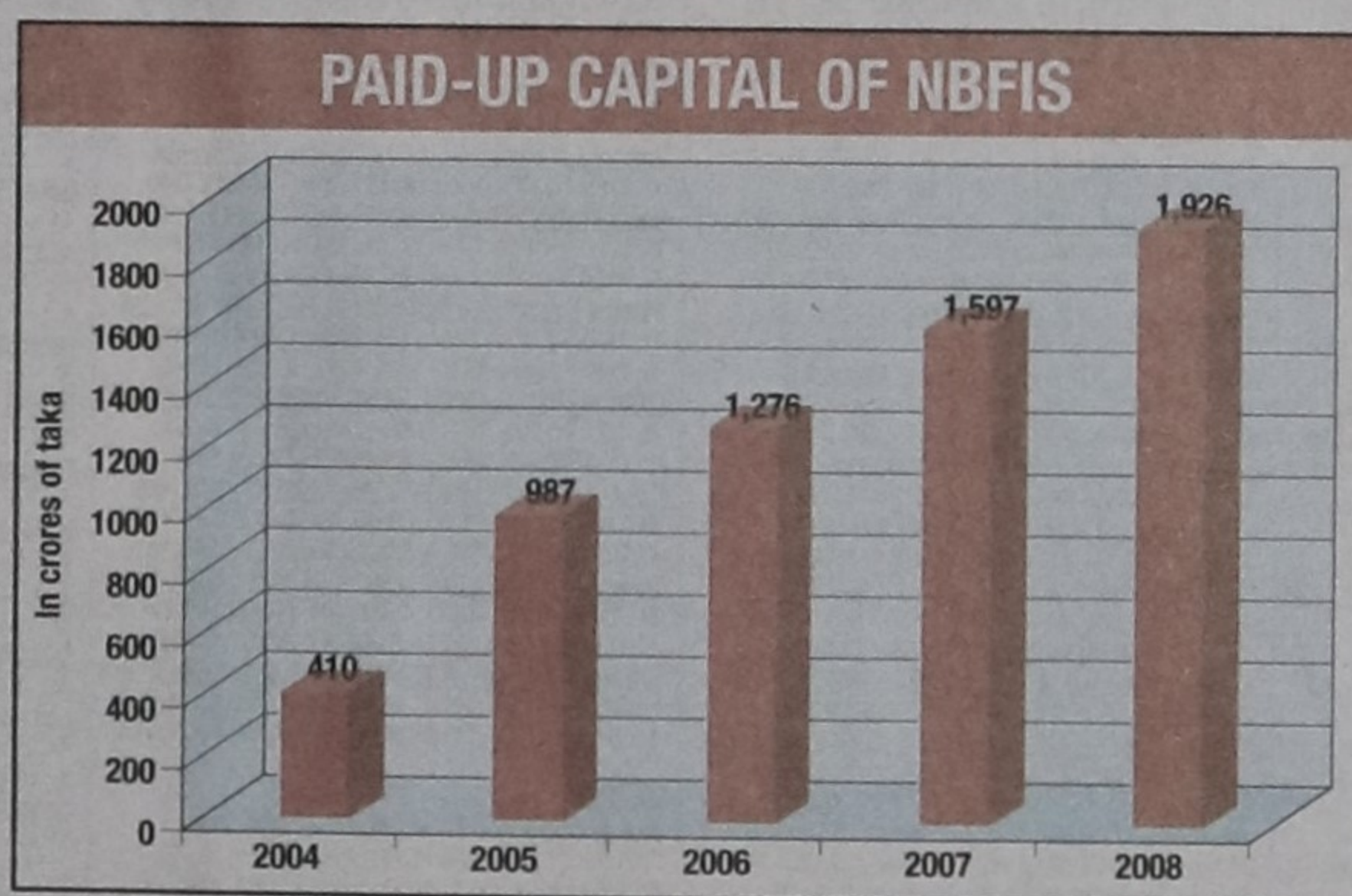
The private research body arranged the discussion, as export destinations, especially for local apparel makers, are limited, mainly to the European Union and United States.

However, unlike other developed economies, Bangladesh's export to Japan remains low with total export earnings from the nation standing at \$202 million in fiscal 2009, even though Bangladesh, being a least developed country (LDC), enjoys duty free and quota free facility for 98.6 percent of its products under the WTO.

But Japan's initiatives to support LDCs in terms of duty free market access is likely to be less effective, said CPD Senior Research Fellow Khondaker Golam Moazzem in his study, citing Japan's economic partnership agreements with other countries, including apparel makers Vietnam and Thailand.

He said Japanese buyers outsourced majority of its apparel from China but rising wage rates and currency appreciation in Asia's second biggest economy now erodes competitiveness, leading Japanese buyers to take initiatives known as China Plus one.

Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association, said relaxation of the RoO would help them enhance apparel exports.



NBFIs urged to go public

SAJJADUR RAHMAN

The central bank prefers that finance and leasing companies raise capital through initial public offerings (IPOs) instead of other high-cost sources of funding.

Finance and leasing companies, also known as non-bank financial institutions (NBFIs), now are in an obligation to double their capital from existing Tk 25 crore by December next year.

"Shareholders' equity constitutes only 23.5 percent of total liabilities of NBFIs, revealing wide scope for the institutions to raise capital through IPOs rather than other high-cost funding," a senior central bank official said.

The Bangladesh Bank in September sought the finance ministry's approval for raising the paid-up capital of the NBFIs to Tk 50 crore from the existing Tk 25 crore. The central bank has taken the move to help consolidate the capital base of the country's NBFIs in line with the Basel-II framework, which would come into effect from 2010.

However, chairman of Bangladesh Leasing and Finance Companies Association said 17 out of 29 NBFIs operating in the country have already raised their capital base to Tk 50 crore.

"There will be no major problem for any company to increase its capital as per the directive of the central bank," said Mafizuddin Sarker, chairman of the association and managing director of LankaBangla Finance Ltd.

He said issuing right shares and repeat IPO are the major options for raising capital. He also hoped that the Bangladesh Bank will allow them to increase the capital in phases.

The central bank in June 2003 raised the minimum ceiling of capital for NBFIs to Tk 25 crore from the previous Tk 10 crore to make those operationally sound.

Twenty-nine NBFIs are now operating in Bangladesh. Of these institutions, one is state-owned, 15 are local (private) and the rest 13 are established under joint venture with foreign participation. Currently 17 NBFIs are listed with the stock exchanges. The total amount of loan and lease of these institutions was nearly Tk 10, 000 crore as on December 31, 2008.

The central bank has already ordered the country's 48 commercial banks to raise their paid-up capital to Tk 400 crore by next year as part of adopting Basel II accord.

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Largest mutual fund debuts by December

STAR BUSINESS REPORT

A closed-end mutual fund, the largest in the history of Bangladesh's capital market and sponsored by Trust Bank, will make a debut by December, as it received the green light from the regulator yesterday.

The Securities and Exchange Commission (SEC) approved the 10-yearly fund worth Tk 200 crore -- Trust Bank 1st Mutual Fund -- at a meeting chaired by SEC Chairman Ziaul Haque Khondker.

The market regulator also gave consent to another Tk 100 crore closed-end mutual fund, sponsored by Delta Brac Housing (DBH), which will hit the market in January next year.

"We are working hard to launch the fund on the stock exchanges for trading by December," said a senior official of the merchant banking division of Trust Bank.

Of the Tk 200 crore fund, Trust Bank subscribed to Tk 40 crore as sponsor. Of the remaining Tk 160 crore, Tk 120 crore has been raised through pre-IPO or private placement, while Tk 40 crore has been kept for initial public offering (IPO).

A mutual fund, considered a moderately risk-free investment tool, is a professionally managed collective investment scheme that pools money from many investors and invests in stocks, bonds and short-term money market instruments.

Meanwhile, a high official of LR Global Bangladesh, the asset manager for the DBH First Mutual Fund, said: "We are hopeful that the fund will debut on the stock exchanges in January next year."

Of Tk 120 crore fund, DBH subscribed to Tk 20 crore as sponsor. The remaining Tk 60 crore has been raised through pre-IPO placement, while Tk 40 has been kept for IPO.

DBH completed allocation of the pre-IPO placement early last month.

As of August this year, 18 mutual funds listed on the DSE that accounts for 5.8 percent of total market capitalisation.



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