

Stocks	
DGEN	0.04% 4,149.82
CSCX	0.84% 7,505.62

Asian Markets	
MUMBAI	0.11% 17,050.65
TOKYO	0.63% 9,729.93
SINGAPORE	0.68% 2,764.95
SHANGHAI	0.24% 3,282.89

Currencies		
	Buy Tk	Sell Tk
 USD	68.50	69.50
 EUR	100.88	105.82
 GBP	113.22	118.73
 JPY	0.75	0.81

SOURCE: STANDARD CHARTERED BANK

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Commodities	
Gold	\$1,134.80 (per ounce)
Oil	\$78.52 (per barrel)

SOURCE: AFP

Contact Us

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

EBL gives forex loans to Biman

Offshore banking scope saves Tk 40cr

SAJADUR RAHMAN

An amount of Tk 40 crore will be saved from the purchase of aircraft for Biman Bangladesh Airlines, the national flag carrier, as it has moved to borrow funds in foreign currencies from a local bank, a monopoly that foreign banks had enjoyed previously.

Eastern Bank Limited (EBL) has recently won a bidding to finance Biman \$117 million, beating Citibank, a foreign bank.

"Some Tk 40 crore (\$7 million) will be saved from the deal with EBL instead of a foreign bank," Muhammad Zakirul Islam, Biman's managing director told The Daily Star yesterday. Islam also found it much easier to deal with a local bank.

Both bank and Biman officials said savings would come from the lower interest rates and 'no price' for the country risk offered by the local bank.

"When a foreign bank lends in foreign currency it puts 2-3 percent of the loan for pricing country risk, which is not applicable for us," said Mohammad Abdul Wadud, head of structured finance unit of EBL.

Interest rates for the loan will be LIBOR (London Inter-bank Offered Rate) plus 4 percent, Wadud said. "So the aggregate rate will be around 4.5 percent," he added.

The central bank's recent lifting of restrictions on offshore banking or foreign currency loans for local banks has drawn a curtain on the monopoly foreign banks enjoyed earlier in case of such banking outside the country's export processing zones (EPZ). Merely foreign firms in the EPZ were entitled to forex loans before the central bank removes such a limitation.

"A Bangladeshi bank has made this type of deal for the first time in history. Earlier, it was done solely by foreign banks," Ali Reza Iftekher, managing director and chief executive officer of EBL told The Daily Star.

Giving all credit to Bangladesh Bank, he said: "It has helped a lot. It has agreed to use its foreign exchange reserve for national interests."

EBL will borrow foreign currency from Bangladesh Bank and lend it to Biman. The CEO said he is getting lot of interests from all local banks to be a part of the syndication.

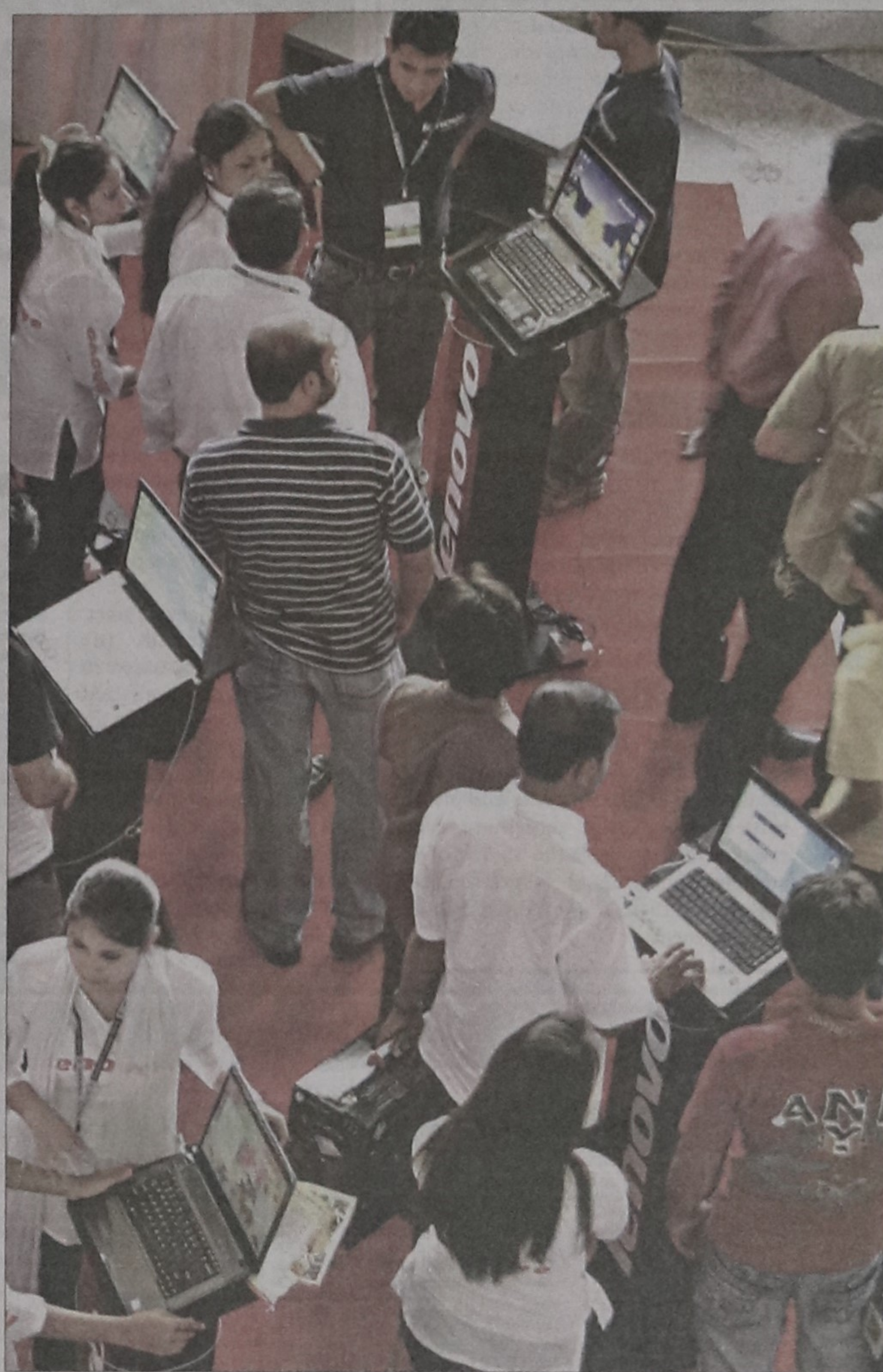
Welcoming the deal, K Mahmood Sattar, managing director of The City Bank, said winning this offshore banking scope outside EPZ by a local bank is a very good sign for the banking industry.

Sattar, also the chairman of the Association of Bankers Bangladesh, thanked the BB for its decision.

Currently, there are nearly a dozen of local and foreign banks providing offshore banking services to investors and businessmen in EPZ and all its transactions are in foreign currencies, mainly in US dollar.

Biman operates with a fleet of nine aircraft, including Airbus A310-300, Fokker F28 Mk4000 and McDonnell Douglas DC-10-30. Officials said the loan for purchasing more carriers would strengthen the national flag carrier.

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Visitors flock to the BCS ICT World, a fair that started in Dhaka yesterday to showcase the latest digital technology. (Story on B3)

Dhaka sets WTO agenda

STAR BUSINESS REPORT

Bangladesh has fixed recovery from the global recession, duty- and quota-free market access and services sector as agenda for the World Trade Organisation (WTO) meeting in Geneva.

Also, Bangladesh will demand benefit from the developed world as a "disproportionately affected country".

Commerce Minister Faruk Khan will lead a 17-member negotiation team on November 28 with Bangladesh's position paper, said Amitava Chakraborty, director general of the WTO Cell, a wing under the commerce ministry, at a post-meeting press conference.

Amitava also said leaders of the participating countries will mainly discuss the global recession. "Since Bangladesh has also been affected by recession, it will be on our agenda."

Moreover, Bangladesh will again push for free market access to the advanced countries, especially the US, in the seventh WTO Ministerial Meeting in Geneva to be held from November 30 to December 2.

The last WTO Ministerial Meeting was held in Hong Kong in 2005.

At the negotiation table, Bangladesh will demand benefit as a "disproportionately affected country" from the developed countries and smooth exports of human resources under WTO's MODE-4, or free movement of natural persons to the developed world.

The theme of this year's ministerial meeting is 'The WTO Ministerial Meeting, Trading System and the Current Financial Environment'.

Dhaka targets rise in investment, trade with Turkey, UAE

REJAUL KARIM BYRON

Investments in Bangladesh's energy and communications sectors will top the agenda of the upcoming meetings with Turkey and the United Arab Emirates separately.

In the Joint Economic Commission (JEC) meeting with Ankara, due on November 18-19, Bangladesh is going to propose these investments under public-private partnership (PPP).

A delegation, led by Finance Minister AMA Muhith, that left Dhaka yesterday for the Turkish capital will attend the JEC meet to be held after a long gap.

The last JEC meeting with Turkey was held in 1992.

Besides, the JEC meeting with the rich Gulf country, also a long overdue as the last one was held in 1991, will take place in Dubai on November 21-22.

Mainly migration of workers and exports of new products including medicine and jute goods will come up for discussion in the Dubai meet.

Official sources say a bilateral framework for Turkey's investment in

Bangladesh has also been prepared for placing before the Ankara meet.

The obstacles in the way of bilateral trade with Turkey will also be reviewed.

Bangladesh will propose that the UAE hire more workers. Enhancing trade between the two countries is another goal of the delegation attending Bangladesh-UAE economic talks.

About 10 lakh Bangladeshis now live in the UAE. However, the recent global recession has led to a drop in manpower exports.

Dhaka will also propose formation of a joint committee to make the MoU, inked between the two countries in 2007, more effective.

Bangladesh will try to validate the stay of the immigrants living in the UAE without valid documents.

A set of proposals on investment in tourism, energy and mineral resources, power and communications will also be placed from Bangladesh side.

Bangladesh also targets having a feedback of the parleys with both Turkey and UAE at Istanbul on the sidelines of the World Bank-IMF meeting.

Footwear exporters see silver lining

SAYEDA AKTER

Leather footwear exports are expected to turn around in two months as the shocks of recession are easing in parts of the world.

Exporters are trying to increase product quality and make prompt delivery to get more work orders from abroad. Simultaneously, they have moved to diversify products to attract new buyers, said industry leaders yesterday.

Local leather footwear and bag exports slowed in July-September, mainly due to the delayed effects of the global financial meltdown.

In the July-September period of 2009, leather footwear exports stood at \$56.22 million, which was a 3 percent decline from last year's figures, according to Export Promotion Bureau (EPB) data.

Leather bag and purse exports have also slowed with sold products worth \$4 million during the period, a rise of 5.56 percent from a year ago, although they failed to reach the export target set by the government.

But growth in exports of leather bags and purses was more than 90 percent in the April-June period.

Industry insiders said the global financial meltdown has had a delayed effect on demand for finished leather and leather goods that caused a decline in exports.

But the decline will not continue for long, as developed markets demand low-cost footwear, bags and purses, industry leaders said.

Syed Nasim Manzur, managing director of Apex-Adelchi Footwear Ltd, said footwear exports declined as a result of global recession that affected consumer expenditure on fashion accessories, like footwear and bags.

"Export earnings were satisfactory even three months back, but it dropped in September, mainly because of the delayed effects of global recession on demand for luxury fashion accessories," he said.

"Another reason for the decline in exports is the seasonality factor. We take orders twice a year and produce different products in different seasons

-- for example, sandals for spring and boots for winter."

"Every time we go for new orders, we have to change the entire factory set-up that slows local production initially," Manzur explained. "But we are trying to smooth the transition further."

He also said the situation will get better in coming months. "There is demand for our products on international markets, as we produce high quality products and many countries such as Italy have stopped producing high quality shoes."

The market size of Bangladesh-made leather footwear stands at around Tk 1,700 crore, of which about 45 percent is exported. The country exports around six million pairs of leather footwear a year.

Apex-Adelchi Footwear Ltd is the country's leading footwear exporter, claiming more than half of total exports. The company earned Tk 450 crore last year.

Exports of leather bags and purses have also slowed mainly due to lower work order flow during this period. Earlier, the bag exports have risen by

more than 90 percent from September 2008.

"We still have a little growth in exports of items like bag and purse, but the flow of work orders have slowed by 50 percent in recent months. Our present growth figures are resultant of the orders we received at least 8-10 months back," said Ashikur Rahman, managing director of Rahman Leather Bangladesh, a Hazaribagh based leather bag exporter.

"The main reason behind the slower growth is the lack of consistent work orders. Yet we don't have old and loyal customers abroad, as we are quite new in exporting bags in a large scale," he said adding, "We still get orders from newer and irregular buyers."

The annual market size for leather bags and purses stands around Tk 100 crore.

Meanwhile, Rezaul Karim Ansari, chairman of Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association, demanded government support to enhance export performance. [sayeda@thedailystar.net](mailto:sayed@thedailystar.net)

Great Wall to unveil new designs

STAR BUSINESS REPORT

Great Wall Ceramic Industries Ltd, a local tiles maker, yesterday announced a new high-end product to catch up with rising demand on the local market.

"As demand for costly tiles is high, we want to manufacture and supply it to the local market," said an official of the company at a press conference at the National Press Club in Dhaka.

The company will manufacture and supply large-sized, fine-cut tiles with decorated borders to meet local demand, SM Shajahan, assistant general manager, told the function.

Great Wall has recently enhanced its production capacity to 13,500 square-metre a day from 8,000 square-metre.

The new product will be unveiled at a function in Dhaka on Thursday.

A total of 10 local and foreign companies produce tiles in the country to produce 1.5 lakh square-metres of tiles a day against local demand of four lakh square metres a day, the press meet was told. The remaining is imported.

Asif Iqbal Mahmud, director of Great Wall Ceramic, was also present at the function.

Dhaka stocks finish almost flat as GP depreciates

STAR BUSINESS REPORT

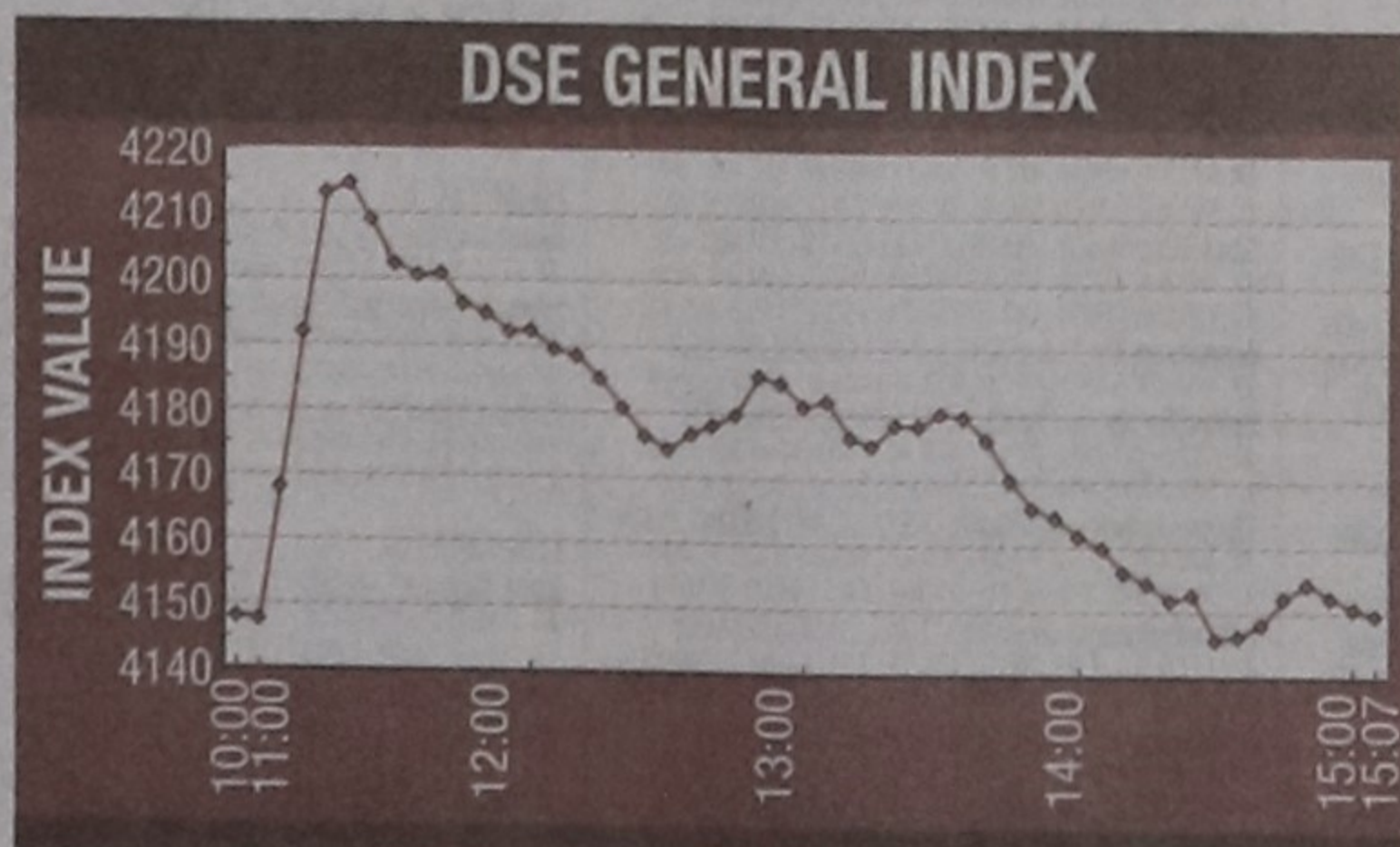
Dhaka stocks finished nearly flat yesterday, led by price depreciation in Grameenphone shares on the second day of its trade.

Although 75 percent of issues or 175 securities traded up, the benchmark index of the premier bourse closed up only 1.7 points, or 0.04 percent.

"The market showed resilience against a fall in share prices of Grameenphone," BRAC-EPL, an investment firm, said in an analysis.

Grameenphone, the leading mobile phone operator, made its trading debut on Monday as the largest issue in the history of Bangladesh capital market.

At the end of yesterday's trading session, Grameenphone shares depreciated 3.5 percent. As a sector, it lost more than 88 points.



Starting at Tk 176.10, each Grameenphone share rose as high as Tk 186 before closing at Tk 171.10.

The number of trades went down significantly (less than half) compared to the previous day. The value of trade however was still the highest for the day. A total of 28,32,800 Grameenphone shares

worth Tk 49.88 crore traded on the Dhaka Stock Exchange.

Grameenphone joined the stock market with 135 crore ordinary shares of Tk 10 each. However, the offer price was Tk 70 per share, of which Tk 60 was premium. It raised Tk 486 crore through an initial public offering (IPO) and another Tk 486 crore

through pre-IPO or private placement.

The market started high by gaining about 65 points within the first 20 minutes of trade. But the market lost momentum on profit-taking and a price fall in Grameenphone. It continued the losing trend for the rest of the session.

The total turnover however increased heavily yesterday, as investors are moving away from the 'wait-and-watch' approach. It increased by 24 percent to Tk 913.81 crore.

A total of 3,13,27,780 shares and mutual fund units traded on the DSE.

The banking sector continued the gaining momentum, as the sector advanced by 1.66 percent. All non-bank financial institutions also rose, with a number of companies gaining more than 5 percent.

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