

Stocks	
DGEN	▲ 1.01% 5,981.85
CSCX	▲ 1.12% 11,315.29 (Week-on-week)
Asian Markets	
MUMBAI	▼ 0.45% 16,445.61
TOKYO	▼ 2.45% 9,784.54
SINGAPORE	▼ 1.90% 2,701.20
SHANGHAI	▲ 1.08% 2,583.52

## Telecom Egypt considers increasing Vodafone stake

AFP, Cairo

Egypt's fixed-line monopoly operator Telecom Egypt said on Friday it was considering increasing its stake in Vodafone Egypt as a way of expanding into the lucrative mobile market.

Telecom Egypt's board of directors has asked its management to "explore various alternatives to maximise the company's exposure to the mobile sector in Egypt in the coming period," Telecom Egypt's CEO and managing director Tarek Tantawy said in a statement.

## Tumbling euro unnerves BB

### Central bank to appoint foreign expert to help manage forex reserve

SAJJADUR RAHMAN

Bangladesh Bank (BB) is concerned with the continuous decline of the euro, as nearly 15 percent of the central bank's \$10 billion foreign exchange reserve is invested in the tumbling European currency, BB officials said.

"We are very concerned. We hope the European Union and International Monetary Fund will come forward to save the euro," said an official of the Foreign Exchange Reserve and Treasury Management Department of the BB.

Amid the growing volatility in the global currency markets, the central bank has now decided to recruit foreign experts to manage its foreign exchange (forex) reserve efficiently, BB Governor Atiur Rahman said.

The BB concern came to the surface recently following a sharp decline in the value of the euro for the last several weeks. The euro has fallen roughly 5.4 percent against the dollar this month.

Citi Group in its weekly market update said the euro continued its downward trend last week because of the worries over the long-term growth of the Eurozone economies with the prescribed fiscal tightening to help bail out the troubled countries.

However, the euro rose on Friday, heading for its first weekly gain versus the dollar in six weeks. In late New York trading on Friday, the eurozone single currency rose 0.9 percent to \$1.2575 after climbing as

high as \$1.2673.

On Tuesday, the euro slumped to a four-year low of \$1.2143 after news that German regulators banned naked short selling of certain stocks and on credit default swaps on sovereign bonds.

Bangladesh's forex reserve has been hovering around \$10 billion since early this year. Nearly 60 percent of this reserve is in US dollars followed by around 15 percent in the euro, according to the BB officials. The reserve is also with the Australian dollar, Canadian dollar and Japanese yen, they said.

Usually, the BB invests this forex reserve in treasury bills and bonds in different countries and central banks.

"Several months back we had diverted a big part of our forex reserve to euro that has now become a matter of concern," said another official in Foreign Exchange Reserve and Treasury Management Department of BB.

Good news is that the European Union has come forward to address the crisis, the official said.

The German parliament has approved the country's contribution to a 750-billion-euro (\$938 billion) rescue deal for the eurozone and to stabilise the currency.

"Forex management has become vital. We have decided to hire technical experts from abroad to manage the reserve prudentially," the BB governor said, adding that a foreign consultant will come to Bangladesh in August to help the BB.



Prime Minister Sheikh Hasina speaks at the launch of a three-day show, Texbangla-2010, organised by Bangladesh Textile Mills Association at Dhaka Sheraton Hotel yesterday. (Story on B4)

## Investment in doldrums

MD HASAN

The investment scenario remains gloomy in Bangladesh because the energy sector is yet to get any major investment, analysts say. But the government's recent initiatives for mitigating the energy crisis in a couple of years could be a way forward.

Meantime, the rate of letters of credit settlement shows local investments are picking up in leather, pharmaceutical and packing industries. The July-March period of the current fiscal year shows a downward trend in investments in textile, jute and garments.

The World Bank's recent Bangladesh Economic Update points to the better performances by some firms that came under its survey in the second quarter of FY10 compared to the Q1. It also shows that the services sector did better than the manufacturing sector. The international lender expects a further improvement in future.

But optimism is tempered by the energy situation. "Unless there is significant easing of the energy bottlenecks, firms will be disposed to maximise production based on their existing capital stock rather than going for fresh investment," said the World Bank.

Bangladesh posted \$262 million foreign direct investment (FDI) during July-February, while it was \$722 million



in the same period a year earlier, according to central bank data.

The central bank also points out that imports of capital machinery by the local entrepreneurs indicate prospective momentum within a short time.

L/Cs worth \$1.32 billion were opened during July-March against \$876.19 million in the same period a year earlier.

On the investment scenario, Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said: "It's all about an outcome of energy crisis."

Local and foreign investments suffer from this non-access to energy. "Therefore, we cannot take advantage of the global recession recovery," said Rahman.

Bangladesh needs FDI in power and energy sectors, which will stimulate other FDI. "Unfortunately we do not see a large-scale investment momentum in the energy sector," he said.

Rahman said there is an investment momentum in EPZs (export processing zones). He points to the fact that foreign entrepreneurs are facing prob-

lems in getting lands in such zones in Dhaka and Chittagong.

To take the opportunity from the economic recovery worldwide, the government must provide infrastructure facilities to foreign investors, he added.

Rahman, however, is optimistic about the overall investment scenario in the coming months if the government implements its committed power sector development plans.

In the last few years, global telecom operators mainly backed the FDI to Bangladesh.

India's telecom operator Bharti Airtel has already invested \$300 million for acquiring a 70 percent stake in Warid Telecom. Investments in the telecom sector may rise.

Banks cut the lending rate so that the local investment momentum continues. However, the impact of the initiative does not reflect in the local investment trend.

Annisul Huq, president of the Federation of Bangladesh Chambers of Commerce and Industry, said though the interest rate went down, it remains at 16-17 percent, as businessmen have to pay 3-4 percent service charges.

Huq differed with the idea that only the power crisis is leading to less investment and suggested that government ensure infrastructure and other facilities such as land to investors.

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## US drug maker to buy Piramal Healthcare

PALLAB BHATTACHARYA, New Delhi

Top American drug maker Abbott Laboratories will buy out leading Indian formulation business of Piramal Healthcare for \$3.7 billion in the second major acquisition of an Indian pharmaceutical company in two years.

The deal, which is expected to complete later this year, will give Abbott the number one position in terms of market share in Indian pharmaceutical sector ahead of Ranbaxy and Cipla, industry sources said.

Under the deal, Piramal will get an upfront payment of \$2.12 billion annually for the next four years for giving full ownership to the US firm and to market more than 350 brands in Indian generic drug market.

The Abbott-Piramal deal is the second biggest inbound acquisition after Japanese drug manufacturer Daichi Sankyo's \$4.2 billion takeover of Ranbaxy in 2008.

## BGMEA team off to Latin America

STAR BUSINESS REPORT

A 12-member delegation of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) left Dhaka yesterday for Latin American countries to explore the potential of Bangladesh's apparel products there.

The business team is scheduled to meet the leaders of Brazil's Sao Paulo Chamber of Commerce and Industry tomorrow and Tuesday, and different chambers of Chile and Mexico from May 26 to May 29.

BGMEA First Vice President Nasir Uddin Chowdhury is leading the team.

## Congratulations



Md. Abdul Mazed, Deputy Managing Director of IRIS Fabrics Ltd received BKMEA Award of a "Best Worker's Friendly Knitwear Industry 2010" from Chief Guest Md. Faruq Khan, Honorable Commerce Minister, People's Republic of Bangladesh.

We, on behalf of IRIS Group, congratulate him for this outstanding achievement.

Conferences, Meetings, Seminars & Off-sites

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