

COMMODITIES		MIDDAY TRADE		ASIAN MARKETS		CURRENCIES													
CSCX	3.61%	Gold	\$1,415.00	MUMBAI	3.00%	TOKYO	1.19%	SINGAPORE	0.96%	SHANGHAI	0.56%	USD	72.25	EUR	97.73	GBP	115.39	JPY	0.87
5,800.93	3.78%	(per ounce)	\$98.93	17,632.41	10,452.71	2,973.08	2,878.60	BUY TK	72.25	102.76	120.79	0.94	SELL TK	73.25	102.76	120.79	0.94		

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# Star BUSINESS

DHAKA FRIDAY FEBRUARY 25, 2011, e-mail:business@thedailystar.net

## Garment entry to EU on the rise

REFAYET ULLAH MIRDHA

The issuance of certificates to gain zero tariff benefits in garment exports to the European countries increased 37.69 percent in January, compared to the same month last year.

Data shows state-owned Export Promotion Bureau (EPB) issued 33,148 such certificates in January against 24,073 in the same month last year under Generalised System of Preferences given by the developed nations to the least developed countries (LDCs).

The boost came due to the rising demands from the EU region under the new regime.

"The issuance of certificates for duty-free benefits increased mainly for relaxation of the Rules of Origin (RoO) by the EU from January 1 this year," said EPB Vice-Chairman Jalal Ahmed. He said both the value and volume of exports increased remarkably during this period.

Being an LDC, Bangladesh now enjoys either duty-free facility for everything but arms (EBA) or duty-preference for some selected products or duty concession for exports to 32 countries.

The biggest change under the new regime is that single-stage processing (manufactured from fabric) will be allowed in many cases, instead of two-stage processing (manufactured from yarn).

It means most apparel items from the LDCs will get duty-free access, no matter where the raw materials originate in. The standard import duty for readymade garments in the EU is 12 percent.

The GSP is a trade arrangement allowing reduced or zero tariff on imports from developing countries; and the RoO determines whether imported goods really originate in the countries covered by the GSP.

Under the new GSP rules, exporters will get zero-duty facility even if the products are made from imported fabrics. Previously, the exporters used to get this benefit if only local fabrics were used.

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An official briefs visitors about pharmaceutical machinery on the inaugural day of the Fifth Asian Pharma Expo at Bangabandhu International Conference Centre in Dhaka yesterday.

## Sea freight: income dream sets sail

SAJJADUR RAHMAN

Sea freight is expected to be a good source of direct foreign currency for Bangladesh in a few years as big business conglomerates are increasingly buying ocean-going ships cashing in on the troubled US and European economies.

The sector, which now boasts 70 ocean-going ships, can earn \$200-300 million in freight charges a year, according to industry people. These ships' capacity ranges between 30,000 and 100,000 tonnes.

"The economic crisis in the US and Europe has forced many owners to sell their ships at low prices. Asians, including Bangladeshi buyers, have been taking the opportunities," said Azam J Chowdhury, chairman of East Coast Group, which has bought two such ships recently.

The company has purchased another tanker ship, which will be delivered next month, with over one lakh tonne capacity at \$22.5 million, to carry oil.

According to businessmen, each ship can earn \$2-5 million annually by transporting goods, depending on the capacity.

"It is a very good business. The increase in fleet will boost foreign currency earnings," said AKM Shahidul Islam, managing director of United Sea Liner.

A 30,000-40,000 tonnes-capacity ship now costs \$10-12 million, according to the industry people. Islam, who is in the business for over 30 years, said an investor can get his money back in just five years.

Top conglomerates and traders have now entered into the lucrative business, which was earlier dominated by the shipping businessmen only. Major

groups including Meghna, Bashundhara, Akij, Abul Khair, East Coast, HRC and KSRM have bought the ships in the last few years.

Besides, freight earnings the sector will help Bangladesh create highly-paid jobs. According to the sector people, a ship employs 25-30 crews who are paid in foreign currency. Top crews can earn as much as \$25,000 per month.

But ship-owners have some reasons to be worried such as high bank interest rates, lack of crews, rising piracy and the continued volatility and dampness in global freight markets.

"We have serious shortage of crews and often we have to hire people from China and Taiwan to run the ships," said Mostofa Kamal, chairman and managing director of Meghna Group of Industries, who has recently bought such a ship.

Chowdhury of East Coast Group fears more on the growing attacks by Somali pirates. "Many of our crews do not want to go to the Middle East countries because of the piracy on the Arabian Sea," said Chowdhury.

Somali pirates have already hijacked a Bangladeshi-flagged ship -- MV Jahan Moni, owned by KSRM, in early December last year. The ship, with 25 Bangladeshi crew members, is still in the pirates' hands.

Chowdhury suggested the government sign a protocol agreement with countries such as the UAE, Bahrain and India, to protect Bangladesh's ships and crew.

Islam of United Sea Liner believes 15-16 percent bank interests rates are "very high" and make the business costly at initial stages.

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## Pharma expo eyes more foreign buyers

### Asian fair ends tomorrow

STAR BUSINESS REPORT

A three-day Asian pharmaceuticals exposition began yesterday, opening scope for local firms to adopt the latest technologies to make quality drugs and showcase their products to foreign buyers.

"It is an opportunity for the local companies to know about the latest technologies. The fair has also given us a chance to showcase our products to buyers for exports," said Abdul Mukhtar, secretary general of Bangladesh Association of Pharmaceutical Industries (BAPI).

The Fifth Asian Pharma Expo takes place at a time when the local pharmaceuticals industry is expanding and a number of local drug makers are gearing up to get into the highly regulated US and European markets.

BAPI and GPE Expo Pvt Ltd have co-organised the event at Bangabandhu International Conference Centre. The fair ends tomorrow.

More than 170 firms, including six local drug makers, displayed their products at the show, which also exhibits various machineries ranging from production and processing of medicines to packaging, quality control and surveillance.

Raw materials of various drugs are also displayed at the fair.

Presently, local companies meet 97 percent of the demand of the local market that stood at Tk 7,000 crore in 2010, up from Tk 4,000 crore in the previous year, according to BAPI.

Mukhtar, also managing director of Incepta Pharmaceuticals Ltd, said the growth of Bangladesh medicine sector is attracting a growing number of people from abroad.

Organisers said the number of participants have increased in the current show from the previous one with some participants expecting to get spot orders.

"We hope to get one or two orders on the spot this year," said Shankar Gupta, chief executive of Encapsulation of ACG Pam Pharma Technologies Pvt Ltd. The company displayed a machine with a capacity to fill 90,000 capsules an hour.

In the previous pharma exposition in Bangladesh, the company showcased a filling machine which was capable of filling 40,000 capsules an hour.

The fair drew not only pharmaceuticals entrepreneurs but also young learners of pharmacy.

Akhter M Chaudhury, chairman and managing director of Nuvista Pharma Ltd, said the fair has brought different types of equipment to manufacture drug.

"It is very informative and my experience is very positive" he said.

Md Nazrul Islam, senior executive of international marketing of ACI Pharmaceuticals, said the company joined the show with an aim to accelerate exports.

"We got buyers from Nepal and Kenya in the previous show. Now our exports to these countries are in process. We hope to get some new buyers this year also," he said.

**CORPORATE BOOKING**

HERITAGE PARK Concord will be reserved on 25th February 2011 (Friday) for ANNUAL PICNIC 2011 of DHAKABANK LIMITED

Heritage Park will remain open for all from 26th February 2011 (Saturday).

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If you believe that you are the right person we are looking for, please send your résumé with recent passport size photograph to Head of Human Resources, BRAC Bank Limited, 1 Gulshan Avenue, Gulshan-1, Dhaka - 1212. You may also email your Résumé at: hr@bracbank.com

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## Stocks down on credit crunch

STAR BUSINESS REPORT

A credit crisis and lack of confidence pulled down twin bourses yesterday as investors went on a sell-off spree for a third day.

The benchmark general index of Dhaka Stock Exchange (DGEN) shed 217 points, or 3.6 percent, closing at 5,800 points yesterday. The index had lost 587 points all together in three days of trading on the DSE.

The selective price index of Chittagong Stock Exchange also declined 415 points, or 3.8 percent, to close at 10,558 points.

Small and big investors, including institutional ones, faced a credit crisis as the daily turnover dropped on the closing day of the week. The daily turnover on the prime bourse stood at Tk 559 crore, down by Tk 14.42 crore from the previous day.

Insiders said the losing trend was a sign of severe volatility that has been prevailing in the market for two months. Most of the institutional investors, including merchant banks, failed to buy shares amid credit crisis, they added.

Most investors opted to leave the market as they anticipated another debacle arising from the selling pressure of investors, added insiders.

State-owned companies do not have enough fund to go for massive buying of shares to stabilise the market, said a stockbroker. Small investors lost confidence as the some big institutional investors followed 'wait and see' approach despite having funds, he added.

The DSE general index started the day on red alert as most of the institutional investors went for big selling, said a market operator.

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