

# Moriarty sees \$6b trade

STAR BUSINESS REPORT

Two-way trade between Bangladesh and the United States may surpass \$6 billion this year, US Ambassador James F Moriarty said yesterday.

Trade between the two countries grew 26.16 percent to \$4.87 billion in 2010, compared to 2008, according to statistics presented by the envoy at a luncheon meeting of the American Chamber of Commerce in Bangladesh at Ruposhi Bangla Hotel in Dhaka yesterday.

Trade between the two countries rose by 48 percent in the first quarter of 2011, he said.

The volume of US exports to Bangladesh is also increasing fast, which helps create jobs in

the US as well, Moriarty said.

"This is a remarkable achievement, especially given the fact that we are only slowly recovering from a financial crisis that caused a worldwide reduction of international trade," he said.

The ambassador was optimistic about the bilateral trade to be double in five years from 2008 to 2013. He also mentioned that the US has been playing a role in creating employment for Bangladeshi people, and is moving to support more jobs in future.

"Based on the volume of US imports from Bangladesh, we can conservatively estimate that, by 2010, US imports helped to directly employ one million workers in Bangladesh. With our

trade growing so rapidly, we are moving quickly toward supporting another million jobs," Moriarty said.

"Also, while Bangladesh exports to the US still account for the bulk of our bilateral trade, US exports to Bangladesh are increasing even more rapidly. US exports more than doubled during the first quarter of this year and are on track to exceed one billion dollars in 2011," he said.

"US companies such as Chevron, GE and Conoco-Phillips are poised to embark on major investment projects that will help Bangladesh address energy crisis," remarked the outgoing ambassador.

Chevron, the largest foreign

investor in Bangladesh, is preparing to expand gas production in the next two years. Last month, GE partnered with Summit to sign agreements to participate in three major power projects that will provide 1,000 megawatts of additional power by 2013, said Moriarty.

However, he also mentioned some of the economic challenges the country is facing. He suggested some ways it could make efforts to do better.

"During the past year, we have seen a steep fall in stock prices, a significant shift in balance of payments, and increasing inflation. Some of these trends have contributed to reduced liquidity in the banking system," Moriarty said.

"We have also seen that, despite its enormous potential and its dynamic business community, Bangladesh has not been able to attract the level of foreign direct investment that is really necessary to increase economic growth and accelerate poverty reduction."

He suggested the government and local entrepreneurs boost entrepreneurship and develop the country as a brand to attract more FDIs to the country.

Aftab-ul Islam, president of AmCham, presided over the meeting, while SA Samad, executive chairman of Board of Investment, and Khalid Hasan, managing director of The Nielson Company (Bangladesh) Ltd, were also present.



Prof Mijanur Rahman, Dhaka University treasurer, hands a banquet to Prof Philip Kotler, distinguished professor of marketing at North Western University, USA, at Shahjalal International Airport in Dhaka yesterday.

## New DMD for Mercantile Bank

STAR BUSINESS DESK

MA Yousuf Khan has recently been promoted deputy managing director of Mercantile Bank.

Prior to joining the new post, Khan was the senior executive vice president of the bank.

He started his banking career as a senior officer in Sonali Bank in 1977. Khan was posted in



## Indian ministers to meet on cotton exports

PALLAB BHATTACHARYA, New Delhi

A group of Indian ministers is expected to meet here today to decide whether to permit cotton exports beyond the ceiling of 55 lakh bales for the current season.

The government has put a cap of 55 lakh bales (170kg each) on natural fibre exports for fiscal 2010-11 to protect domestic textiles industry in the wake of rising prices of the raw material. Cotton season runs from October to September.

"There are demands from farmers and ginning industry to allow further exports of the natural fibre in the current cotton season," an official said.

During his visit to Delhi earlier this year, Commerce Minister Faruk Khan had requested his Indian counterpart Anand Sharma to lift the cap on cotton exports to Bangladesh.

The cap was decided by the group comprising Finance Minister Pranab Mukherjee, Agriculture Minister Sharad Pawar, Commerce and Industry Minister Anand Sharma and Textiles Minister Dayanidhi Maran.

Against the backdrop of the demand from the agriculture ministry, supported by the commerce ministry, that the 55 lakh bales limit be raised, the issue may be revisited by the ministers.

After peaking at Rs 62,500 per candy (356 kg) in March-end in the domestic market, cotton prices have crashed to Rs 45,000.

According to the Cotton Advisory Board figures, the crop forecast for the current season has been lowered at 312 lakh bales in April from 329 lakh bales due to unseasonal rains in states such as

## IMF official says vital loan for Greece depends on EU

AFP, Athens

European leaders must take tough decisions on Greece at a June summit before the IMF will disburse its share of a vital rescue loan, a senior IMF official said on Tuesday.

"I believe there is a summit in Europe by heads of state (in June) where some hard nuts need to be cracked and they need to make some decisions," Bob Traa, the IMF's senior resident representative for Greece, told a conference in Athens.

"And then actually we will be ready to go to our board and to disburse in early July because we know time is of the essence," Traa said.

The IMF official was referring to a loan instalment of 12 billion euros (\$18-billion) out of an overall 110-billion-euro rescue package set aside for debt-hit Greece last year by the global lender and the European Union.

Athens urgently needs the money to pay next



National Board of Revenue Chairman Nasiruddin Ahmed releases colourful balloons to inaugurate a procession from the Institution of Diploma Engineers in Dhaka yesterday to create awareness about paying tax.

STAR

## TNT Express and MACOMM team up

STAR BUSINESS DESK

TNT Express, a global product delivery service provider, has recently joined hands with MACOMM, a marketing communication and advertising firm, to initiate an environment awareness programme at Bashundhara City Shopping Mall in the capital.

In line with this year's World Environment Day's slogan, Forest -- Nature at your service, the two companies have put up an iconic forest named "The Green Tunnel".

The tunnel is a 20-feet structure, which has been adorned and covered by recycled green plantations both in the internal and external part of the structure. To add a more realistic experience of the forest, sounds of bird chirpings, crackling leaves, insects calling, wind and raindrops can be heard when one steps into the tunnel, said a joint statement of the companies.

The Green Tunnel initiative started on Saturday

# Analysts urge govt to net FDI for energy sector

STAR BUSINESS REPORT

Bangladesh should step up efforts to attract foreign investment to its nagging energy sector as the country alone cannot afford the multi-billion dollar investment, experts said yesterday.

The calls came at a roundtable discussion styled "Energy Sector Development and FDI" at the CIRDAP auditorium in the city. Energy and Power, a fortnightly, organised the discussion with its editor Mollah Amzad Hossain in the chair.

Power and energy sectors have continued to remain as one of the most challenging areas in Bangladesh, despite many recent initiatives, following years' of under-investment, to become one of the least per capita energy consuming economies in the world.

"Bangladesh requires a huge investment in the energy sector alone to sustain the rapid economic growth," said Robert Sercombe, a former member of Australian Federal Parliament.

He said FDI has global opportunities and Bangladesh must be competitive with possible destinations for investment. "Regrettably, there appears to be perception problems that Bangladesh must address."

The energy consultant was

referring to Bangladesh's ranking of 107 out of 139 countries in the latest World Economic Forum's global competitiveness survey.

Sercombe urged the government to embark on a sophisticated marketing campaign designed to promote the positives and address the negatives to tell the world that Bangladesh is a suitable destination for FDIs.

He also said Bangladesh could utilise Australia's experience in coal-fired power plants and liquefied natural gas.

John Chambers, president of Santos Bangladesh, said: "If Bangladesh can get its fiscal terms right then there will be a vibrant exploration and gas production industry in Bangladesh. As a result, you will get a lot of activity, which means a lot of gas."

"There is an opportunity for investment. To make sure, people have to be rewarded for taking risks," he said, adding that gas prices have to be raised to make investment in the country attractive.

Chambers said new offshore exploration is not economic due to the current fiscal terms and price offers, resulting in low investment in the Bay of Bengal. "The entire gas value chain must be robust in order to have a sustainable growth path."

Energy expert Dr Professor Mohammad Tamim said Bangladesh requires investment to the tune of at least \$30 billion to fix its energy crisis, but the current pricings would not be able to attract outside investment.

Commerce Minister Muhammad Faruk Khan said the country needs more investment to stabilise energy supply, which will ultimately further boost the soaring exports.

"We are formulating a coal policy to address the escalating energy crisis. There are some environmental concerns about open-pit mining method and we will consider the issue as we complete it."

The minister said Bangladesh is already a profitable destination for FDI. "No company has left the country for lack of profit here. We do not think that attracting FDI will be a problem."

Khondkar A Saleque, energy specialist of Sheberghan Gas Fields Development Afghanistan, said although the government has made the highest allocation for the energy sector in the upcoming fiscal year in its annual development programme, the amount is not enough.

"We need FDI to help the country come out of the current energy crisis. The government has to create enabling environment to

woo external investment instead of providing lip services," he said.

He said the country's gas sector faces troubles due to flawed government policies and corruption.

The energy expert said the government has to take a quick decision on coal for the sake of ensuring energy security of 16 crore people.

"The government should not delay extraction of coal on pleas of formulation of a coal policy. We have to set up coal-based power plants to meet energy demand. But we cannot depend on imported coal," said Saleque.

He said Bangladesh would not be able to attract the much-needed foreign investment to the gas sector with production sharing contracts tariff fixed in the 1990s.

"As we have not adjusted the prices we do not see many foreign companies participating in off-shore bidding. The prices have to be adjusted so that foreign investors are able to get a reasonable return on their investment," he said.

Syed Yusuf Hossain, chairman of Bangladesh Energy Regulatory Commission, Md Hossain Mansur, chairman of Petrobangla and Mortuza Ahmad Faruque, managing director of Bangladesh Petroleum Exploration and Production Company, also spoke, among others.

# Stocks up as BB sits with banks to calm jitters

STAR BUSINESS REPORT

Stocks gained yesterday on both bourses as investors went for bulk buying following news that the central bank sat with commercial banks to discuss their market concerns.

In the afternoon, Bangladesh Bank sat with top officials of the commercial banks to listen their concerns on issues such as reduction of cash reserve ratio and statutory liquidity requirement rates and calculation of capital market exposure limit by taking investment cost rather than market value into consideration.

The benchmark general index of

Dhaka Stock Exchange, DGEN, gained 97 points, or 1.66 percent, to close at 5,941. The selective categories index of Chittagong Stock Exchange added 170 points, or 1.63 percent, to finish at 10,627.

Single-day turnover on the DSE hit a two-month high, gaining for a fourth session with all three indices advancing by more than 1 percent.

The day's total turnover stood at Tk 877 crore in terms of value, up 30 percent from Tk 670 crore in the previous session, surpassing the April 13 turnover of Tk 855 crore.

"The market moved up as it got liquidity thanks to some measures

of Bangladesh Bank," said Salahuddin Ahmed Khan, former chief executive officer of DSE.

Khan, who teaches finance at Dhaka University, said participation of institutional investors also boosted turnover.

He said investors sided with buying as they received encouragement following the finance minister's assurance that the government would not include any step detrimental to the interest of the capital market in the national budget.

Most of the investors anticipated that the government would give a chance to invest undisclosed money into the

market, said a market operator.

The investors are rushing to the market with fresh enthusiasm, hoping that some sector-friendly proposals will be included in the upcoming budget for the next fiscal year, due to be unveiled on Thursday, he added.

Akter H Sannamat, former managing director of Prime Finance and Investment, said: "The coordinated efforts of the central bank with the Securities and Exchange Commission boosted investors' confidence and encouraged them to go for cheerful trading."

The government should provide chances to the investors to invest

their undisclosed money into the stock market, he said.

"If the government does not allow the undisclosed money to be whitened, the money may be invested abroad. As a result, the country will lose a huge amount of currency," said Sannamat.

Meanwhile, several investors staged sit-in in front of the DSE building in the capital's commercial hub Motijheel, demanding an investment-friendly budget. They also sought scopes so that they can invest their untaxed money in the market.

Of 260 issues traded on the DSE floor, 147 advanced, 107 declined and the rest six remained unchanged.

Banking issues, which make up more than one-third of market capitalisation, gained 2.88 percent. All the 30 issues in the sector closed positive.

Non-banking financial institutions advanced 0.76 percent, telecommunications 0.68 percent and power 0.16 percent.

Aftab Automobiles topped the turnover leaders with 14.81 lakh shares worth Tk 38.58 crore traded.

State-run Pubali Bank was the biggest gainer of the day, posting a 9.56 percent rise, while the Meghna Pet Industries was the worst loser, losing 5.5 percent.