

BUSINESS

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Panel suggests \$500m sovereign bonds

REJAUL KARIM BYRON

A government panel has recommended the release of sovereign bonds worth \$500 million primarily on the international market.

"Currently, the interest rate in the global capital market is low and the risk appetite of major global investors for Asian securities is high," the committee said in a report. "Therefore, issuing sovereign bonds in this condition seems a rational choice."

The government in January formed a seven-member committee headed by Syed Manjurul Islam, additional secretary of the Finance Division. Last week, the committee submitted its recommendations to the finance ministry.

The only downside risks coming out of the domestic market are high inflation, low foreign exchange reserves and the rapid depreciation of the taka against the dollar, according to the report.

If domestic economy stabilises while the global market conditions remain the same, the government may consider issuing sovereign bonds, the committee said.

A finance ministry official said they would take the final decision on sovereign bonds after analysing global and domestic economic situations next fiscal year.

The report said the issue with long-tenor is good for avoiding the risk of maturity mismatch while issues with short tenor are good for avoiding the risk of an increased debt burden arising out of depreciation of local currency.

The sovereign issue with a short-tenor seems appropriate considering the recent sharp depreciation of the taka against the dollar, it said.

Usually, debut issues come with a maturity ranging from 5 years to 10 years, the report said, adding that the first sovereign issue with a maturity of five years is likely to be most appropriate for Bangladesh.

The interest rate on five-year bonds should be at least 1 percentage point lower than the 10-year bond, it said.

The US market covers over 40 percent of the total global investors. The report said ignoring the US market would considerably narrow the investors' base and increase the risk of under subscription. So the roadshows should cover all major financial centres in the USA, Europe, Middle East and Asia.



Environment Minister Hasan Mahmud speaks at the inauguration of a two-day economic conference initiated by The Daily Star as part of its 12-day Odomo Chittagong festival. Seated from left, CCCI Vice-President Nurun Newaz Selim; AK Khan Foundation's Trustee Secretary Salahuddin Kashem Khan; CCCI Senior Vice President Mahbubul Alam, CCCI President Mursheed Murad Ibrahim; member of the parliamentary standing committee on the commerce ministry MA Latif; Dainik Azadi Editor MA Malek; former caretaker government adviser Hossain Zillur Rahman; and The Daily Star Editor and Publisher Mahfuz Anam are also seen.

ANURUP KANTI DAS

Ctg: next driver of growth

Economic conference starts as part of Odomo Chittagong festival

DWAIPAYAN BARUA, Ctg

Sitting at the crossroads of regional connectivity with South and Southeast Asia, Chittagong needs to be developed fast to feed the economic growth of the country, speakers said at a discussion in the port city yesterday.

The two-day conference at Hotel Agrabad was hosted as part of The Daily Star's 12-day festival -- Odomo Chittagong (indomitable Chittagong).

Visionary plans and goodwill are essential to uplift the city at par with global standards, said analysts and businesspeople at the inaugural session of the conference.

They also said the port city has the potential to become the regional connectivity hub as well as effective gateway to landlocked southern Asia including north eastern India, Nepal, Bhutan, Myanmar and southern China.

Once the necessary developments are implemented, the port city could be a key-driver of the country's economic growth, they added.

Chittagong Chamber of Commerce and Industry and Bangladesh Garment Manufacturers and Exporters Association are assisting the conference -- Future Bangladesh, future Chittagong: a global port needs a global city.

"Chittagong has the power to become Penang or Singapore. But we are sick and tired of Dhaka-centric development. Our rights have not been recognised as the commercial capital," said Salahuddin Kashem Khan, trustee secretary of AK Khan Foundation.

UNLOCKING POTENTIAL OF CHITTAGONG: HOSSAIN ZILLUR RAHMAN PRESENTS A ROADMAP

A CITY ON THE MOVE

- A \$25b economy (2010)
- Sea port that operates 80% of shipments
- Runs 40 percent of heavy industrial activities
- One of the fastest growing cities. Population 5m
- Internationally competitive EPZ
- Known as the second RMG hub after Dhaka
- Driver of emerging sectors: shipbuilding, steel, tourism
- A rich hinterland: CHT, southern Chittagong

THE NEW POTENTIAL

- Deep-sea port
- Regional connectivity hub
- Has three growth corridors: Chittagong-Dhaka, Chittagong-Cox's Bazar and Chittagong-Seven Sisters
- Has maritime bonanza
- An emerging industrial hub
- A global city

SETTING 2030 TARGETS

- Will become a \$60b economy by 2030
- Upgrading port management to global standards
- Global city to complement global port
- Transforming into a skill education hub
- Institute for regional development (Bimstec+China)

BIG PRIORITIES

- A civil society-business platform to drive vision
- Political buy-in
- Key infrastructure
- Commuter satellite cities
- Urban governance
- A campaign on civic culture

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Infrastructure crises thwart Ctg growth

Businesspeople say faulty planning is the culprit

STAR BUSINESS REPORT

Chittagong business community yesterday bemoaned infrastructure problems including a lack of electricity, an inefficient port, jam-packed roads and highways and inadequate railway services which take their toll on the port city's growth prospects.

They also questioned why the Tk 600-crore New Mooring Container Terminal has not yet been made operational to ease pressure on Chittagong port.

The businesspeople were talking at an economic conference -- Future Chittagong: Future Bangladesh -- organised by The Daily Star and Chittagong Chamber of Commerce and Industry at the Chamber House in the port city.

The conference was part of the leading English newspaper's 'Odomo Chittagong' (indomitable Chittagong) initiative.

The businesspeople said a fund crisis is not the only problem to overcome infrastructure bottlenecks, as a lack of planning and implementation capacity and failure to set priorities appear as more serious challenges for the entrepreneurs.

Presenting a paper, Mahbubul Alam, senior vice president of the chamber, said there was no initiative to construct roads and develop railways on an emergency basis to carry goods for exports and imports.

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HSBC Export Excellence Awards will be given in five categories:

- **Exporter of the Year - RMG and Textiles**
 - Group A: Annual export turnover US\$ 50 Million or more
 - Group B: Annual export turnover less than US\$ 50 Million
- **Exporter of the Year - EPZ Enterprises: Companies in the Export Processing Zones of Bangladesh**
- **Exporter of the Year - Traditional and Emerging Sectors: Annual export turnover (non RMG/Textiles) US\$ 3 Million or more**
- **Exporter of the Year - SMEs: Annual export turnover (non RMG/Textiles) less than US\$ 3 Million**

Nominations, made by self or by others, must be submitted on or before **30 April 2012**. Kindly send completed forms to Bangladesh Brand Forum, House 20/B, Road 79/82, Gulshan 2, Dhaka 1212, Bangladesh. Call **01717064057** for any assistance or query.

For nomination form, and more detailed information, visit www.hsbc.com.bd

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