

COMMODITIES			ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold ▲	Oil ▼	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▼ 0.15%	▼ 0.14%	\$1,640.30 (per ounce)	\$102.20 (per barrel)	▼ 1.51%	▼ 1.47%	▼ 0.87%	▼ 0.90%	BUY TK	81.25	104.11	126.77
5,099.04	9,502.64			17,222.14	9,546.26	2,960.10	2,285.78	SELL TK	82.25	108.13	130.79

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DHAKA TUESDAY APRIL 10, 2012, e-mail:business@thedailystar.net

Exports falter on Euro debt crisis

REFAYET ULLAH MIRDHA

Exports grew at a slow pace at 0.15 percent to \$1.99 billion in March from a month ago for the ongoing debt crisis in the Eurozone.

The country's export figure has been showing a slow growth over the last few months due to a drop in demand for the main export earner, readymade garments (both woven and knitwear), in the debt-ridden Eurozone.

Exports fell short of the monthly target by 15.38 percent in March, while such shortfall was 7.97 percent in February, according to data released by state-owned Export Promotion Bureau yesterday. The monthly target for March was \$2.34 billion.

Earnings fell by 7.23 percent in March, compared to the same month a year ago. This is the first time that the monthly earnings have gone in the negative territory in the current fiscal year.

Exports in July-March registered a 10.36 percent growth to reach \$17.89

Month	Export Growth (%)
Mar	40.56
Apr	45.56
May	47.69
Jun	40.25
Jul	28.7
Aug	32.4
Sept	2.29
Oct	15.44
Nov	2.4
Dec	3.85
Jan	11.94
Feb	4.95
Mar	-7.23

billion compared to the same time last fiscal year, data shows.

Bangladesh's knitwear exports rose by 5.92 percent to \$7 billion and woven by 19.24 percent to \$7.10 billion in July-March from the same period a year ago.

Monoj Kumar Roy, an additional secretary (export) of the commerce ministry, said the prolonged debt crisis in the EU is the main reason behind slowed growth in exports.

"We might not achieve export targets at the end of the year. But we will be able to achieve more than 12 percent growth at the year-end," he said.

Exports might make a rebound in the next few months as orders are shifting to Bangladesh from other countries, he said.

The commerce ministry set the export target at \$26.50 billion at the beginning of the current fiscal year,

which is 14.50 percent higher than the amount exported in fiscal 2010-11.

"The target was not an ambitious one. We set the target considering all the factors."

Nasir Uddin Chowdhury, first vice president of Bangladesh Garment Manufacturers and Exporters Association, said the target might not be achieved at the end of the year for sluggish apparel export.

In addition, orders in the EU fell for the ongoing debt crisis, he said. "But I am hopeful about the new export destinations as exports to those countries are increasing," he added.

AKM Salim Osman, president of Bangladesh Knitwear Manufacturers and Exporters Association, said productivity in the factories is not increasing despite rising costs of production.

"We could use only 40 percent of our capacity due to an inadequate supply of gas and electricity," he said.

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IMF decides on \$1b credit tomorrow

REJAUL KARIM BYRON

The proposal for \$1 billion loans promised by the International Monetary Fund (IMF) for Bangladesh will be placed at a board meeting of the donor agency tomorrow.

If the board gives a go-ahead to the proposal, the loans under Extended Credit Facility (ECF) will come in six instalments and \$167 million will be available for the current fiscal year, said officials of the finance ministry.

The ECF has replaced the Poverty Reduction and Growth Facility (PRGF) as the IMF's main tool for medium-term financial support for low-income countries.

The ECF provides a higher level of access to financing, more concessional terms, enhanced flexibility in programme design, and more focused and streamlined conditionality.

The ECF currently carries a zero percent interest rate and the loans will have to be repaid within 10 years.

A finance ministry official said, if the loan is approved, Bangladesh will get IMF credit after nine years.

Finance Minister AMA Muhith has already informed the IMF of details on what steps the government will take under the programme in next three years.

READ MORE ON B3

New logistics company gets off the ground next week

SUMAN SAHA

A new logistics service provider -- Nippon Express Bangladesh Ltd -- will start operations in the country next week.

The company, a joint venture initiative of a Japan-based logistic giant Nippon Express Co and a Bangladeshi company Golden Harvest logistic Ltd, will come into operation on April 17.

The Bangladesh unit of Nippon aims to accomplish the work related to transportation and storage of exportable and imported goods of Bangladesh, said Rezaul Alam, chief operating officer of the company.

The Dhaka-based company has an initial paid-up capital of Tk 10 crore that will be increased up to Tk 100 crore in the next five years, said Alam.

The country exported goods worth \$16 billion and settled import payments to the tune of \$21.7 billion during the July-Feb period in current fiscal year, according to Bangladesh Bank data.

Both exports and imports registered a growth of around 14 percent from the same period last year, according to the central bank data.

Local and international logistic service providers now flock to Bangladesh market to grab the growing export and import activities.

"We will provide tailor-made services to the export and import-oriented organisations of the country," said Alam.

He said his company will offer the entire logistic services relating to in-bound and out-bound activities of goods.

The export and import-oriented organisations will get entire logistic services from Nippon Express Bangladesh as it has integrated all key activities such as transporting, custom brokering, packaging and shipping into one umbrella.

Alam said his company can help businesses save upto 40 percent of logistics costs. "We will work like a full-fledged logistic department of our client organisations, helping the client save its costs of operat-

ing separate logistics department."

It will help the client organisation get relief from handling shipping and logistics activities, he said. "The client will be able to give more emphasis on its key functions such as product development and marketing activities."

Initially, the joint venture company will start its operation with a 30,000 square feet warehouse in Gazipur owned by Golden Harvest Logistic Ltd and expand the existing capacity to 100,000 square feet this year, said Alam.

The company also plans to set up more warehouses in the strategic points of the country, including Chittagong, Dhaka, Mongla port and export processing zones, in the next three years and generate a turnover worth \$100 million each month.

Two ports of the country handle around 10 lakh TEUs (twenty-foot equivalent units) of containers every year on an average, said Alam.

He said the annual market size of the logistic business is estimated at \$2 billion in the country, which is growing annually at 15 percent.

The company plans to hire 50 local people this year and 200 people in the next year to run its operations, he said.

Nippon Express Co, Japan's largest international freight forwarder, has over 400 warehouses worldwide and it offers tailor-made services to best suit its clients' everyday needs.

DSE chief backs regulator's directive on shareholding

STAR BUSINESS REPORT

The directive on minimum shareholding by sponsors and directors of listed companies was a pragmatic move by the regulator for the sake of the market, DSE chief said yesterday.

"We will place all necessary facts and figures before the court, and we hope the court will understand why the directive was issued," Dhaka Stock Exchange President Rakibur Rahman told reporters after a meeting with Attorney General Mahbub-e-Alam.

The meeting was held following a petition of Sheikh Abdul Momen, husband of the late Masuda Begum, a sponsor of NCC Bank Ltd, on Sunday challenging the regulator's directive on minimum shareholding.

The High Court on Sunday asked regulators to explain why the directive for directors to hold at least 2 percent stakes in their companies should not be declared illegal.

The court also directed the chairman of the Securities and Exchange Commission, finance secretary, commerce secretary, Bangladesh Bank governor, managing director of NCC Bank, registrar of Joint Stock Companies and Firms, and Dhaka and Chittagong bourses to explain within four weeks as to why the directive will not be declared illegal.

READ MORE ON B3

Govt may resume daytime power to industries at higher rate

UNB, Dhaka

The government will resume daytime electricity to industries if owners agree to pay higher tariffs than the existing rates.

The power ministry will send a proposal to the Bangladesh Energy Regulatory Commission soon to fix new tariff rates for electricity for industrial consumers, Prime Minister's Energy Adviser Tawfiq-e-Elahi Chowdhury, told reporters.

Effect from March 1, tariff for each unit of electricity has been fixed for small industries at Tk 6.2 as flat rate, and at Tk 5.90 for big industrial units.

The Power Development Board has to buy electricity from rental power plants at a rate between Tk 16 and Tk 25.

Considering the huge losses, the government suspended power supply to industries for 12 hours a day, triggering protests.

US seeks Dhaka's support for WB president nominee

REJAUL KARIM BYRON

The US has sought Bangladesh's approval for its nominee for the World Bank presidency, Dr Jim Yong Kim.

US Ambassador to Bangladesh Dan Mozena sought the support in a letter to Finance Minister AMA Muhith on April 1.

"The World Bank is one of the most powerful institutions. We have to raise standards of living around the globe and Dr Kim's experience and years of effective leadership and management make him an ideal candidate for this position," the letter read.

The US ambassador attached a copy of Kim's biography with the letter.

The tenure of WB's incumbent President Robert B Zoellick will end on June 30.

On February 22, Prime Minister Sheikh Hasina requested a visiting EU delegation to nominate Nobel laureate Muhammad Yunus as the WB chief.

Mozena then hailed Hasina's proposal, saying he praises the work of Yunus, and he was sure if Yunus agreed to the nomination for the job, the US would give it the "fullest consideration".

However, in a statement early last month Prof Yunus said he was not interested in the post, but thanked Hasina for proposing his name.

There seems to be a general agreement dating from the establishment of

Dr Jim Yong Kim

the World Bank in 1944 that its president will be a United States national. And the past ten Bank presidents have been so.

However, this time Nigeria's Finance Minister Ngozi Okonjo-Iweala is Africa's standard-bearer in the contest to become the WB president.

Jose Antonio Ocampo, a former Colombian finance minister, is being championed by South America. A WB official in Dhaka said, this year's candidate would be picked in a transparent process.

According to a WB press release, Ngozi Okonjo-Iweala will be interviewed by WB's executive board of directors in Washington today, Jose Antonio Ocampo tomorrow and Jim Young Kim the day after.

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