



BANGLADESH SET TO EMERGE AS NEW SHIPBUILDING HUB

The three largest shipbuilding companies in Bangladesh have secured offers for ship building of about 200 million Euro within the last three months. This shows a huge potential in this sector.

Ananda Shipyard, Western Marine Shipyard Ltd. and Highspeed Shipbuilding & Engineering Co Ltd. have recently signed MoUs for orders from Denmark, Germany and the Netherlands to build ships.

It appears that European shipbuilding companies are all booked with orders till 2010 and that Asian shipbuilders in Korea, Japan, China, Singapore, Malaysia and Vietnam have adequate export orders. This vacuum has created a great opportunity for the country's booming shipbuilding industry to get involved into the global export market.

The Government of Bangladesh is now formulating policies to allow the shipbuilders to import capital machinery for setting up new heavy shipyards and bonded warehouse facilities for import of all raw materials through a so-called green channel. These facilities will provide enough incentives to the sector to contribute substantially to the national economy

NEW ERA IN PHARMA BUSINESS IN BANGLADESH

Incepta Pharmaceuticals Ltd. has made history as the first Bangladeshi company

to receive the European GMP (Good Manufacturing Practices) Certification. It is not only a breakthrough for Incepta, it is also the recognition of the country's growing pharmaceuticals industry.

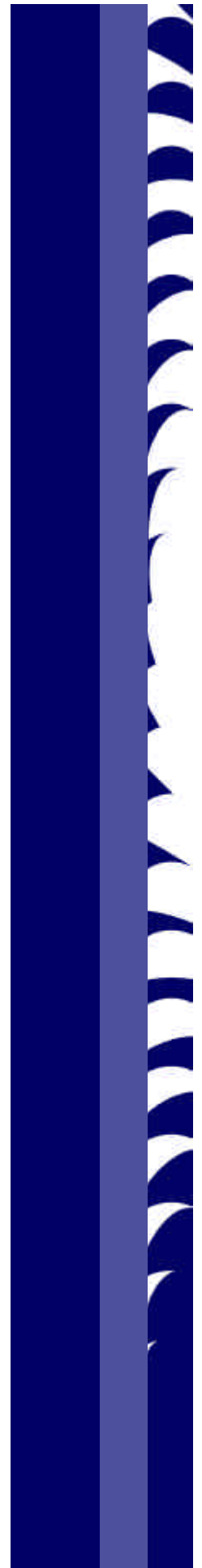
According to Incepta, Austria-based Bano Pharmaceuticals will transfer its production site to a newly built factory of Incepta by May this year, helping the factory to become a major drug exporter to Europe. It has set a target to export medicines worth 10 million Euro to the EU in 2009.

According to the CEO of Incepta, the company will also conduct bio-equivalency tests of some patented drugs for the European markets. It will also set up an Active Pharmaceutical Ingredient (API) manufacturing facility by 2009, to become a leading player in generic drugs.

CHITTAGONG PORT EFFICIENCY HITS RECORD HIGH

Efficiency at the Chittagong Port hit a high last December after average stay-time of a ship fell to less than three days for the first time in the port's history. The turnaround time of a ship was 2.9 days in December 2007. The turnaround time averaged 11.7 days in January last year.

KNITWEAR EMERGES AS NUMBER ONE EXPORT ITEM





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For the first time ever, exports of knitwear look set to overtake woven products this year as Bangladesh's largest export item. Twelve years ago, knitwear exports were worth less than a quarter of woven products. In the first four months of FY2007-08 it exceeded woven goods, bringing in USD1.6 billion. The most important advantage of knitwear at the moment is backward integration. Backward linkage industries can supply up to 90% of the raw materials used in knitwear. This figure drops to around 25% in case of woven goods.

BIMAN SIGNS MOU WITH BOEING TO BUY 8 NEW AIRCRAFTS

Biman Bangladesh Ltd. signed a MoU with the US plane maker Boeing to buy 8 new generation aircrafts worth USD 1.3 billion. The final agreement between Biman and Boeing will be signed by 15 April.

Biman has paid USD 1.5 million to Boeing as booking fee for the deal. The money is refundable in case Biman decides to back out of the deal.

Under the agreement, Boeing will not only deliver aircrafts, but also provide technical and training supports for Biman's staff, route planning etc.

IMPORT DUTY CUT ON POULTRY FEED

The government has decided to cut import duty on ingredients of poultry feeds by 10% aiming to reduce the overall cost of poultry feed.

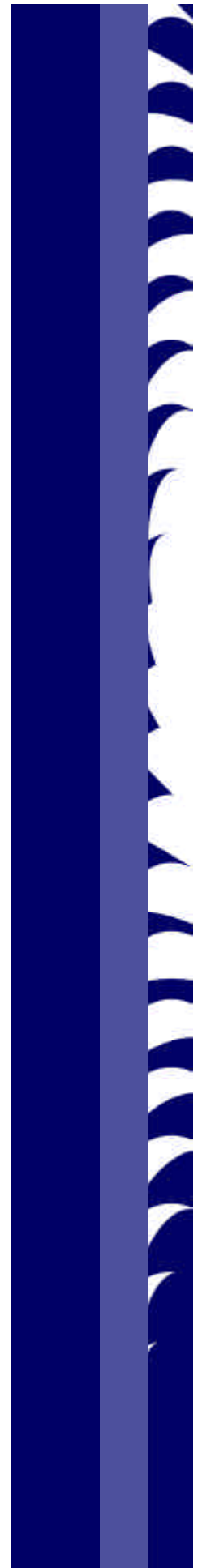
The National Board of Revenue has also decided to withdraw the provision of pre-shipment inspection for the imported ingredients, including fish, meat and bone meal, vitamins and different types of additives, which was time consuming and also increases the cost of poultry feeds. The government for the first time imposed 10% custom duty on the poultry feed ingredients during the budget of FY2007-08.

BANGLADESH GETS ATTENTION OF GLOBAL FOOTWEAR RETAILERS

The world's renowned shoe retailers are increasingly in favour of importing footwear from Bangladesh as they want to reduce their dependency on Chinese suppliers

China is the world's largest shoe exporting country accounting for around 62% of the global demand. Italy 12%, Vietnam 8%, and rest of the world provide the remaining 18%.

The elite shoe retailers prefer Bangladesh as their next destination, because moderate facilities already exist here with strong backward linkages and cost advantage. Experts from Gucci of Italy, Nike of UK, Reebok of Germany, Timberland of USA and ABC-Mart Incorporate of





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Japan recently visited a number of local shoe factories.

According to the local manufactures, they require government's policy support to make the sector more vibrant and diversify the country's exportable products.

Bangladesh currently produces around 200 million sqf of leather while it exports finished leather, leather goods including footwear worth USD 160 million.

NUMBER OF MOBILE PHONE USERS REACHED 36.4 MILLION

The six mobile operators in the country added a total 2 million subscribers in January 2008, so there were 36.4 mobile phone users at the end of the month.

According to the statistics posted by the Bangladesh Telecommunications Regulatory Commission on its website, Grameenphone is the largest phone operator (16.9 million subscribers), Banglalink is the second (7.5 million subscribers) and AKTel is the third largest (7.3 million subscribers).

Warid Telecom, the youngest operator, is holding the fourth position (2.4 million subscribers) in the country's burgeoning mobile phone sector.

The lone Code Division Multiple Access-operator CityCell and the state-owned Teletalk trailed the list at the fifth and

sixth positions with 1.5 and 1 million subscribers respectively.

RMG DYEING FIRM CHOOSES BANGLADESH OVER CHINA

An UK-based garment dyeing company, Stevenson's, abandoned its plans to relocate a plant to China, instead build it in Bangladesh, attracted by the lower costs.

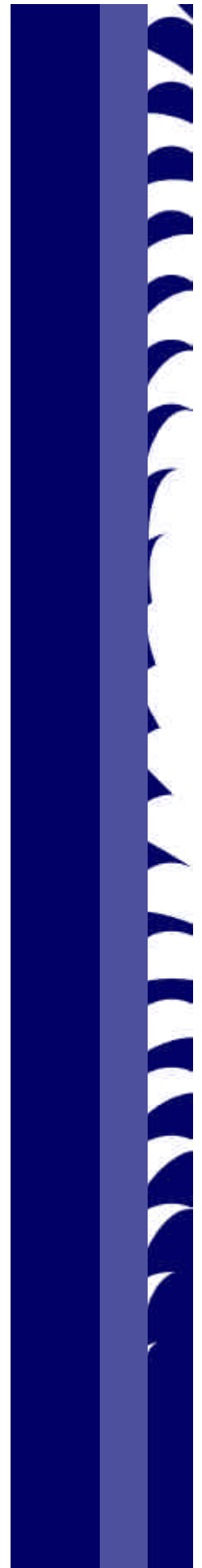
Garment dyeing is a process through which a knitwear products is colored after being manufactured using raw yarn.

Stevenson's shifted the plant from the UK to Mymensingh, following an invitation from the SQ group, a leading sweater manufacturer in Bangladesh.

The new joint venture, SQ Stevenson's Chroma Ltd., started commercial production this month with a capacity to dye 6 million pieces of knitwear per year.

EPZ COMPANIES SHIFTING FOCUS TO HI-TECH

Lenses used in some of the world's most famous camera brands are being produced in Bangladesh with such success that Japanese Sanko plans to expand its operations. Based in Chittagong Export Processing Zone, Sanko supplies to leading camera manufactures such as Nikon, Fuji, Konica and Olympus. It is an example of a growing group of hi-tech industries that are changing the image of





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Bangladesh's EPZs that have long been associated with the RMG industry.

INDIAN ESSAR RENEWS PROPOSAL TO SET UP STEEL PLANT

Indian conglomerate Essar has renewed its plan to set up a USD 500 steel plant in Bangladesh, despite the fact that the government has yet to decide the fate of similar a investment by Indian Tata.

Essar, sitting with over USD 11 billion after it sold its Indian telecom stake to British giant Vodafone last year, wants to set up a hot-rolled steel plant preferably in Chittagong. The company made the proposal in August last year, saying, unlike Tata, it will buy gas from the government at the market rate.

The proposed plant will have a production capacity of 1.2 million tones of hot-rolled steel a year. Of which Essar would export 20-30% while the rest will be supplied to local market.

REAL ESTATE SECTOR IN SERIOUS CRISIS

The real-estate sector has been witnessing dull business as apartment sales plunged by 60% over the last year. On the other hand, prices of key construction materials have gone up significantly, creating a negative impact on the country's construction sector as a whole. The prices of apartments and office spaces have gone up, yet again, by about 20%, on an average.

MACRO AND EXTERNAL ECONOMIC DEVELOPMENTS IN THE DOLDRUMS

Latest data from the IMF project a decline in the growth rate of real GDP to 5% real GDP growth in FY07/08 from 6.2% in FY06/07, an increase in consumer price inflation to 10.9% from 7.2%, a decrease in export growth to 9% from 15.6% and an increase in import growth to 20.8% from 16.6% leading to a negative current account balance of -0.4% of GDP versus 1.4% last year. All in all, the macro and external economic developments are not encouraging.

Although much can be blamed on the floods and cyclone that hit Bangladesh in 2007, the economic slowdown, rise in inflation and deteriorating external position in FY07/08 already started before these natural disasters occurred. Reasons are continuing political uncertainty, the anti-corruption drive, the slowdown in the global economy, international commodity price inflation, accommodative monetary policy of Bangladesh Bank, supply side bottlenecks and a slowdown in garment exports.

The natural disasters, however, have exacerbated these developments by further reducing export because of the damages to the shrimp and fisheries sector, while at the same time boosting food and fertilizers import.

