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REVENUE EXCEEDS TARGET FOR FIRST TIME

The National Board of Revenue (NBR), for the first time in the country's history, exceeded its revenue target and earned an excess of Tk 1000 crore (105 million euro) for the FY2007-08.

The growth in revenue earnings compared to the FY2006-07 also saw a record 27% rise. NBR's year on year revenue growth was between 9-14% in the last four fiscal years.

According to NBR, greater transparency and accountability in tax administration, cooperation of the task force and an improvement in tax paying culture are the main reasons to have such significant earnings.

REMITTANCE CLOSE TO RECORD USD 8 BILLION

Remittance grew 33% in FY2007-08 taking the total account to nearly \$8 billion, which was \$6 billion in previous FY, according to Bangladesh Bank.

Rising overseas employment and the extra money sent by expatriate to their relatives home to cope with soaring prices of essentials helped remittance reach a record mark, according to bankers.

As per Ministry of Expatriate Welfare and Overseas Employment a total of 377.894 Bangladeshi left for various countries in the first five months of the

current FY. The number was 265.827 during the same period of 2007.

KNITWEAR REMAINS HIGHEST CONTRIBUTOR TO EXPORTS

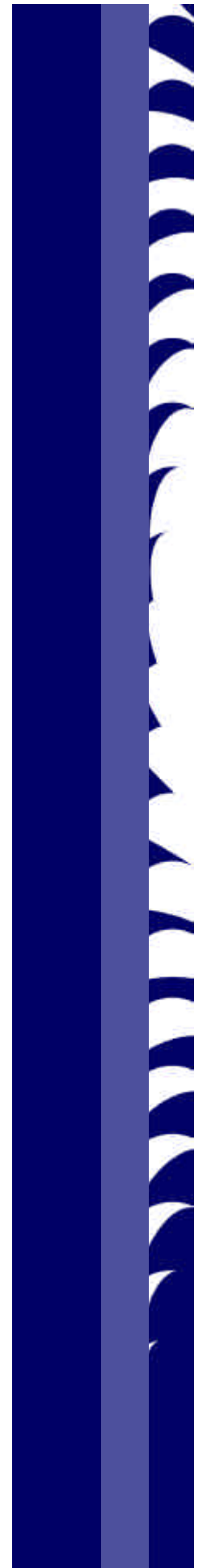
Knitwear remains the highest contributor to Bangladesh's exports growth in the FY2007-08 according to the Export Promotion Bureau. USD 5 billion was earned from knitwear exports against the target of USD 4.8 billion for these period.

Knitwear is the country's single largest export item and together with woven products export earning account for over 75%. Weak dollar, peaceful political environment and aggressive marketing helped the sector exceed its target. Besides drives in the existing markets, exploration of new avenues like Poland, Russia, Uzbekistan and Turkey contributed to the extraordinary performance in the sector.

During the period, earnings from exports of tea, textile fabrics, raw jute, ceramic and agro products also marked a rise.

FROZEN FOOD EXPORTS FETCH \$500 MILLION IN 10 MONTHS

Bangladesh fetched nearly half a billion US dollar in the first ten months of the FY2007-08 from frozen foods exports despite external and domestic odds, which represents 6.74% growth over that in the same period of the last fiscal. Export earning from frozen foods,





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however fell short of the target by 7.80% due mainly to slow down of US economy which sharply affected shrimp consumption and prices. US Market accounts for at least one third of the country's total frozen food export.

Frozen Foods exporters are now trying to boost export to the EU market which consumes 48-50% of the total export of frozen foods, of which shrimp contributes 90-92%. According to sources, European consumers refrain from buying Bangladeshi shrimp in normal quantities for the last 2-3 months following a EU report on the presence of nitrofurantoin in the Bangladesh food items.

TRUTH COMMISSION ROLLS INTO ACTION

The government of Bangladesh has created a Truth and Accountability Commission (TAC) to allow corrupt politicians and business owners to avoid jail if they confess and refund any illegally obtained money. The Commission starts functioning on 3 Aug 2008.

The TAC will operate for 5 months under the Voluntary Disclosure of Information Ordinance 2008. It is now making public notifications in the media, announcing in detail the eligibility of an individual for pleading for mercy through TAC as well as the objectives and jurisdictions of the TAC.

The caretaker government that launched a massive crackdown on corruption after taking over in January last year planned the formation of the TAC with an aim to curb corruption and ease backlog of graft cases through quick adjudication.

BANGLADESH LOSES TO INDIA IN APPAREL EXPORTS TO EU MARKETS

Bangladesh has failed to maintain position of the 3rd largest supplier of readymade garments to EU markets as India grabbed the position with shipments of more apparel in the early months of the current year.

According to the industry leaders and trade analysts, Bangladesh failed to reap benefit from the EU buyers' diversion from Chinese apparels and lost its position to India. The Indian apparel makers, who are advanced in direct marketing and design developing, took the benefit.

According to the latest report of the European Commission on the period Jan-April 2008, Bangladesh earned 1491 million Euros from RMG export to the EU countries against India's earning of 1684 million Euros. The report also showed that during the period, India's garment export to EU markets, in terms of value, increased by 2.3% while Bangladesh posted a growth >1%.





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LOCAL FIRMS TO BUILD 10 SHIPS FOR JAPAN

A local shipbuilder has won a \$50 million order from Japan to build 10 small ships, further evidence of the country's booming shipbuilding industry.

This is the first time it has won a Japanese contract and underlines the increasing global acceptance of Bangladesh as an emerging shipbuilding nation. The buyer is Japan based Tokyo Freighting Ltd, a shipping company.

Currently local shipbuilders are working on about \$400 million worth of orders for over 40 vessels for buyers from Germany, Denmark, Netherlands and Mozambique.

Behind the current boom of the industry is the global rise in the demand for new ships, especially smaller ones with a capacity below 15000 DWT. This has helped Bangladesh attract the attention of international shipping companies as traditional shipbuilding countries such as Japan, China, South Korea and Vietnam are not interested in building ships with under 20000 DWT.

4 PHARMA FIRMS' DOUBLE-DIGIT SALES GROWTH

Four pharmaceutical companies out of top ten Bangladeshi companies achieved double-digit growth in sales during the January-March period of this year, according to global pharmaceutical

market intelligence agency IMS in its first quarter report.

The report published recently said that the fifth largest pharma company in Bangladesh Eskayef posted the best 21.12% growth followed by Renata 16.19%, ACI 16.17 and Drug International 13.79%.

IMS is the global source for pharmaceutical market intelligence. It provides critical information, analysis and services that drive decisions and shape strategies of the pharmaceutical companies.

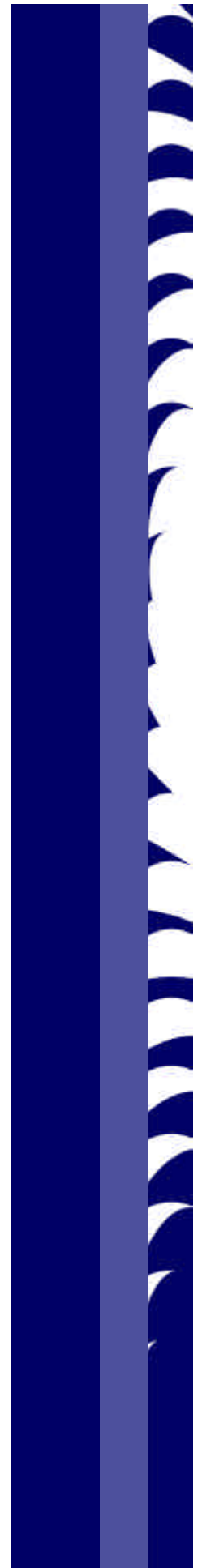
FDI RISES BY 100% IN EPZs

Export Processing Zones (EPZs) in Bangladesh received foreign investment amounting to \$302 million in FY2007-08, showing almost 100% growth during this period.

In FY2006-07, the volume of FDI in EPZs was \$152 million according to the Bangladesh Export Processing Zones Authority. The authority informed that weaker dollar, low labor costs and easy access to Asian markets had contributed to the high growth of FDI in the country.

AGENCIES RESPOND TO CREDIT RATING PROPOSAL FOR BANGLADESH

Two international credit rating agencies – Standard & Poor's and Moody's Investors Service – have responded to





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the central bank's proposal to conduct credit rating for Bangladesh, a move which will help the country attract more foreign investment and receive international aid easily.

The central bank in May this year initiated the move for Bangladesh's first-ever credit rating following arbitrary credit ratings for the country by donors and individuals enterprises and countries.

Credit rating generally reflects a country's overall economic situation, but socio-political issues also get high focus.

10 BIGGIES PAY 59% OF VAT & TAX

Ten big companies and enterprises under the Large Taxpayers Unit (LTU) paid 59% of 1.5 billion Euros Value Added Tax (VAT) collected in FY2007-08. The National Board of Revenue recently published lists of top ten Tax and VAT payers for the above fiscal.

According to the list, top tax paying organizations are : (1) Grameenphone (2) Standard Chartered Bank (3) Chevron Bangladesh Ltd (4) Islamic Bank Bangladesh Ltd (5) Titas Gas (6) HSBC (7) Southeast Bank Ltd, (8) Pubali Bank Ltd, (9) Citibank NA and (10) Prime Bank Ltd.

The top ten VAT payers are: (1) British America Tobacco (2) Grameenphone (3) Dhaka Tobacco (4) Titas Gas Field (5) Banglalink (6) Hobiganj Gas Field, (7) AKTel (8) Kailastila Gas field (9) Rural

Electrification Board and (10) Rashidpur Gas Field.

PER CAPITA INCOME LEAPS TO USD 599

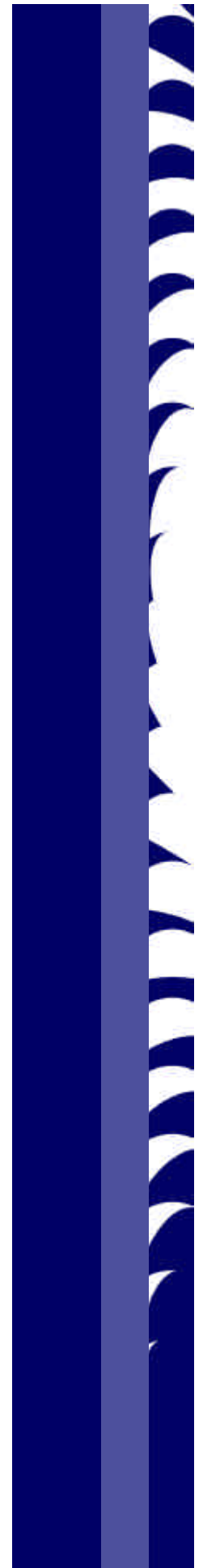
Per capita income in Bangladesh has shot up to \$599 this fiscal year from the previous years \$523 demonstrating that overall income has significantly gone up despite many odds.

The odds include fall in growth by one to three percentage points in agriculture, manufacturing, construction and services sectors. According to the latest national accounts data of Bangladesh Bureau of Statistics (BBS), the increase in per capita income is very significant because it used to be \$440 in FY2003-04, \$463 in '04-05 and \$476 in '05-06.

TAIWANESE RELOCATING FACTORIES TO BANGLADESH

Taiwanese entrepreneurs are relocating their shoe, furniture and tent fabric manufacturing unit to Bangladesh from China and Vietnam as the US and EU imposed anti-dumping duties on these two Asian countries.

In April 2006, the EC formally approved anti-dumping duties on shoes and furniture made in China and Vietnam. In March'08 EU member states voted in favor of a regulation which extends the anti-dumping duty until Oct'08.





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SOARING PRICES CAUSE 4% RISE IN POVERTY IN FY08

The number of poor people increased by 4.34% to 45.86% of the country's total population in FY2007-08, reversing the two decades trend of gradual declines, according to a recent research. It also forecasts that the latest hikes in fuel prices would make about 40000 people poor afresh.

Acute poverty dropped to 40% in FY2005-06 from 48.9% in FY 1999-00. It revealed the figures in "Bangladesh Economic Outlook" for June 2008 identifying food price-hike as the main culprit.

It painted a more alarming picture while calculating food inflation for marginal population in May that stood at 20% in Dhaka and at 17.16% in rural Bangladesh.

PRIVATE SECTOR INVESTMENT GROWTH DROPS BY 4.13% LAST FISCAL

The growth of private sector investment dropped by 4.13% to 7.47% in the FY2007-08 slowing down employment in the country. According to Bangladesh Bureau of Statistics, the private sector investment grew 11.6% in FY2006-07.

The lower investment has been attributed to anti-corruption drive, high inflation and high bank interest rates. It has also affected the overall GDP growth in the FY08.

In addition, the investment growth will be a major challenge in the coming years due to deteriorating situation in the energy and power sectors.

Private sector has been the main driving force of the country's economic growth accounting for more than 90% in the recent years.

GRAMEENPHONE LIKELY TO PAY 23.80 MILLION EURO FINE FOR ILLEGAL VOIP BUSINESS

Grameenphone (GP), the largest mobile phone operator in Bangladesh, is likely to pay 23.80 million euro in fine to the telecoms regulator for its involvement in international call termination business, which is not permitted by law. This is not the first time that GP is going to pay fine for such business. The company earlier paid 16 million euro for VoIP (voice over internet protocol).

Norway's Telenor and Bangladesh's Grameen Telecom hold 62% and 38% stakes in GP. Recently the company, with over 20 million subscribers is preparing to offload its shares in the capital market by the end of this year.

