

## Cut import duty on cellphone sets to boost telecoms growth

Operators, handset importers urge govt

MUSTAK HOSSAIN

Cellphone operators and set importers have urged the government to reduce import duty on handsets to accelerate the growth of telecommunications.

The lowering of import duty on handsets will help triple the government revenue earnings from the booming cellphone sector, they said.

If people are able to buy handsets at cheaper price, the start up cost of a cellphone will reduce and this will lead to higher telecommunications penetration, they argued.

"The handset import duty has been reduced to zero in Sri Lanka and Pakistan while India has brought down it from 25 percent to 5 percent," Mehboob Chowdhury, director sales and marketing of GrameenPhone Ltd, told The Daily Star.

Quoting International

Telecommunication Union (ITU) estimate, Chowdhury, who is also the chairman of South Asia GSM Forum, said each telephone subscription adds \$2,500 to the GDP of a country. "Therefore, a poor country like Bangladesh should have a policy where the start up cost of subscription will be lower."

Easier access to telecommunications helps common people to improve their business and professional activities, he said.

India has taken a clear stand that it needs to raise its telecommunications penetration to 15 percent by 2005, while Bangladesh is struggling with only 1.3 percent.

If taxes are withdrawn or even reduced we will be able to offer subscription packages at a very affordable price, Chowdhury said.

Local importers said taking the advantage of an irrational duty structure some unscrupulous businessmen are smuggling hand-

sets mainly to India.

"They buy mobile phones from the operators under packages, separate set and SIM (Subscriber Identity Module) and sell only the SIM cards to other people, though it is illegal. These sets are smuggled out of the country," said Anwar Hossain, general secretary of the Bangladesh Mobile Phone Importers' Association.

The government gets Tk 3,600 as direct and indirect taxes from a mobile phone with a package subscription rate of Tk 5,600. Average import duty on handset is about 40 percent, starting from Tk 3,000 for set priced up to Tk 10,000.

The duty on telecoms equipment is also exorbitant, Hossain said. "It should be reduced for the growth of our tele-density, which is one of the lowest in the world."

"The government should allow us to import handsets in complete knock down (CKD) condition for

assembling locally," Hossain said.

He suggested that the government should ask the cellphone operators to introduce the IMEI (International Mobile Equipment Identity) to stop smuggling as well as prevent use of stolen cellphone sets, which is on the rise recently.

"We are also facing competition from the 'baggage parties' who are bringing huge mobile handsets through unofficial channel and selling those in grey market, for which the government does not get a penny," Hossain said.

On an average, 20,000 handsets are being brought to the country every month through unofficial channel, said ATM Mahbulul Alam, executive director of Wintel Limited, importers of Vtech and DBTEL handsets.

He said Bangladesh has become a dumping ground for many mobile handset producers who send faulty handsets.



PHOTO: STAR

Two men walk past shuttered shops in Dhanmondi Hawkers' Market area in Dhaka yesterday during an Awami League-sponsored nationwide dawn-to-dusk general strike that affected economic activities.

## Two-day buyers sellers meet begins tomorrow

A two-day 'Buyers Sellers Meet' jointly organised by Dhaka Chamber of Commerce and Industry (DCCI), Chemical and Allied Products Export Promotion Council (Capexil), India and Indian High Commission, starts tomorrow.

A 31-member delegation from Capexil headed by its Chairman AMSG Ashoka will attend the meet at Hotel Sarina in Dhaka.

Commerce Minister Amir Khosru Mahmud Chowdhury will inaugurate the meet at 9:30 am tomorrow, says a press release.

Indian High Commissioner to Bangladesh Veena Sikri and DCCI President Fazle RM Hasan will also attend the inaugural function.

A wide range of products will be displayed at the meet for the interested entrepreneurs to see the products.

A small number of local exporters will also attend the meet with their products including Zamdane saree, agro-based products, pharmaceuticals, furniture, ceramic table ware and melamine table ware.

## ICAB seminar on Saarc economic integration tomorrow

A seminar on 'Saarc Regional Economic Integration' will be held at the Institute of Chartered Accountants of Bangladesh (ICAB) auditorium in Dhaka tomorrow.

Commerce Minister Amir Khosru Mahmud Chowdhury will be present as the chief guest while former deputy prime minister Jamal Uddin Ahmad as special guest at the seminar organised by ICAB.

Former president of ICAB Anwaruddin Chowdhury will present keynote paper. President of American Chamber of Commerce in Bangladesh Aftab ul Islam will be the session chairman, says a press release.

## Nokia signs deal to merge 4 China joint ventures

AFP, Shanghai

Nokia and four of its manufacturing partners have signed an agreement to merge their joint ventures into one almost 12 months after the proposal was first flagged, state press reported Thursday.

Nokia Corp. will remain the major stakeholder with a share of more than 60 percent, Xinhua news agency said, quoting He Qingyuan, vice-president of Nokia Networks (China).

Further details about the shareholding structure of the new company, which requires government approval, were not provided.

Other shareholders include Beijing Capital Co, Dongguan Nan Xin Industrial Development Co, Shanghai Alliance Investment and Beijing Hangxing Machinery Manufacturing Corp.

Nokia aims for the deal, which will merge two handset and two telecoms equipment manufacturing plants, to stop its Chinese subsidiaries competing against each other.

## Janata Bank sets lending strategy for 2004

# Agro-based industries, SMEs get priority

STAR BUSINESS REPORT

Janata Bank has set its lending strategy for 2004 attaching top priority to small and medium enterprises (SMEs) and agro-based industries.

The second largest nationalised commercial bank (NCB) will also put emphasis on export finance and large syndicated financing in infrastructure sector.

"We have targeted these sectors to contribute more to the development activities," Janata Bank (JB) Managing Director Murshid Kuli Khan told The Daily Star. "The poor economic growth and employment generation depend on these sectors."

He said the bank has set a target to raise its profit to Tk 250 crore this year. In 2003, JB posted Tk 212 operational profit, more than the

total profit of other three NCBs.

The bank has already set up a new SME Division and Micro Enterprise & Special Program Division in its head office in order to help the small and agricultural entrepreneurs more effectively.

In its continued efforts to promote farm sector, Janata Bank has planned to disburse Tk 400 crore in agricultural credit in 2003-04 fiscal year, 60 percent higher than the amount disbursed in the previous fiscal.

The bank has already reduced the interest rate on agro-based investment to 10 percent and for agro-based export credits to 7 percent.

The state-owned bank has identified 99 prospective sub-sectors of agriculture to diversify its lending programme. Maize cultivation, floriculture and food process-

ing are among these priority sectors, officials said.

Apart from these, the JB has taken other innovative steps such as women entrepreneurs financing schemes, poverty alleviation programmes and goat raising nursery.

The bank invested more than Tk 10,142 crore in different programmes in 2003. It was able to recover Tk 935 crore in non-performing assets last year, compared with Tk 522 crore in 2002, the JB officials added.

The bank's export business posted a 25 percent growth in 2003 while import business rose to Tk 6,047 crore in 2003, from Tk 5,845 crore in 2002.

Janata Bank has also introduced Electronic Fund Transfer (EFT) system to distribute remittance to their recipients within 24 hours.



PHOTO: BMCCI

Bangladesh High Commissioner designate to Malaysia Shafi U Ahmed and Bangladesh-Malaysia Chamber of Commerce and Industry President (BMCCI) Salahuddin Kasem Khan exchange views at a meeting in Dhaka on Tuesday. BMCCI Vice-president Md Nasir Bin Baharom was also present.

## ECB poll shows higher growth, inflation forecasts for 2004

AFP, Frankfurt

The European Central Bank said Thursday that its latest survey of economic experts showed that both growth and inflation in the 12-country eurozone were expected to come out higher than expected this year.

The guardian of the euro conducts a quarterly survey of professional forecasters (SPF) and it published the findings of its latest poll in its February monthly bulletin on Thursday.

The ECB found that the euro-area experts now expected the eurozone economy to grow by 1.8 percent this year, fractionally faster

than the 1.7 percent tabled in the previous survey.

"The expectation of an upturn in overall activity in 2004 is driven to a large extent by the recovery in the global economy, notwithstanding past exchange rate developments, followed by a recovery in domestic demand," the ECB wrote.

At the same time, the bank found that the forecasters were pencilling in a higher rate of inflation for the current year. Area-wide inflation was now expected to average 1.8 percent in 2004 rather than the 1.6 percent previously anticipated, the ECB said.

The ECB defines price stability as annual inflation close to but

below 2.0 percent.

"The upward revision for 2004, despite the appreciation of the euro, is mainly driven by indirect tax and administered price changes," the ECB explained.

By contrast, the forecasters revised downwards their forecasts both for growth and for area-wide inflation next year, the ECB noted.

Eurozone gross domestic product (GDP) is now expected to rise by 2.2 percent in 2005 rather than the 2.3 percent previously predicted, the poll showed.

And area-wide inflation is expected to average 1.7 percent in 2005, compared with an earlier forecast of 1.8 percent.

## India's cotton imports rise on soft prices

REUTERS, Mumbai

India the world's third-largest cotton producer, bought about 100,000 bales of Brazilian and West African varieties in the past two weeks following a drop in global prices, traders said Wednesday.

The country is likely to import up to one million bales of cotton in the year to September including about 300,000 bales contracted in the previous year, compared with about 1.6 million a year earlier, they said.

"It makes sense for Indian mills to import as world prices have fallen and the same situation may not continue for long," I J Dhuria, general manager with Vardhman Spinning and General Mills Ltd, said.

India, a traditional cotton importer, was signing export deals until recently as local prices were lower than world prices. It sold about 600,000 bales in the past four months.

## Unilever polishes 2003 results after dumping low-profile brands

AFP, Rotterdam

Unilever, the Anglo-Dutch food and household products group, reaped Thursday the rewards of slashing its brand portfolio to concentrate on top names such as Knorr soup and Lipton tea.

The company posted a 29-percent increase in net profits for 2003 on a basis of constant exchange rates.

The group reports in the euro which rose strongly against most currencies last year but it said that exchange rate variations had helped its debt situation.

Fourth-quarter profits leapt by 199 percent, Unilever said in a statement.

The figures included the effects of asset sales last year as part of a restructuring plan to increase growth by focusing on leading brands such as Magnum, Dove, Knorr and Lipton.

## Vodafone tries to quell bid talk

REUTERS, London

Mobile phone giant Vodafone Group Plc on Thursday attempted to douse speculation it had decided to launch a \$30 billion-plus bid for US rival AT&T Wireless, reiterating it was still weighing its options.

On the eve of Friday's bid deadline, the world's largest cell phone group reiterated it continued to monitor developments in the US and "is exploring whether a potential transaction with AT&T Wireless is in the interests of its shareholders."

But the market is braced for a bid. A growing number of shareholders and analysts say they believe Vodafone's Chief Executive Arun Sarin will raise his hand in Friday's auction for an asset that would give the British-based group long sought-for control in the world's most powerful economy.

## Cabbies demand wage structure, job security

STAR BUSINESS REPORT

Taxicab drivers of Dhaka city have demanded appointment letter, job security, life insurance coverage and a suitable wage structure for them.

Dhaka Metropolitan Taxicab Drivers Union (DMTDU) at a meeting in Dhaka on Wednesday urged the owners to fulfil their demands immediately.

They also urged the government to formulate a national policy to help grow the taxicab business as well as ensure welfare of the cab drivers.

"There is no policy or regulations for this growing public transport business," DMTDU President Abdul Matin told the meeting.

He said cab companies or owners in Bangladesh hire drivers without giving them appointment letters. "So, we have to work in an insecure environment."

The owners fix a certain amount of money, which the drivers have to pay on daily basis though they often fail to earn that amount. "So, there must be a system to ensure daily income of the cab drivers," Matin suggested.

He said the owners insure their cabs but that does not cover the drivers.

SM Tareque Mahmud, general secretary of DMTDU, and leaders of other transport workers' associations were present at the meeting.

## Japan takes over top WTO job despite US reservations

REUTERS, Geneva

Japan took over the chairmanship of the World Trade Organisation's (WTO) executive General Council Wednesday, despite earlier US calls for the job to go to a developing country.

The country's ambassador to the WTO, Shotaro Oshima, succeeds Uruguayan envoy Carlos Perez del Castillo in a post which can rival that of the secretary-general when it comes to influence within the 146-state body.

Although the United States raised no objections when Oshima's candidacy was put to members on Wednesday, it had earlier called for a chairman from a developing country.

US Trade Representative Robert Zoellick wrote to WTO member

states last month urging the quick resumption of stalled free trade negotiations, adding that this might be easier with a developing country in the chair.

"I suggest... that given the importance of combining trade liberalisation with development that we select a chair from a developing country," he said.

But tradition dictated that the Japanese envoy should get the job, which usually goes to whoever, like Oshima, had previously had charge of the WTO committee overseeing trade disputes.

Zoellick's appeal had little support even among developing states, many of whom are suspicious of Japan's strongly protectionist stance on agricultural trade, the main area where they want to see progress in the free trade talks.

## Global trade talks face first test as EU, G20 meet

REUTERS, Geneva

New found hope that a deadlock in global free trade talks can be broken gets a first reality check Thursday when the European Union sits round the table with the G20, an alliance of developing countries led by Brazil.

The EU is one of the most lavish users of farm subsidies, possibly the most controversial issue in the whole trade argument, while the Group of 20 is one of the most vocal critics of the huge aid rich powers give to their farmers.

The two sides were meeting in a secluded location outside Geneva for two days of talks which will be their first head-to-head meeting since the World Trade Organisation (WTO) vowed that 2004 should not be a "lost year" for the troubled free trade negotiations.

"We think that this will be the first stage of a new negotiating process. We are approaching it in a very positive spirit," said Brazil's WTO ambassador Luiz Felipe Seixas Correa.

Envoys said that they did not expect either side to bring new proposals to the talks, which were aimed more at exploring existing ideas.

Amongst the latter is an EU offer to negotiate a possible end to export subsidies for some farm products that are of particular interest to developing countries.

"We want to get into technical details on all issues regarding agriculture, which is what really concerns the G20," said envoy Faizel Ismail of South Africa, another leading member of the group.

The trade negotiations, known as the Doha Round after the Qatari capital where they were launched in late 2001, were initially due to be completed by the end of this year.

The round aims to lower barriers to international commerce and give what the World Bank estimates could be a \$500 billion boost to the global economy.

But a slow start and then the collapse in disarray of a ministerial meeting in Mexico last September has left few believing that the target

## Repo auction

UNB, Dhaka

The Repo auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

Seven bids of 2-day tenor amounting to Tk 127.00 crore were received and accepted.

The rate of interest against the accepted bids of was 4.50 percent per annum, said a press release of the central bank.

## World's top steel nations aim for subsidy deal by September

REUTERS, Paris

The world's top steel producing nations have brought forward their target for a deal on reducing subsidies to early September at the latest, a source involved with the talks said Wednesday.

The countries, who are negotiating a deal at talks hosted by the Paris-based Organisation for Economic Cooperation and Development (OECD), accelerated the timetable as industry pressed for a deal.

In December top negotiators said they were aiming for an accord by the end of 2004.

"We've moved that forward," the source told Reuters on the sidelines of a meeting between steel negotiators and industry representatives in Paris.

"The whole thing has to be wrapped up at the latest by August or the first weekend in September."

Efforts to reach a deal last year were scuppered by the steel nations' failure to agree on how exemptions would be permitted for developing nations.

date can still be met.

However, key figures in the round, including WTO chief Supachai Panitchpakdi, US Trade Representative Robert Zoellick and EU Trade Commission Pascal Lamy have since made calls for quick progress over the early months of this year.

In particular, they see a chance of striking outline accords on reducing protection, opening markets and cutting subsidies in key areas such as agriculture, industrial goods and in services.

The EU, while ready to discuss eliminating some agricultural export subsidies, says that it cannot abandon them all.

Both Brussels and Washington, another heavy user of farm subsidies, also want developing countries to open up their own domestic markets more to imports.

"We want to see how far they can go on export subsidies. They want to see how far we can go on market access," said Seixas Correa.