Star BUSINESS

DHAKA SUNDAY FEBRUARY 6, 2005 E-mail: dsbusins@gononet.com

7-month remittance grows 8pc

MONJUR MAHMUD

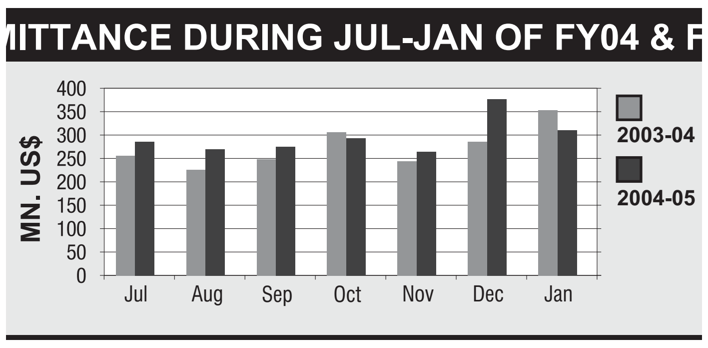
Remittance flow grew by more than 8 percent in the first seven months of the current financial year crossing a record two billion mark.

However, remittance in January 2005 witnessed a decline of more than $41 million over the same month of last year.

Non-resident Bangladeshis (NRBs) sent $2094.28 million during July-January period of the 2004-05 fiscal, which was $1935.12 million during the same period of last fiscal, according to Bangladesh Bank statistics.

In the current fiscal, NRBs sent $833.72 million in first quarter and $945.11 million in second quarter and $315.45 million in January2005.

NRBs sent $3371.97 million in last fiscal, which was 10.12 percent higher than the previous fiscal.



Besides, exports grew by 15.19 percent during July-December period of the current financial year.

With increase in remittance and exports against a huge 26.48 percent import growth, foreign exchange reserve floats a bit above three billion mark as of yesterday.

Foreign exchange reserve amounted to $3028 million as of yesterday, which went up to $3220 million but $200 million was paid to Asian Clearing Union (ACU) in January.

The foreign exchange market in recent times faced strong US dollar, which was selling at Tk 63.99 and the central bank released substantial amount of greenback to stabilise the market. But the import payment has increased and there is a high demand of dollars. Besides, the rising oil price is also forcing Bangladesh to spend more dollars.

Finance and Planning Minister M Saifur Rahman last week asked the Bangladesh Bank (BB) to strengthen its monitoring system to curb volatility in the foreign exchange and call money markets.

The Ministry of Finance has taken steps accordingly and is closely watching the remittance flow, said a finance ministry official. "If there is any irregularity or allegation, banks concerned are being asked to take immediate action. The ministry is also following up what actions the banks are taking about such allegations," he added.

The nationalised commercial banks (NCBs) are also opening exchange houses in important foreign cities to encourage NRBs to send money through banks.

Rahimafrooz, HSBC sign deal on CNG conversion

Customers of HSBC will get pre-approved personal instalment loan from the bank to convert their petroleum fuel-run cars into CNG (compressed natural gas)-driven vehicles with the technical assistance of Rahimafrooz CNG Ltd.

A memorandum of understanding (MoU) to this effect was signed between Hongkong and Shanghai Banking Corporation (HSBC), Bangladesh and Rahimafrooz CNG on Tuesday in Chittagong.

Shahzad Akhtar, director and chief operating officer of Rahimafrooz CNG, and Mamoon M Shah, manager, Personnel Financial Service of HSBC, signed the MoU on behalf of their organisations, says a press release.

Under the deal, HSBC will process the loan application for CNG conversion within 24 hours while Rahimafrooz CNG will offer customers priority conversion dates. Rahimafrooz CNG will also offer a gift voucher of Tk 1500 to do shopping at chain superstore Agora.

Sick RMG unit owners seek postponement of BGMEA polls

Postponement demand undemocratic: Annisul Huq

STAR BUSINESS REPORT

Sick apparel factory owners yesterday urged the government to postpone the upcoming BGMEA election scheduled to be held on February 17 and demanded an interim body to conduct the polls.

BGMEA Sick Apparel Community (BSAC), an association of about 1,900 sick garment unit owners, alleged the present Bangladesh Garment Manufacturers and Exporters Association (BGMEA) executive committee has introduced a new system for voter enlistment, which keeps the sick apparel unit owners out of polling process.

"That's why we urge the government to appoint caretaker authorities to conduct the election," Abul Kalam, president of BSAC, said at a press conference in Dhaka.

Kalam, however, could not elaborate how the caretaker system will work.

The BSAC president also threatened to call different programmes including hunger strike, siege and sit-in programmes if decisions are not taken in line with their demands within 48 hours.

Later talking to reporters, BGMEA President Annisul Huq termed BSAC's demand to postpone the election undemocratic.

He said according to BGMEA regulations, members who pay membership fees on regular basis are eligible to become voters.

Kalam also blamed the current BGMEA leaders for not taking any initiatives to improve their situation even after prime minister's directive to help the sick RMG factories during last Batexpo.

He said they submitted a nine-point demand to Commerce Ministry Advisor Barkat Ulla Bulu during a recent meeting, which Kalam hoped, would help resume productions in the closed garment units. He also demanded implementation of the demands before the election.

The nine-point demand includes waiving of all interests on bank loans, arrangement of start-up capital for the sick units and making adjustments of the debts of closed factories in easy long-term installments.

The BSAC president said they are facing various problems due to political turmoil, frequent strikes, non-cooperation from the banking sector and inadequate infrastructure.

The BGMEA chief, however, agreed with BSAC's nine-point demand and urged the government to a fund to help the sick units.

Southeast Asia president of Grey Global arrives in Dhaka today

Nirvik Singh, president (Southeast Asia) of advertising giant Grey Global Group, arrives in Dhaka today.

Vinod Prabhakar, chief financial officer of the Group, will accompany Singh during his two-day visit to Bangladesh, says a press release.

Singh looks after the company's operations in Bangladesh, Pakistan, India, Sri Lanka, Thailand, Indonesia and Malaysia, the release added.

Duty-free RMG to EU to be free from local value addition binding from July

BSS, Dhaka

Bangladesh's readymade garment export to the European Union (EU) will be free from any local value addition binding from July this year in favour of a Saarc regional cumulation for duty free access to the community market, industry sources said.

The new rule meant for the Saarc least developed countries including Bangladesh and Nepal is part of a global package and will come into force from July this year instead of January 1, 2006.

This development is going to take place following the EU's adoption of a decision to relax the rule of origin through elimination of value addition criterion for individual countries now widely blamed for poor utilisation of its GSP facilities by the world's poorer nations.

BGMEA Vice-president Gulam Faruq told this to the news agency recently quoting from an 'important legal notice' of the European Commission that was made public in the form of a press release from the EC headquarters in Brussels on October 20 last year.

He said Bangladesh's RMG export to the EU is already enjoying zero tariff for articles made with locally made fabrics -- both knit-wear and woven clothes. It is also enjoying a quota-free export regime since the beginning of the GSP scheme for any quantity of articles made with local fabrics. Apparels made with imported fabrics will also enjoy the same on payment of duty.

With the new GSP scheme to come into force from the middle of this year, garment exports from Bangladesh to the EU will not only continue to enjoy duty-free status but also become free from complying certain minimum local value addition requirement. It refers to a zero value addition requirement at the lower end at the national level.

A collective Saarc regional cumulation of value will replace the existing value addition criterion at individual national level to facilitate regional group to make better use of the new GSP scheme, the EC document said explaining the new policy environment.

Faruq said the Saarc regional cumulation was offered earlier but Bangladesh did not exploit it for some domestic reasons in addition to high local value addition requirement at 51 percent.

Under the new GSP scheme, Saarc members such as Bangladesh can also benefit from the Asean cumulation of value, the BGMEA leader said, adding that Dhaka will make a request to this effect.

The intra-regional coverage meaning a Saarc plus formula has been lined up to promote closer regional cooperation to make sure better use of the preferences.

The EC document said rule of origin 'should be relaxed through elimination of the value added rule criterion,' to improve the GSP utilisation by those need it most, meaning the world's least developed countries.

Its present utilisation rate is only about 52 percent leaving behind the bulk of the facilities unexplored because of the stringent rule of origin requirement, the study reports said.

The BGMEA leader said the new scheme will essentially multiply Bangladesh's apparels exports to the EU market at a time when China will be losing preferential entry facilities. India is also near the threshold of risking to lose the 3.5 percent duty rebate once its growth in market share exceeds 12.5 percent level.

Bangladesh will be one of the top beneficiaries in this situation, Faruq said.

FBCCI team off to Bahrain to join Islamic Trade Fair

BSS, Dhaka

A two-member business delegation of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) led by its Director Dewan Sultan Ahmed left for Bahrain on Friday to participate at the 10th Islamic Trade Fair and 11th Private Sector meeting for the promotion of trade and joint venture investment among the Islamic countries.

The trade fair and the meeting are being organised by Islamic Chamber of Commerce, Ministry of Commerce, Kingdom of Bahrain and Bahrain Chamber of Commerce and Industry.

Fazlur Rahman Paiker, president of the Bogra Chamber of Commerce and Industry is the other member of the delegation.

Russia puts euro in forex currency basket

AFP, Moscow

Russia's central bank said Friday it has begun to use the euro along with the dollar to determine the ruble's "real" exchange rate in order to keep the appreciation of Russian currency against the US unit from hurting exports.

The bank said it started using a dual currency basket made up of 90 US cents and 10 euro cents on February 1 and would raise the euro's share with time.

"A coming increase of the euro's share in the currency basket to a level appropriate for a fair exchange rate will be undertaken gradually by the Central Bank as market players adapt," the bank said in a statement.

A central bank source said the decision did not mean the Russian bank would increase the share of euros in its reserves or that the bank would start trading more actively on the European currency's Moscow market.

"This is only being done to determine the real, effective cost of the ruble to understand the ruble's true cost through a complicated mathematical equation," the bank source said.

Oil prices cool, metals lose shine

AFP, London

Oil prices fell this week on easing supply worries with the end of winter approaching in the northern hemisphere, OPEC's move to maintain output, calmer-than-expected Iraqi elections and warmer temperatures in the northeastern United States.

Metals were led lower by gold amid speculation the International Monetary Fund could sell gold reserves under pressure from Group of Seven (G7) nations.

The Commodities Research Bureau's index of 17 commodities fell to 281.35 points on Friday from 284.69 points a week earlier.

World oil prices dropped as supply fears eroded, leaving traders to bank profits.

Crude prices fell strongly as early as Monday after Opec maintained its current production levels and Iraq was spared any pipeline attacks during landmark elections.

Traders were reassured by a decision Sunday by the Organisation of Petroleum Exporting Countries in Vienna to maintain output levels at 27 million barrels per day.

Oil futures continued to fall later in the week on forecasts of warmer weather in the United States and a sharp rise in its gasoline inventories ahead of the US holiday driving season.

The US Department of Energy (DoE) on Wednesday reported that gasoline inventories shot up by 1.6 million barrels in the week ending January 28, smashing analysts' expectations for a fall of 400,000 barrels.

"There's a general softness prevailing in the market since we've almost made it through the winter," said Jamal Qureshi, analyst at PFC Energy, who added that supplies of gasoline appeared adequate going into the summer driving season.

Gold prices fell to the lowest level in three-and-a-half months on concern that the IMF may be forced to sell some of its gold reserves to help clear Third World debt.

"Fresh calls by UK Chancellor of the Exchequer Gordon Brown to sell IMF gold reserves to fund a Third World debt relief program have spooked the gold and precious metals market after Brown said he expected a decision within the next few weeks," said James Moore, an analyst for the specialist website TheBullionDesk.com.

Gold fell to as low as 415.90 dollars at the late fixing in London on Friday, the lowest level since mid-October.

On the London Bullion Market, gold prices fell to 415.90 dollars per ounce from 426.80 dollars a week earlier.

PHOTO: RAHIMAFROOZ CNG

Shahzad Akhtar, director and COO of Rahimafrooz CNG, and Mamoon M Shah, manager (Personnel Financial Service) of HSBC, shake hands after signing a memorandum of understanding on behalf of their organisations in Chittagong Tuesday. Under the deal, HSBC will arrange loans for its customers to convert their petroleum fuel-run cars into CNG-driven vehicles from Rahimafrooz.

Training for internet network professionals starts today

An eight-day training for internet network professionals starts today at Hotel La Vinchi in Dhaka.

Internet Service Providers Association of Bangladesh and South Asian Network Operation Group (SANOG) are jointly organising the workshop, the first of its kind in Bangladesh.

A total of 30 internet network professionals will attend the training, says a press release.

Wal-Mart eyes Feb sales up 2-4pc

REUTERS, Chicago

Wal-Mart Stores Inc, the world's largest retailer, said on Saturday it still expects a 2 percent to 4 percent increase in February sales at its U.S. stores open at least a year.

On a recording detailing sales through Friday, Wal-Mart said general merchandise comparable sales were stronger than food, and the Northeast was the strongest region. It said both average ticket and traffic were positive for the week, with each making up about half of the sales increase.

Wal-Mart's four-week February sales reporting period runs from Saturday, Jan. 29, to Friday, Feb. 25.

The Bentonville, Arkansas-based retailer made the same forecast on Thursday when it reported January same-store results, which rose 2.5 percent as sales were hurt by pre-Super Bowl sales shifting to February and unseasonable weather in parts of the country.

India sees no pressure on interest rates

REUTERS, London

Indian Finance Minister Palaniappan Chidambaram Friday said there was no pressure on domestic interest rates as there was ample liquidity in the banking sector.

Chidambaram told Reuters on the sidelines of a meeting of the Group of Seven industrialised nations in London that Indian exports were still competitive despite an appreciation in the rupee.

India, along with China, Brazil, South Africa and Russia have been invited to take part in the G7 meeting.

"Interest rates are expected to remain stable. There are no pressures on the interest rates. There is enough liquidity in the banking system," he said.

The Indian rupee hit a five-year high of 43.30 against the dollar on Thursday, a day after an upgrade by rating agency Standard & Poor's of India's foreign currency rating by one notch to BB-plus.

The Harvard-educated-corporate lawyer-turned-politician said the distortion between the short and long-end of the domestic bond yield curve had been corrected over the course of the past year.

Earlier this week, the government raised the interest rate payout on the Employees Provident Fund (EPF), the country's largest pension fund to 9.5 percent from 8.5 percent, increasing its likely debt obligations.

The move is seen by many analysts aimed at pleasing the ruling coalition communist allies. But that has also stoked fears of a likely rise in the overall interest rates.

"The current year we have agreed to pay 9.5 percent. But the matter would be reviewed next year," Chidambaram said.

The finance minister said he shared global rating agencies concern over India's bloated fiscal deficit but said the government was committed to trim the deficit by 0.3 percentage points annually under a fiscal responsibility law.

India's federal fiscal deficit stood at 4.8 percent of gross domestic product in the year ended March 2004.

The International Monetary Fund in its annual review of the Indian economy released on Thursday said the country's large fiscal deficit and public debt were a constraint on faster growth.

The IMF lowered its growth forecast for India to 6.5 percent for fiscal 2004/05 due to erratic monsoons, down from a September projection of 6.7 percent.

Last year, India's economy grew 8.5 percent, the fastest rate in 15 years.

Chidambaram hoped the regional governments will take advantage of a federal offer of debt writeoff in exchange for a promise to adopt the fiscal responsibility law.

"For the medium to long term, the (fiscal) outlook is positive," he said.

The finance minister said Indian exports were still competitive but added that exporters will begin to complain if the dollar continued its downward march.

Earlier on Friday speaking at a conference organised on developing enterprise hosted by British finance minister Gordon Brown, Chidambaram said floating exchange rates helped countries cope with economic shocks.

Saudi firm posts $340m bid for Pak power plant

AFP, Karachi

A Saudi group Friday offered the highest bid of 340 million dollars to buy a 1,750 megawatt electricity plant that supplies Pakistan's largest industrial and commercial city, an official said.

Saudi Arabian Kanooz Al Watan and German co-bidder Siemens have offered 20.24 billion rupees (340 million dollars) for a 75 percent share of the Karachi Electricity Supply Corporation (KESC).

"Of the total bid price, 15.8 billion rupees is the company price while the successful bidder would compulsorily inject 4.4 billion rupees as investment in the KESC," Pakistan Privatisation consultant Arshad Raza told AFP.

WB eyes slowdown in China's economy

REUTERS, Washington

China's economy is showing signs of cooling, but acceleration risks remain and the government should be ready to raise interest rates again if needed, the World Bank said Friday.

In a quarterly report on China's economy, the World Bank said that despite higher-than-expected 9.5 per cent growth last year, there were "clear signs" of a slowdown in domestic demand and investment growth.

The government's monetary policy and administrative measures taken last year to slow the economy were showing results, the bank said. China raised interest rates in October for the first time in nine years.

"The risk of China's economy overheating has declined, as domestic demand growth and consumer price inflation have come down in the wake of measures taken to cool the economy," the report said.

"However, the domestic slowdown was more than compensated by buoyant export growth and moderating import growth.

The World Bank welcomed China's switch from "Proactive" to "prudent" macroeconomic policies, which it said showed the government's readiness to raise interest rates if needed.

Still, the lender warned that a renewed pickup in investment growth is "not inconceivable" for instance if authorities have difficulties in keeping administrative controls effective.

"There are still risks of a return to higher investment levels because of the prevailing low real interest rates and the incentives on local governments to pursue growth," the development lender said.

"Prudent monetary policies in our view means the PBC (People's Bank of China) should be prepared to raise interest rates again, if and when needed," it added.

Also, further increases in foreign exchange flows, from capital flows and the trade surplus, could complicate monetary management, the report cautioned.

Correction

In a news item published on this page yesterday it was inadvertently printed that the biennial election of Bangladesh Frozen Foods Exporters Association was to be held yesterday. In fact, the election will be held today. We regret the mistake.