

Taka devalues 7pc against greenback in 6 months

Cost of imported essentials on the rise

MONJUR MAHMUD

Value of taka against US dollar has dipped by around seven percent in only six months, substantially pushing the cost of imported essentials up.

In banks, the selling price of dollar was Tk 61.85 on January 1, 2005 while importers had to pay Tk 66.05 per unit on July 14, according to official statistics.

When demand for essential commodities including edible oil, sugar, lentil, onion, ginger, dried chilli, garlic is going up every year, their local production is on the decline, making country more dependent on imports and creating pressure on foreign exchange as well.

"As dollar is becoming stronger,

the ongoing price correction against taka may continue," said Professor Mustafizur Rahman, a research director at the Centre for Policy Dialogue (CPD).

Production cost of industrial commodities will also go up as import cost of raw materials is increasing, he observed.

"In some cases, imported products including sugar, lentil, onion, ginger and dried chilli dominate the local market and traders involved in importing these commodities control market prices," said an official of Trading Corporation of Bangladesh (TCB), a state-run organisation monitoring prices of the essentials.

Encouraging farmers and providing subsidy may help increase local

production but there is no specific scheme in this regard, he said.

Commerce ministry's efforts to control prices of the essentials on different occasions usually go in vain due to involvement of some syndicates who import these essentials, the official said seeking anonymity. "The government has no control over these groups," he added.

According to the Department of Agriculture Extension (DAE), target for producing edible oil locally was 1.30 lakh tonnes in FY2003-04 against annual demand of more than 11 lakh tonnes. Around 10 lakh tonnes of edible oil were imported during July 2004 to May 2005.

Annual demand for lentil was

3.14 lakh tonnes while local production was only 1.22 lakh tonnes in FY 2003-04. Lentil is imported from Turkey and Syria to meet the demand.

Local production of sugar was 1.19 lakh tonnes in FY2003-04, which came down to 1.05 lakh tonnes in FY2004-05. Around 8.96 lakh tonnes of sugar were imported during July-May period of the last fiscal year.

Around five lakh tonnes of onion are imported every year mainly from India. Ginger is imported from China, Myanmar, India and Thailand to meet the shortfall of roughly one lakh tonne.

SEC team ends probe into April-May slide in bourses

BDNEWS, Dhaka

A committee formed by the Securities and Exchange Commission (SEC) to probe the unusual slide in share prices during April-May period completed its investigations yesterday, official sources said.

The three-member probe team, led by SEC Executive Director Shuvra Kanti Choudhury, will officially submit its report to the chairman soon, the sources said, without giving details of the report.

When asked, Suvara refused to comment on the outcome of the investigations.

SEC formed the probe team on May 21 against the backdrop of unusual fall in stock prices on both Dhaka and Chittagong stock exchanges from the last week of April to the first week of May 2005.

When asked, another member of the probe team refused to disclose their findings, saying it could hinder the natural process of decision-making by the SEC.

On May 2, the general index of the DSE experienced the second biggest fall of the year after January, losing 102.21 points, or 7.11 percent, while the main index of the Chittagong Stock Exchange (CSE) fell five percent.

Delhi may allow duty free access of LDC goods soon

Altat says on return from WTO meet

STAR BUSINESS REPORT

Commerce Minister Altat Hossain Choudhury yesterday said India might allow duty free access of products from Bangladesh along with other least developed countries to its market soon.

"India is now allowing 79 Bangladeshi goods under duty free facility and a declaration for duty free entry of all the products from Bangladesh might come before the sixth WTO ministerial meeting scheduled for December 13-18, 2005 in Hong Kong," Altat said at a press briefing in Dhaka, quoting Indian Commerce Minister S Kamal Nath.

Both the ministers talked on the sidelines of the WTO ministerial meeting held Dalian, China during July 12-13.

He said Bangladesh's suggestions including market access of goods of developing and least developed countries (LDCs) and temporary movement of natural persons are expected to be included on the agenda of Hong Kong conference.

Issues such as imposition of anti-

dumping and countervailing measures, assistance in fulfilling millennium development goal (MDG), technical assistance in sanitary and phyto-sanitary measures and technical and financial assistance in trade development were discussed in the Dalian meet.

The meet agreed to push Bangladesh's motion seeking unfettered temporary movement of natural persons at the coming ministerial meet.

Altat pointed that if only three percent of the OECD (Organisation for Economic Co-operation and Development) labour market is opened, both the sides sending and receiving manpower can earn about US\$ 200 billion each annually.

If capital movement is allowed as a factor of production, why the movement of natural persons should not be allowed, the minister argued.

The LDCs' demands for movement of natural persons (mode-4) and other concerns would emerge more prominently in the sixth and last mini-ministerial meet to be held in South Korea, Altat hoped.

In the Dalian mini-ministerial, Altat said, Bangladesh reiterated its

demand for "binding commitments" from the developed and advanced developing member nations for duty-free market access of agricultural and non-agricultural products originating in the LDCs.

The meeting also agreed to support continuation of low-cost bank loans for farmers and reduced power tariffs for irrigation, he added.

However, there was no commitment for tariff reduction on agricultural and non-agricultural products in the LDCs. But it was agreed that if the developed countries reduce tariff or withdraw subsidy, compensatory mechanism and trade remedial measures will be introduced for the affected LDCs, the minister said.

According to the July-framework on trade facilitation last year, LDCs would have to make no commitment except the power, economy, administration and institutional sectors, he said.

A core group of 30 major trading countries, through a meeting, will finalise a common understanding on different negotiating issues before placing them at the Hong Kong ministerial meet.

Japanese keen to invest in Adamjee EPZ

UNB, Dhaka

A Japanese business group has shown keen interest to establish a large textile mill in Adamjee EPZ with a proposed investment of US\$ 40 million.

This was announced when senior advisor of TORAY Pen Group and leader of a six-member Japanese business delegation NG Cheang Wah called on executive chairman of Bangladesh Export Processing Zones Authority (BEPZA) M Zakir Hossain on Thursday.

It was informed during the meeting that the Group would start its activities in Bangladesh very soon.

The delegation included Group Chief Manager (Engineering) of Penfabric Lim Chek Keang, Executive Director of TORAY Pen Group Hajime Ishii, and Director of TORAY Pen Group and Penfabric Quah Chin Kooi.

Bangla-Thai task force formed to cut trade gap

STAR BUSINESS REPORT

Business leaders of Bangladesh and Thailand formed a joint task force (JTF) yesterday in Dhaka to cut trade gap between the two countries and remove business obstacles.

As the trade gap is not in favour of Bangladesh, the JTF will help the country reduce this gap by increasing business with Thailand, businesspeople of both the countries hoped while briefing the features of the JTF.

The task force was formed at a meeting between Bangladesh Thailand Chamber of Commerce and Industry (BTCCI) and Thailand Bangladesh Business Council (TBBC) at the conference room of Dhaka Chamber of Commerce and Industry (DCCI).

BTCCI President R Maksud Khan and TBCC President Mingpant Chanyavichitship have been elected president and vice-president of JTF.

Under the JTF, a joint venture institution for vocational training will be established in Thailand to develop Bangladeshi human resources especially in healthcare sector.

The task force will also establish a joint venture industry in Bangladesh to produce *halal* foods, which will be exported to other countries.

Duty free access of Bangladeshi fruits and vegetables to Thailand, developing logistics of the two countries for facilitating trade, transport, tourism and agro-based industries have also featured in the JTF recommendations.

Khan said the Thai government granted duty free market access of 128 Bangladeshi products from 2003. But statistics shows that export volume of Bangladeshi products to Thailand is decreasing while it is increasing rapidly from Thailand part.

Export from Bangladesh to Thailand decreased from US\$ 25.18 million in 2002-03 to US\$ 22.79 million in 2003-04 while import from Thailand increased from US\$ 179.82 million to US\$ 238.90 million over the same period, he said.

The newly formed body will help reduce this trade gap, he hoped.

Suphat Chitranukroh, ambassador of Royal Thai Embassy in Bangladesh, was also present at the press conference.

Rakub profits Tk 48.3m in FY2003-04

STAFF CORRESPONDENT, Rajshahi

Rajshahi Krishi Unnayan Bank (Rakub) earned a profit of Tk 48.3 million during FY2003-04.

The bank disbursed loans amounting to Tk 8,700 million against the target of Tk 8,000 million while it realised 98 percent of the loans.

Some Tk 1,110 million of classified loans were recovered during the same period. Rakub Chairman Ruhul Kabir Rizvi told the newsmen at a press conference at its office recently.

He also said the present unrealised loans of the bank stood at Tk 20,400 million.

Cida plans \$80m annual aid for Dhaka

UNB, Dhaka

Canada has designated Bangladesh as the only focus country in Asia for development assistance as Cida plans to increase its annual aid sharply up to \$80 million from \$52 million.

"Bangladesh is the only focus country for Cida in Asia... This means that Cida has identified priorities for its works in Bangladesh based on the country's needs and

interests," Canadian High Commissioner David Sproule said, disclosing the updated aid plan.

The Canadian International Development Agency, he said, will expand its works in four priority areas of health, education, governance and private sector development. In next 2-3 years, the Cida plans to increase its annual spending here from \$ 52 million to \$ 70-80 million annually.

In an exclusive interview with the

news agency at his High Commission office, the Canadian envoy spoke on varied subjects, starting from trade and investment to governance and next general election in Bangladesh.

On Dhaka-Ottawa bilateral trade, Sproule said since Canada granted duty-free access for Bangladeshi products from 2003, bilateral trade has rapidly increased by 157 percent.

Infineon cellphone set costs below \$20

ABU SAEED KHAN

In a bid to bring down cost of mobile handset below US\$20, German semiconductor maker Infineon Technologies AG has commercially launched the world's first reference design for ultra-low-cost mobile handsets for emerging markets.

A mobile handset with charger, packaging and documentation are included in this cost, according to a press release. It supports black and white and colour display along with different voice quality parameters and short-message-service.

Infineon hopes that such ultra-low-cost GSM handsets, based on its design, will hit the market by early 2006.

Conventional GSM (Global System for Mobile Communications) mobile phone needs between 150 and 200 electronic components. Infineon, however, uses less than 100 of such components and they occupy only three square centimetres.

Fewer components have also made an extra 70 percent empty room in the printed circuit board (PCB) of new handset. Infineon has provisioned its ultra low-cost handsets with cheap AAA-sized nickel metal hydride (NiMH) rechargeable batteries for power supply.

Lesser components will also reduce the power consumption. Infineon believes that the handsets, with standard rechargeable batteries, will remain standby for more than 10 days with more than four-hour of talk-time.

Infineon's highly compact design

significantly reduces the manufacturing cost of the mobile handsets. In the new design components are placed on only one side of the PCB. It also slashes the calibration test period from 60 seconds to just 1 second and simplifies the component logistics.

Presently, there are about 1.8 billion mobile phone users worldwide. The demand for low-cost and easy-to-operate handsets with SMS functionality is increasing. Many people want to enjoy the benefits of mobile communications, but place little value on applications such as camera and video features, web browser, music player and games.

The ultra low-cost handsets target these mainstream and new mobile phone users. Besides, there are around 3.5 billion people living in areas with mobile phone coverage who cannot afford their own handset and the ultra low-cost handsets are a key initiative to extend the benefits of communications to them, the press release added.

The US market-research company Strategy Analytics expects that more than 150 million units of ultra low-cost handsets, costing less than US\$50 wholesale, will be sold worldwide in 2010.

Motorola launched the \$40-handset in February. In June, Philips announced that it would launch the reference design to make cellular mobile handset at \$20 or less by this year-end. Infineon's entry is expected to intensify competition in the ultra-low segment of cellular mobile handset market.

HP likely to cut thousands of jobs

AFP, New York

US tech giant Hewlett-Packard is expected to unveil a major reorganization as early as next week that could end up slashing as many as 25,000 jobs, analysts said.

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The move for the Silicon Valley group would be the company's biggest shakeup since completing its controversial takeover of Compaq Computer three years ago.

"Datapoints from an industry source suggest that the much-anticipated cost cutting plan could be announced next Monday and include a headcount reduction of 15,000 to 25,000," said analyst Cindy Shaw at Moors and Cabot.

"The Street has generally been looking for a headcount reduction of 5,000 to 10,000 at the low end of the range and 10,000 to 15,000 at the high end of the range, although we believe there has been a whisper number of 20,000 this week."

There was no immediate comment from the company based in Palo Alto, California, known for its computers, printers and tech services.

Speculation has run high that a major restructuring has been in the works since chief executive Mark Hurd took over at HP in March. Hurd, the former CEO of NCR, built a reputation for restoring NCR into a money-making machine through cost-cutting.



MA Awwal, chairman of Bangladesh Textile Mills Association (BTMA), speaks at a press conference in Dhaka yesterday.

BTMA seeks steps against illegal fabric imports

STAR BUSINESS REPORT

Under-invoicing, smuggling and misuse of utilisation declaration (UD) in fabric import are hitting the export-oriented textile industry hard, textile mill owners said yesterday urging the government to take immediate safeguard measures.

Fabrics worth around US\$1.5 billion are illegally entering the local markets every year through these channels, they alleged.

They called on the government to check leakage of fabrics and yarns from bonded warehouses saying that the low cost leakage fabrics and yarns are flooding the local markets.

Besides, they also asked the government to monitor the performance of the National Co-ordination Council as the council is dilly-dallying in policy implementation to develop the textile sector.

The demands came at a press conference of Bangladesh Textile Mills Association (BTMA) in Dhaka.

Addressing the press conference, BTMA Chairman MA Awwal said

if the government does not rein in the illegal fabric import, the textile sector may not be saved even by providing cash incentives.

He said readymade garment manufacturers are importing fabrics 1.5 times more than consumption demand through UD facility. Half of these fabrics are selling illegally at Islampur market. "And for the last eight or nine months, the misuse of UD has been increasing gradually," he added.

"When we have to import fabrics at 80 cents, they (readymade garment manufacturers) are importing the same at 20 cents under UD facility," he said adding, "Besides, they are also importing more fabrics than consumption demand through under-invoicing."

Awwal said many countries such as China, India and Pakistan had bonded warehouse facilities at the primary stage. But, later these countries abolished the provision for the development of their local textile industries.

"So it should be banned in

Bangladesh either for the sake of local textile industry," he suggested.

Smuggling of fabrics and yarns from neighbouring India by a vested quarter is also flooding the local markets and posing a continuous threat to the local textile industry, the BTMA chairman said.

"What we achieved during last 15 years in the textile sector by investing around Tk 15,000 crore, is now on the verge of ruin," he said.

The BTMA leader said India may also be a threat to the local textile industry if the country awards duty free access of its textile products to the Bangladesh market.

"Along with Indian officials, some Bangladeshi officials are also trying to convince the government for such free trade agreements. But, we do not need such agreements with India as these may lead the industry to wreckage," he warned.

Bangladesh is more competitive than China, India and Pakistan, he said adding, "But, due to these hurdles we are now in an uneven competition."

Bangladesh third largest recipient of WB soft loan

BDNEWS, Dhaka

Bangladesh has become the third largest recipient of World Bank's soft loan after India and Vietnam with the country receiving US\$600 million credit in fiscal 2004-05, bank officials said.

The bank's total support of \$2.89 billion in fiscal 2004-05 to India was the largest amount received by a country, which was more than double the amount (\$1.4 billion) it received in fiscal 2003-04.

The WB in a report said its support for Bangladesh is focused on the health and education sectors, forging innovative partnership with NGOs (non-governmental organisations), which target expanded access to social ser-

vices. The projects supported by International Development Association (IDA), the WB's concessional lending affiliate, continue to emphasise the importance of improved governance, with a focus on public procurement and financial management, infrastructure for energy, and the financial sector.

Human development also received a significantly share with bank support going to national programmes most relevant to achieving the Millennium Development Goals (MDGs).

The bank support to India is significant, but it represents a small proportion of the country's financing requirements.

Bangladesh, where over 63 million people live in poverty, is on track to achieve many of the MDGs, including universal primary enrolment in schools and gender equality in education at both primary and secondary level.

Borrowing of \$5 billion by the South Asia region was the second largest after the Latin American region, which borrowed \$5.2 billion. Europe and Central Asia received support worth \$4.1 billion, Africa \$3.9 billion, East Asia/Pacific \$2.9 billion, and Middle East and North Africa \$1.3 billion.

Of the total WB loans, grants and guarantees worth \$15.7 billion was for investment operations, while the remaining \$6.6 billion was for development policy support.