

# Star BUSINESS

E-mail: business@theluckystar.net

## DOLLAR EXCHANGE COSTS

## BB asks banks to limit spread to under Tk1

## STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday directed all commercial banks to limit the spread on the purchase and sale of the US dollar to less than Tk 1, as the gap is now the highest in South Asia.

BB Governor Salehuddin Ahmed, made this directive at a meeting with senior executives of all commercial banks at his office.

The spread is the difference between the price paid for a currency and the price at which it is sold. This is one of the ways in which currency traders make profits.

The current spread on the dollar-

taka is Tk1.53 or 2.23 percent with commercial banks buying dollars at Tk 68.20 and selling them to importers at Tk 69.74.

In India, the spread is Rs. 0.58, or 1.3 percent, while it is 1.6 rupee, or 1.47 percent in Sri Lanka and 0.37 rupee, or 0.61 percent in Pakistan, according to the BB statistics.

"We told the banks to keep the gap at a tolerable level -- within Tk 1," the central bank governor told reporters following the meeting.

Although Bangladesh Foreign Exchange Dealers Association (Bafeda) has asked all banks to keep the gap within Tk 1, commercial banks have not complied with

the request.

On March 7, the BB presented detailed statistics of the 44 banks' transactions and tallied their spreads that showed the spread Tk 1.2, the lowest for the 4 state-owned banks, while the private banks' spread ranged from Tk. 1.27 to Tk 1.99. The spread is consistently higher for foreign banks, ranging from Tk 1.3 to Tk 1.94.

As the spread widens, exporters are getting less for their products, while import prices rise. Importers are not allowed to buy dollars directly from exporters, instead they have to go through approved currency dealers.

**China sees Kunming fair a chance to reduce Sino-Bangla trade gap**

BSS, Dhaka

There is an immense potentiality to reduce the existing trade gap between Dhaka and Beijing through arrangement of Kunming fair at Yunnan province of China.

Speaking at a view exchange meeting here, visiting Chinese business delegation leader Li Ji Ming said the fair is very important for Bangladesh to showcase and familiarise its products to the Chinese people.

Dhaka Chamber of Commerce and Industry (DCCI) organised the meeting at its auditorium yesterday to find out guidelines for holding the fair, which will be held on June 6-10 in Kunming International Convention and Exhibition Center.

In this connection, a nine-member high-powered Chinese business delegation led by Li Ji Ming is now in Dhaka to discuss issues on bilateral trade and economic cooperation between the two nations.

Highlighting various positive aspects of the fair Li said that the fair could benefit Bangladesh to reduce the huge trade gap with China gradually.

DCCI President Hossain Khaled said in FY 2005-06, Bangladesh's export to China was only US \$64.35 million, while its import from China was \$2,079 million.

He urged the Chinese authorities for taking initiative to reduce tariff on items now available in the country under Bangkok agreement.

Items of seven categories; IT, machinery and electronics, pharmaceuticals and health care products, agriculture and food stuffs, chemicals and mineral products will be displayed in the fair.

DCCI Senior Vice President Shahjahan Khan, Vice President Alauddin Malik, Directors MS Shekil Chowdhury, Asif Ibrahim and Syed Moazzem Hossain were also present.

## Two freight forwarding associations to merge

ABDULLAH AL MAHMUD, Ctg

Two organisations of freight forwarders in Chittagong are going to merge soon as the government moves to bring the freight forwarding business under a licensing system.

The International Freight Forwarders Association of Bangladesh (IFFAB) and Association of Cargo Agents of Bangladesh (ACAB) at a meeting on

Sunday took the decision. Chittagong customs commissioner and representatives of joint forces were also present at the meeting.

The new organisation is likely to be named 'Bangladesh Association of Freight Forwarders'.

The meeting also took a decision on fixing the security deposits for freight forwarding firms of three categories. As per the decision, the security deposits for a 100 percent foreign freight forwarding company will be Tk 10 lakh while that for a joint venture and a local company will be Tk 7.5 lakh and Tk 5 lakh, meeting sources said.

It also decided to fix the paid up capital for a foreign firm at Tk 1 crore and for a joint venture at Tk 50 lakh.

Meanwhile, many local freight forwarders criticised the rate of security deposits for the foreign and the joint venture freight forwarding companies as being too small.

However, everything will be finalised in the next meeting of the organisations scheduled for Sunday next.

Earlier, a meeting was held on March 5 to bring the freight forwarding business under a licensing system. The March 5 meeting, which was attended, among others, by customs officials and representatives of the joint forces, took the decision that all freight forwarding firms must obtain licences from National Board of Revenue (NBR) after submitting required fees by the end of this month.

The decision by the TSE on Monday to let Nikko keep its listing came as a surprise to investors following numerous Japanese media reports that bourse officials had decided informally to kick the company off its trading rolls.

## Citigroup won't sweeten Nikko bid

REUTERS, Tokyo

Citigroup said on Monday that it had no plans to alter the terms of its \$10.8 billion bid for Nikko Cordial Corp. even after a surprise decision by the Tokyo Stock Exchange to not delist the brokerage.

Citigroup last Tuesday announced its intention to acquire Nikko in what would be its biggest-ever deal in Asia.

The U.S. financial conglomerate had said it would launch a tender offer bid for all shares in Nikko at 1,350 yen regardless of whether it lost its stock listing. "This remains true," Citigroup said in a statement, commenting on the terms of its offer.

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CEO of mobile phone operator Banglalink Rashid Khan inaugurates a customer care centre of the company in Khulna on Wednesday. Other senior officials were also present.

## Motor show begins in Dhaka Thursday

STAR BUSINESS REPORT

A three-day motor show will begin in Dhaka on Thursday to make aware customers of new products in the automotive component sector.

Industries Adviser Geetara Shafia Chowdhury is expected to inaugurate the fair.

The show styled 'EBL 2nd Dhaka Motor Show 2007' will be held at Bangladesh-China Friendship Conference Centre with as many as 40 local and foreign companies participating in it.

Eastern Bank Ltd (EBL) is the main partner of the show organised by Conference and Exhibition Management Services Ltd (CEMS).

"The show will bring the car importers, distributors, CNG conversion companies, automotive component manufacturers from home and abroad at a single place so that the visitors will get a clear view of the sector," Meherun N Islam, managing director of CEMS, said at a press conference in Dhaka yesterday.

The fair will be open at 10am and continue till evening everyday. The entry fee is Tk 30.

The EBL will offer car loans to the customers at the show, which ranges from Tk 1 lakh to 20 lakh at 18 per cent interest, Ali Reza Iftekhar, additional managing director of EBL, told the press.

"The bank is also providing one per cent discount on processing fee of loans," Mashrur Arefin, head of consumer banking of EBL, said.

Three other private commercial banks will also showcase their services and products in the fair.

Rahimafrooz CNG, Rangs Limited (Mitsubishi Motors), Rancon Autos Limited, Navana Motors, Savron CNG and Filling will participate in the show, among others.

Vehicle as well as spare parts producers from China, Japan, and India will also participate in the show.

ATN Bangla, the daily Jugantor, Radio Today and The Daily Star are the media partners of the show.

## Dollar falls

AFP, London

The dollar fell slightly against the euro and the yen on Monday as investors took profits following a pre-weekend rally that was sparked by robust US payrolls data.

The yen firmed after an upgrade to Japan's already brisk economic growth for the quarter to December, but dealers said the Japanese currency was on a downward trend.

The euro rose to 1.3175 dollars in European trading, from 1.3112 dollars late in New York on Friday.

## RMG export can double to \$18b in 3 years

Hopes new BGMEA president

Md HASAN

Readymade garment (RMG) exports could be doubled in the next three years to \$18 billion, if the government tackles holdups in banking, customs and the main ports, said Anwar-Ul-Alam Chowdhury Parvez, the new president of Bangladesh's apex trade association in garment sector.

Parvez, who took up his position as president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday, also stressed the need for the industry to enforce agreements on minimum wages and compliance if it is to boost exports.

"It is our target to increase the RMG exports from the existing \$9 billion a year to \$18 billion," Parvez told The Daily Star in an exclusive interview.

"I am very confident that if the government comes forward and facilitates this by developing services, including ports, customs, banking and other related agencies, it is possible."

The BGMEA president said good relations between workers and owners and the rehabilitation of about 1800 'sick' garment units that remain in financial difficulties, are also preconditions to achieve the \$18 billion target.

On the subject of international



Anwar-Ul-Alam Chowdhury Parvez

trade agreements, Parvez said the government should prioritise the Generalised System of Preferences (GSP) in order to gain more access to European markets. It should also lay emphasis on the TRADE Bill in the US to improve access to Bangladesh's largest single market.

He said, "GSP issues have changed during the last few years, but so far Bangladesh has not sent any proposals that would allow us to gain the benefits from GSP. We have to concentrate more on this issue."

He said the TRADE Bill had been discussed in both houses of the US Congress but this had failed to produce any results due to a lack of follow-up by Bangladesh.

However, he expressed his expectation that the bill would be passed as two probable candidates in the next year's US president election -- John McCain and Hillary Clinton -- sponsored the bill.

Parvez said Dr Mohammad Yunus' support for the TRADE Bill would be an advantage as the Nobel laureate had very good relations with both the presidential candidates.

It will also be important for the government to ensure that RMG products gain duty free access to markets in developed countries in line with the World Trade Organisation's Hong Kong ministerial declaration, he said.

Bangladesh has a huge opportunity to enhance its exports especially to the US and EU, he said, as in these markets demand for RMG items is increasing by 12 percent a year.

"While we continue to concentrate on these two big markets, we also have to look for other regions. Australia, Argentina and Japan are becoming more important to Bangladesh."

"However there is a problem with new markets as some countries' buyers do not like to trade through opening Letters of Credit (L/C)."

For example he said Japanese retail buyers want to trade with Bangladesh through direct trading

systems. "They want to pay money after receiving goods."

"Our government should make possible direct trade because our main competitors such as China and India have already started exporting RMG products through such a system," the BGMEA president said.

The new executive committee of the BGMEA, elected along with Parvez, will move to ensure the implementation of minimum wages and compliance in the garment sector, he said.

"We are committed to their implementation. Within a short time, a BGMEA team will investigate further to find out how many factories have implemented the minimum wage," he said.

The Forum headed by Anwar-Ul-Alam Chowdhury Parvez of Evince Garments Ltd was swept to power in the 25th February election, bagging 24 out of 27 posts. The executive committee elected Parvez president for the next two years.

## Share prices continue falling

STAR BUSINESS REPORT

Price indices continued falling for the third day on anxious sell-off prompted by government's ongoing drive against corruption and financial frauds.

The DSE General Index dropped by 12 points, or 0.69 percent, to close at 1705.70 points while the CSE Selective Categories Index declined by 18.76 points, or 0.72 percent, to finish at 2578.26 points.

The DSE All Share Price Index lost 13.18 points, or 0.9 percent, ending the day at 1441.60 points. The CSE All Share Price Index also fell by 51.86 points, or 1.27 percent, closing at 4021.38 points.

Market sources said nervous sell-off pushed down the market extending the bear run for the third consecutive day.

The government's anti-money laundering drive also forced big investors to remain off the market, a stockbroker said.

"But, it is temporary. The market will bounce back soon," according to an expert.

The bearish trend left most of the securities down yesterday. Of the issues traded on the Dhaka Stock Exchange (DSE), 72 closed higher, 111 finished lower and 22 remained unchanged. On the Chittagong Stock Exchange (CSE), 22 advanced and 72 declined with six remaining unchanged.

Total turnover also declined on the stock exchanges. The turnover came down to Tk 55.06 crore on the premier bourse and Tk 12.82 crore on the port city bourse.

## HSBC arranges Tk35cr for Pran Foods

HSBC along with four other banks and non-banking financial institution has arranged Tk35 crore for Pran Foods Ltd, a concern of Pran-RFL Group, says a press release.

A syndicated term loan agreement to this effect was signed recently in Dhaka between the Hongkong and Shanghai Banking Corporation (HSBC) Ltd in Bangladesh, Pran Foods, Pubali Bank Ltd, The City Bank Ltd, Utara Bank Ltd and Sabinco.

HSBC is the lead arranger and agent bank for the facility to expand the existing capacity of Pran Foods.

Sabinco is a joint-venture development financial institution established by the governments of Bangladesh and Saudi Arabia.

Mahtabuddin Ahmed, chairman of Pran-RFL Group, Steve Banner, chief executive officer HSBC Bangladesh, DH Chowdhury, managing director (Current Charge) of The City Bank, Minhz Zia, managing director of Sabinco, Shaikh Aminuddin Ahmad, consultant of Utara Bank, and Mahbub Mustafizur Rahman, general manager of Pubali Bank, signed the deal on behalf of their sides.



PHOTO: HSBC