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Cellphone call charge highest Tk 2, lowest Tk 0.25

BTRC sets tariff ceiling

STAR BUSINESS REPORT

The country's telecoms watchdog has set a comprehensive tariff plan for all cellphone operators, asking them to keep call charges between Tk 2 and Tk 0.25 a minute.

The new tariff ceilings will be applicable to all voice services and packages for all prepaid and post-paid connections, said a press release of Bangladesh Telecommunication Regulatory Commission (BTRC).

Irrespective of any promotion, package, operator, timing (whether peak or off-peak), pulse (whether one second or one minute), and friends and family numbers, the call charges will be bounded by a circuit between Tk 2 and Tk 0.25 per minute.

The 'interim' provisions have been made effective until further order, the release added.

If a promotion package is offered, the tariff must be the same for all subscribers under the same package. Tariff variation in different geographic locations is not allowed under a same package, according to the tariff plan.

The BTRC directive said promotional tariff must be limited for a period of two consecutive months or less. If a promotional tariff continues for more than two months, that tariff will be considered permanent, the directive said.

The telecoms regulator at a meeting presided over by its Chairman Manzurul Alam on Thursday decided to set the tariff ceilings.

BTRC said Bangladesh Telecommunication Act 2001 suggests rationalisation of tariff matters.

However, cellphone operators said tariff ceilings should not be fixed by the authorities, rather the ceilings should be market-driven.

"The tariff should be determined by competition in the market," said an official of a mobile phone operator seeking anonymity.

He said it is unfortunate that authorities set tariff ceiling in the age of free market economy.

The official said the mobile phone companies have reduced call charges by almost 70 percent during the last two years, and the charges will be reduced further as usual no matter the regulator intervenes or not.

Market intervention by authorities is not a new phenomenon. In June this year, the European Union set tariff ceiling for the operators in its region.

Under the rules, operators cannot charge EU subscribers making cross-border calls within the 27-nation bloc more than 49 euro cents (66 US cents) a minute in the first year of application while receiving a call could cost no more than 24 cents.

Indian firms asked to go global

PTI, New Delhi

Finance Minister P Chidambaram Friday asked Indian companies to aspire to be among the top five global players in their respective sectors and assured them the government will help in raising capital for acquiring businesses overseas.

"We must look beyond 9 per cent growth, which is possible only through inorganic way," he told captains of the Indian industry at the NDTV Profit business leadership awards here.

Chidambaram said while companies must grow organically in the domestic market, they would have to go global and buy business abroad for expanding their operations.

"We all felt delighted when Tatas acquired Corus and all the major Indian companies should make efforts to become among the top five global brands," he said.

Tata Steel early this year acquired Anglo-Dutch steel maker Corus Group Plc for around 12 billion dollars in what was the biggest takeover by an Indian company. In the process, Tata Steel became the world's sixth-largest steel producer.

Indian companies have in recent times acquired a number of foreign companies in variety of sectors such as metals, software, pharma, energy and FMCG.

WB discourages govt ownership in NCBs

Suggests de-politicisation of financial sector regulations

STAR BUSINESS REPORT

The World Bank (WB) wants a proper process for privatisation of nationalised commercial banks (NCBs) so that government can retain a minimum share of its ownership in those, or, if possible, reduce such ownership to zero, as the bank said in a recent report.

It, however, thinks that any failure of privatisation process may turn out to be worse than the government ownership impact.

Citing an international experience on privatisation, the WB suggested that privatisation process should be ideally undertaken by an entity that is independent from the political sphere.

It said this would send the wrong signal if the government would like to continue influencing decisions in the banks.

The WB in its report on Bangladesh: Strategy for Sustained Growth recommended a more efficient financial system.

The report further said the NCBs' privatisation process should be coupled with a resolution of the bad debts of the state-owned enterprises (SoEs).

The government should ensure a level playing field for the privatised NCBs and other providers of financial services, it also suggested.

The report remarked that a proper and transparent divestment process for the NCBs and de-politicisation of the financial sector regulations and supervision can serve as a role model in the divestment of other public sector entities.

An autonomous and accountable Bangladesh Bank can similarly be a paragon for broader institutional reform, the report said.

Dwelling on the overall situation of Bangladesh's financial system, the report said licensing process of the financial system has to be run on objective and non-political basis.

It pointed out that the central bank has not been immune from political interference in the bank licensing process, and is often forced to follow 'recommendations' of the political class to allow new banks. Fortunately, such practice has ceased in recent years, the report, however, said.

Besides, according to the WB report, the past practice resulted in a number of weak private commercial banks (PCBs) plagued by insider lending and other abuses by owners. Political capture of the regulatory entity also prevented proper resolution of the failing banks, the report added.

It also highlighted about sustainability of large number of banks operating in a small market like Bangladesh.

The report said as there are a large number of banks in the market, a temporary and limited moratorium on new bank licence should be imposed, when all banks should be subjected to special audits to assess their long-term viability.

And then, the banks that are found non-viable should be resolved, preferably through market-based solutions such as merger and acquisitions or purchase and assumption of operations, the report said.

The legal and regulatory framework for bank failure resolution should be reviewed and reformed and finally, a medium term to long term financial sector strategy should be developed that lays out further reforms in a clear and transparent manner, the report observed.

China to step up energy efficiency drive

AFP, Beijing

China has announced plans to double spending on improving energy efficiency and slashing pollution, in an effort to combat its dismal environmental record.

The government will spend an extra 10 billion yuan (1.33 billion US dollars) on reducing energy use and cutting pollution, according to a statement from the National Development and Reform Commission (NDRC), the state body responsible for economic planning.

The move brings the annual total investment in the area to 21.3 billion yuan.

Nine billion of the sum will be spent on energy efficiency and will target 10 "major energy saving projects," the statement said without giving any details of the schemes.

The state Xinhua news agency said late Friday the money would focus on making energy savings within government bodies, as well as pushing for more efficient use of oil and developing oil-replacement technologies.

China's booming economy -- which last year grew at 11.1 percent -- has come at a huge cost to the environment with up to 70 percent of its waterways polluted and air quality in its cities among the worst in the world.

The Chinese government had set a goal of reducing energy consumption per unit of gross domestic product by 20 percent by 2010, but energy consumption fell only 1.23 percent last year, less than one third of the stated annual goal.

Textile leaders demand lifting import duty, VAT from raw materials

Time extension for effluent treatment plants sought

STAR BUSINESS REPORT

Leaders of Bangladesh Textile Mills Association (BTMA) yesterday urged the government to withdraw the recently imposed import duty and VAT from textile raw materials.

They also reiterated their appeal for allowing more time in setting up effluent treatment plants (ETPs).

"Imposition of 10 percent duty and 15 per cent VAT on import of textile raw materials in the current budget will certainly jeopardise the country's textile industry which directly employs some 45 lakh workers", BTMA President Abdul Hai Sarker told a group of journalists in Gazipur yesterday.

The BTMA arranged a daylong visit to a few top textile units for a delegation that included journalists, textile professionals, trainers as well as government officials.

The latest price hike of raw materials in the international market has already reduced our competitiveness as a textile exporting country, the BTMA top official added.

Import of the items that are manufactured by local industries should be discouraged for the sake of protecting those from uneven competition and for that purpose imposition of import duty on those items is solicited, Sarker said, adding that import of the raw materials needed for supporting the ready made garment (RMG) industry cannot be interrupted through imposing taxes.

Imposition of such duties directly affects exports, which would eventually lead to an unwanted crisis of foreign exchange reserves, he said.

Emphasising exploration of new apparel markets, the BTMA chief said although Bangladesh's economy is largely depended on the RMG industry, which fetches approximately US$8 billion per annum, the country's share in the global RMG market is only 2.5 percent when its (global market) size is US$ 450 billion.

He also sought proper government support and adoption of new technology for flourishing the RMG sector.

On the plea of extending time for setting up ETPs, Sarker said the current monsoon season is unfriendly to constructing such expensive plants.

He also suggested setting up of centralised ETPs by the government, which, according to him, would help factory owners a lot in reducing maintenance costs.

"The government can easily acquire land to set up specialised industrial areas where ETP projects are easy to implement. If so, the existing factories as well as new entrepreneurs will feel encouraged to invest more in this sector", he elaborated.

Earlier in May this year, the government rejected the BTMA's appeal to extend the deadline for setting up the ETPs, which are essential for a pollution-free environment.

Sarker, however, appreciated the government's role in creating a better business atmosphere by combating corruption.

The factories' quick adoption of the state-of-the-art technology and compliant facilities were briefed to the visiting team.

BTMA Secretary General Towfique Hasan was also present during the field trip.

Toshiba profits up fivefold in Q1

AFP, Tokyo

Japanese high-tech giant Toshiba said Friday net profit jumped more than fivefold to a first-quarter record, lifted by strong sales of memory chips used in music players such as Apple's iPod.

Toshiba Corp. sharply raised its interim earnings forecast and said it was reviewing its full-year targets in light of the strong performance, which came despite a poor report on cellphones and liquid crystal displays.

Net profit rose to 20.6 billion yen (174 million dollars) in the three months to June from 4.0 billion yen a year earlier, a company statement said.

Operating profit gained a more modest 1.9 percent to 21.2 billion yen while revenue rose 14.6 percent to 1.66 trillion yen.

FBCCI also needs institutional reforms

Seminar told

STAR BUSINESS REPORT

FBCCI also needs institutional reforms in line with the changing global business scenario, not just electoral reforms, speakers told a roundtable in Dhaka yesterday.

FBCCI polls reforms is not a new issue as the business community has been discussing it for the last few years, although nothing has happened, said Akram Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Institutional reforms are needed to enhance the trade negotiations and other trade-related capacity of the country's apex trade body, added Akram.

He said, "Some vested interests group always misuse the posts and positions in the apex."

The Bhorer Kagoj, a Bangla language daily, organised the roundtable on reforms of FBCCI other trade bodies. Shyamal Dutta, editor of the daily, moderated the roundtable.

Barrister Shafiq Ahmed, a director of FBCCI, criticised the government law that allows 14 nominate directors to participate in the FBCCI election.

He said such provision may create complexity in the election process.

Besides election, FBCCI should enhance its capacity for research and advocacy in forming national trade policies, economist Atiur Rahman said.

FBCCI reforms should not be done hurriedly, said Annisul Huq, a former president of Bangladesh Garment Manufacturers and Exporters Association. Reforms should come from within the FBCCI, he added.

On July 10, a commerce ministry order asked the FBCCI to postpone its election until further notice.

According to sources, the election was suspended, as it was not be possible to hold polls within the scheduled time after amending the FBCCI constitution.

On June 4, the commerce ministry in a handout said loan defaulters, tax evaders and persons convicted of crimes, corruption and moral turpitude will not be eligible to contest the FBCCI election within five years of their conviction.

The commerce ministry also asked the federation to change rules relating to participation in its election as per the Trade Organisation Ordinance, 1961.

The FBCCI in an extra-ordinary general meeting (EGM) on June 28 approved the commerce ministry's June 4 directive and also agreed to change the FBCCI constitution regarding participation in its election, which was scheduled for August 16.

PHOTO: STAR

Economist Atiur Rahman (L), Editor of the Bhorer Kagoj Shyamal Dutta (C) and Barrister Shafiq Ahmed are seen at roundtable on reforms of FBCCI other trade bodies in Dhaka yesterday.

Airbus, Boeing set for talks in subsidy dispute

AFP, Geneva

Airbus and Boeing, the world's two largest plane makers, said Friday they were prepared to hold talks on subsidy disputes filed before the World Trade Organization more than two years ago.

"It is a pity that Boeing chose the path of litigation. We are ready to negotiate at any time, but it takes two to tango," Airbus' director of European affairs Geoffrey Shuman told reporters in Geneva.

He spoke following meetings of a WTO panel set up to hear US charges of European financial aide to Airbus that could in principle lead to a ruling in December.

"The US say they are ready to negotiate but they tell us we first have to unilaterally give up reimbursable launch investment without any similar concession on their sides," he added. "We could not support the EU entering a negotiation on that basis."

Bajaj in talks with Renault for partnership

AFP, New Delhi

Indian two-wheeler maker Bajaj Auto said Saturday it was in talks with French automaker Renault for a business partnership.

The two companies issued a statement follows media reports they were close to concluding a deal for Renault's proposed plans to manufacture a 3,000-dollar car.

In it, they said they were in "preliminary deliberations to jointly understand customer requirements and business potential for very competitive vehicles in India."

"If concluded favourably, this could lead to a long-term partnership between Renault and Bajaj for the development of the business so conceived," Bajaj Auto said.

A top-level Renault team was in India last week to discuss the proposed partnership, the Economic Times reported on Friday.

India is a key development target for Renault, which launched the low-cost Logan model here in April in conjunction with the Indian group Mahindra and Mahindra.

Renault is also building a manufacturing plant in the southern city of Chennai in partnership with the Mahindra group and Japan's Nissan.

India's car market is forecast to grow by ten percent annually to reach two million units by 2010 as soaring economic growth boosts the buying power of consumers in the nation of 1.1 billion.

Lanka bans import of live birds from India

AFP, Colombo

Sri Lanka on Saturday banned imports of live birds and chickens from India following an outbreak of bird flu in the neighbouring country, an official said.

"Sri Lanka has banned imports with immediate effect, after we received reports of an outbreak of bird flu in Manipur, India," said D.D. Wanasinghe, president of the All Island Poultry Association.

Sri Lanka, which has had no reported cases of the H5N1 virus, also imports a large quantity of maize from India.

"The government has not made a decision to ban Indian maize so far. India supplies 90 percent of our maize requirements. The health ministry told us that they would take a decision shortly," Wanasinghe told AFP.

Foodstuffs such as maize and soya, which Sri Lanka also imports from India, carry a risk of infection because they are grown in fields where chickens live, and crops and packing bags can come in contact with fowl excrement, he said.

Colombo's decision came after India reported that the Manipur government had ordered the culling of thousands of birds.

Sri Lanka has already lifted the ban on imports of birds and chicken flesh from the US and Australia, but not from Britain, he said.

The island nation produces between 11 million and 12 million chickens a year, according to Wanasinghe. Sri Lanka imports poultry mainly for food processing to make sausages that are packaged and sold in supermarkets.

PHOTO: CONCORD COMMUNICATION

Bangladesh Police Kalyan Trust, a police welfare trust of the country, Concord Group of Companies and Islami Bank Bangladesh Ltd signed a tripartite agreement in Dhaka on Wednesday. Under the deal, the bank will provide a loan facility of Tk 30 crore to Concord for constructing a multistoried commercial building, Police Plaza Concord, at Gulshan in the capital. Inspector General of Police (IGP) and President of the trust Nur Mohammad, Concord Group Chairman SM Kamaluddin and Senior Vice President of the bank's Gulshan branch Mohammad Kabir Hossain signed the deal.

Suez Canal reports record revenues

AFP, Ismailiya, Egypt

Egypt's Suez Canal posted record revenues in the 2006-2007 fiscal year of more than four billion dollars, an annual increase of 17 percent, the authorities announced on Thursday.

Ahmed Ali Fadel, chairman of the Suez Canal Authority (SCA), told journalists on the 51st anniversary of the canal's nationalisation that it earned 4.168 billion dollars in the fiscal year ending in July.

The Suez Canal, which opened in 1869, is Egypt's third largest source of revenue, after tourism and remittances from expatriate workers.

Fadel attributed the rise to growing global trade, largely driven by China, as well as the SCA's "flexible policies."

Govt urged to check inflation

STAR BUSINESS REPORT

Economist Abul Barkat has urged the government to adopt short and long term policies to check inflation as living cost marked a sharp rise.

"The government should initiate alternative marketing system to keep the prices of essential stable," he said at a discussion at a city hotel yesterday.

Switzerland-Bangladesh Business Forum (SBBF) organised the discussion on Problems, Prospect and Future of Bangladesh Economy.

SBBF President Ashfaque ur Rahman chaired it. Professor AK Azad Chowdhury, former vice chancellor of Dhaka University (DU), was also a discussant.

Abul Barkat, who is a professor of DU's Economics Department and general secretary of Bangladesh Economic Association (BEA), suggested that the government should purchase food items worth Tk10000crore in order to supply those to the market at a subsidised price.

Appreciating the high remittance flow in recent years, he said unless this money is utilised in the production sector, it may mount inflationary pressure.

He also advocated adoption of homegrown development policies instead of donors' prescribed policies.

Pointing to the huge potentials of pharmaceuticals, ceramic, bicycle and jute sectors, Professor Abul Barkat said these sectors need government support to flourish in the global market.

PHOTO: STAR

Economist Abul Barkat speaks at a discussion on Bangladesh economy in Dhaka yesterday. Switzerland-Bangladesh Business Forum organised the discussion.