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Re-registration deadline for mobile phone users may be extended

STAR BUSINESS REPORT

The re-registration deadline for mobile phone subscribers may be extended for another three and a half months to 31 May. The current deadline expires today.

Bangladesh Telecommunication and Regulatory Commission (BTRC) sources said the commission will announce the new deadline soon.

The telecoms watchdog will extend the deadline for the third time following a request of mobile phone operators.

"We did not receive any letter from the BTRC, but the commission verbally told the operators that the deadline will be extended," said a high official of a mobile phone operator.

Earlier in July, BTRC issued an order to Grameenphone, AKTEL, Banglalink, CityCell and Teletalk to re-register customers who bought connections before February 28, 2006.

Bepza to woo investment from Australia

BSS, Dhaka

The Bangladesh Export Processing Zones Authority (Bepza) has embarked on a mission to woo foreign investment from Australia as its Executive Chairman Brig Gen Ashraf Abdullah Yussuf was due to start a week-long visit to Australia yesterday.

Director General of Chief Adviser's Office HM Farhad is scheduled to accompany him.

The delegation will meet senior officials of different companies including IT and shoe manufacturing ones in Australia from February 16-17.

The meetings will focus on the investment opportunities in IT sector in Bangladesh.

Later, the delegation will attend a discussion at the University of Western Australia on investment prospects in Bangladeshi export processing zones.

In Melbourne, the delegation will meet the officials of TSCO Pvt Ltd, a textile company, and PNS Graphics, on February 18.

Acting High Commissioner to Australia Md Restadul Islam will launch a Bangladesh Study Group at the Monash University and the Bepza executive chairman will speak at an investment workshop at the university.

Govt plans to ease rules on credit card use

JASIM UDDIN KHAN

The government plans to ease rules and regulations on using credit cards in order to make the technology-driven transaction more popular.

Bangladesh Bank Governor Salehuddin Ahmed recently wrote to the National Board of Revenue (NBR) chief to ease restrictions on credit card use.

A high official of the NBR said the country's apex tax authority also considers easing restrictions.

In the letter the governor said the government should make credit card use more popular as it is helpful to track income and expenditure of people more accurately.

Credit card holders need TIN (taxpayer's identification number) to use the plastic money.

The governor said mandatory use of TIN discourages people to use credit cards. However, he said,



Photographs of two credit cards offered by local banks. The government plans to ease rules and regulations on using credit cards.

The NBR can make it mandatory for those who make over Tk 5 lakh transaction a year.

Currently about 3 lakh people use credit cards in their daily transaction in Bangladesh.

The credit card carries a strip of magnetic tape on the back, which is loaded with electronic data including the cardholder's details. Specialized machines called point of sale terminals at merchants or automatic teller machines read the strip electronically.

The banks now offer two types of electronic transaction cards -- debit and credit.

"A credit card is a great financial tool. It can be more convenient to use and carry than cash, and it offers consumer protection. Paper money and coin are risky and burdensome to carry," said Md Towfiqul Alam Chowdhury, an executive of HSBC in Dhaka.

In Bangladesh, ANZ Grindlays Bank took a pioneering role in introducing credit card in 90s.

Foreign TV channel agents must get BB nod

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has made it mandatory for the satellite channel distributors, particularly the pay channels, to take permission from BB to run their businesses in the country.

The BB has introduced the new guideline in this regard in a circular on Thursday to facilitate foreign currency transactions between the local operators and their principals.

Under the section 18A of Foreign Exchange Regulations Act, 1947, the channel distributors will have to apply to the general manager of the foreign exchange investment department of the BB with necessary documents to get permission.

The distributors will have to submit no-objection certificate issued by information ministry or government authorities concerned for importing decoders of television signal.

Singer launches sales campaign

Singer has launched a special campaign titled 'Singer Plus February Special' which ends on February 29, says a press release.

Buyers of any model of Singer motor cycle, scooter and Emeishan motor cycle will get discounts up to Tk 5000 along with a free helmet and raincoat under this campaign from any Singer Plus Shop across the country.

During this period, a 1 Gigabyte pen drive will be given away free with the purchase of each model of Haier laptop and desktop computer along with discount up to Tk 2500 on particular models of desktop computers.

Singer Plus February Special also offers 5 percent discount on Samsung LCD televisions and DVD players.

Citi picks up award

Citi has picked up the 'Best Bank' award for 8th year running from The Asset's Triple A Asian Awards 2007 recently, says a press release.

Citi has shown leadership in banking activities including corporate finance, investment banking, advisory, financing and structuring.

Citi has manifested excellent achievements in equity, fixed income, FX, treasury and commodities.

BASIS SOFTEXPO 2008

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Danish ICT market offers opportunities for Bangladesh

STAR BUSINESS REPORT

Bangladesh could take a share of Denmark's big ICT market by becoming an outsourcing destination of the European country, Einar H. Jensen, Danish ambassador in Dhaka, told a seminar yesterday.

"Though we have a very small population, our still rising ICT market is big that requires additional manpower that is not possible to collect from our internal sources," Jensen told the seminar titled 'Software and IT Services

Outsourcing to Denmark'.

The seminar was organised on the sidelines of the five-day Software exposition that began Thursday at Bangladesh China Friendship Conference Centre, organised by Association of Software and Information Services (BASIS).

The envoy further said the wide use of English in Bangladesh is an added benefit of bringing Danish ICT companies to Bangladesh.

Rafiqul Islam Rowly, president of BASIS, said, "Though the univer-

sities produce a good number of people every year, they cannot fulfill the market demand as their curricula do not match with the market requirements."

"This is why we proposed to the ministry of Science and ICT for establishing an institution that will groom up graduates and other IT experts," Rowly said.

TIM Nurul Kabir, convener of SoftExpo 2008 and director of BASIS, also spoke at the function, among others.



Einar H. Jensen (centre), Danish ambassador to Bangladesh, speaks at a seminar on software and IT services in Dhaka yesterday.

Thailand worries over food shortages

AFP, Bangkok

Thailand has started requiring that all its diesel fuel include a component made from palm oil, a move that could reduce costly energy imports but is driving up prices for the commodity, experts say.

From February 1, the kingdom began requiring that diesel vehicles run on a blend that includes two percent biodiesel, and is considering raising that to five percent within five years.

The switch has sent prices for palm oil soaring, leading to shortages of the commodity that is widely used for domestic cooking and in the food industry.

Palm oil is among the products for which prices are controlled by the government, but as prices have risen globally, traders stopped

selling to stores or began ignoring the fixed price.

That sounded alarm bells for producers and consumers, who urged the government to ban exports of palm oil and to adjust its price controls.

Instead, the Commerce Ministry allowed a one-time import of 30,000 tonnes of palm oil to boost supplies until March, when production enters its peak season.

It also allowed a four-baht increase in cooking oil prices, to 47.60 baht (1.44 dollars) per litre.

Wannaporn Martkasem, chairman of the Palm Oil Refinery Association, said floating palm oil prices would help prevent a shortage in stores, but warned the government would have to find a better way to balance the

competing demands for food and fuel.

"Palm oil prices are increasingly affected on the market because of the rising demands of palm oil for biofuel and consumer consumption," Wannaporn said.

Prices for crude palm oil have nearly doubled over the last year, jumping to 35.98 baht per kilo last month, up from 18.63 baht one year earlier.

A litre of cooking oil cost 36.32 baht in December 2007, up from 28.05 one year earlier.

Apichart Jongskul, head of the government's office of agricultural economics, said Thailand is already planning a 16 percent increase this year in land used to cultivate palm oil, expanding plantations to cover 1.4 million acres (566,000 hectares).

Local commodity market going thru' supply shortage

Citibank NA Bangladesh MD says

Mamun Rashid is the managing director and country officer of Citibank NA, Bangladesh. With a banking career spanning over 20 years he has served many senior positions in treasury, institutional banking, debt restructuring & recoveries and corporate banking in three leading multinational banks at home and abroad. Rashid is also the chairman of International Chamber of Commerce (ICC) standing committee on Banking Techniques and Practice for Bangladesh.

The Daily Star has talked to Rashid to get his views on the country's commodity prices.

Excerpts:
DS: You know the prices of essential commodities such as rice and soybeans have been rising in the local market for the last couple of years. Why? Is it due to soaring prices in the international commodity markets or alleged 'syndication' by local traders?

MR: If we take a look at the international commodity market benchmarks like Chicago Board of Trade (CBOT) Rough Rice and Chicago Board of Trade (CBOT) Soybean, we will see both the indices have risen by almost 50 percent in the last one year. Whereas in the local market price of rice has gone up by 60 percent and price of soybean has almost doubled. Hence, we cannot say the local price increase can be fully explained by international commodity price increase. Even though the freight charges have gone up significantly, all these figures indicate local market is most probably going

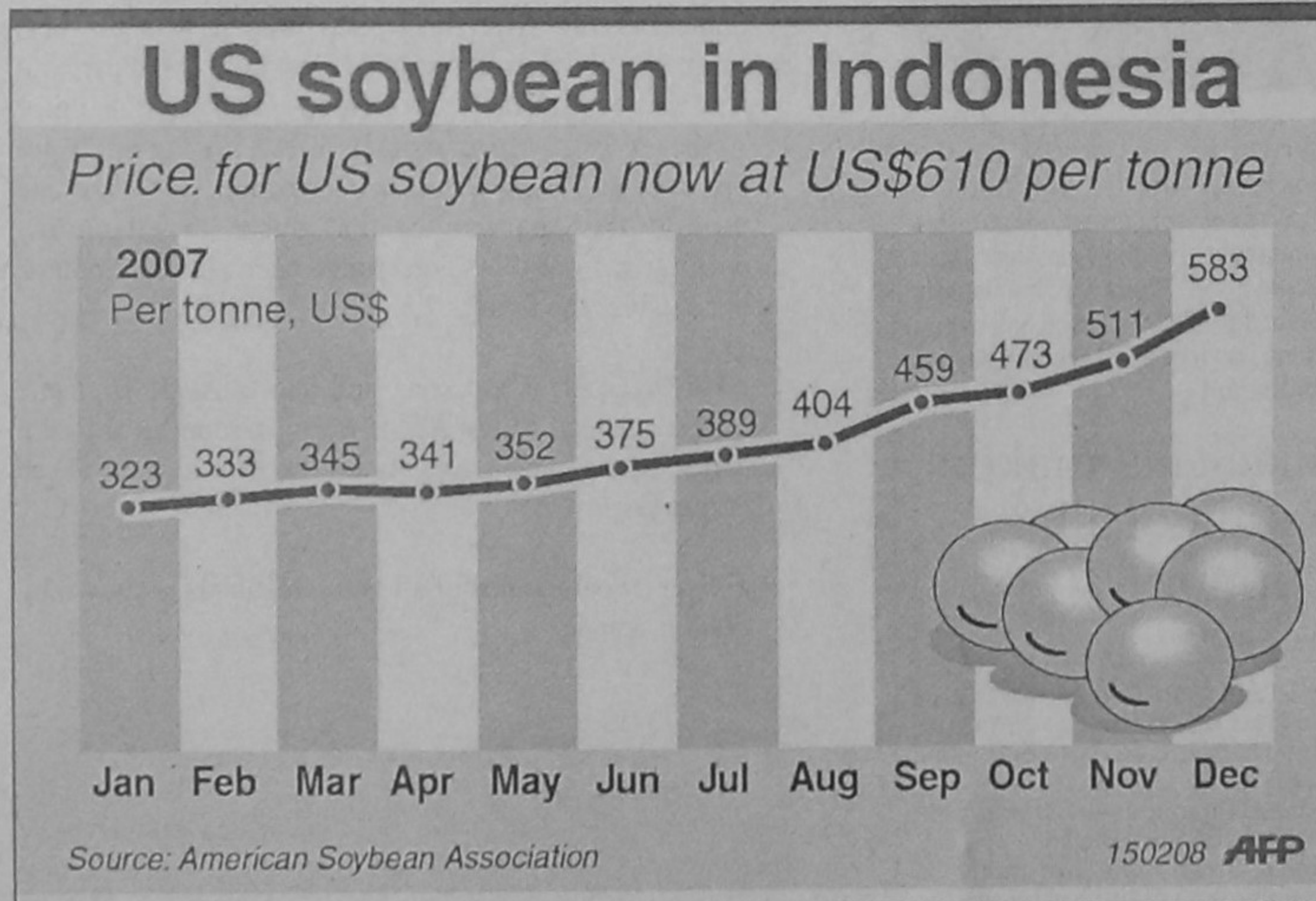


Mamun Rashid

through a supply shortage. Otherwise, the price of the two markets would have converged as per the general economic theory.

DS: What will be the impact of soaring petroleum prices on commodity market?

MR: Oil prices have gone up by more than 30 percent in the last 5 months. We are paying more foreign currency to import the same volume of oil due to increased prices. This increase in oil price has not been passed on to the consumers; rather the government, in the form of subsidy, has absorbed it. How long and how much price increase the government would absorb that remains a pertinent question, given the high amount of debt papers being issued to the financial market to fund Bangladesh Petroleum Corporation's balance sheet. However, prices have started to come down recently. It has already



Graphic charting the price of US soybeans in Indonesia in 2007.

dropped to \$ 88 per barrel from a high of \$100, mostly due to US recession expectation among the market participants. Even though many economists are talking about \$75 level for oil price, I think it's too early to say. If US economy goes through a "V" shaped recovery because of the aggressive rate cut and giant fiscal stimulus package, we will not have to wait a long time to see the oil price rising again. Increase in fuel price, will of course

keep on affecting shipment cost, as well as, domestic movements of commodities and thereby commodity prices.

DS: It is said that Bangladesh has become vulnerable to the steady rise in commodity prices on global market. Why? Do the governments lack policies to attain food autarky?

MR: If there is a hike in commodity prices, importing countries like Bangladesh will always experi-

ence a rise in price in the local market. However, comprehensive and robust policies can help us to keep the price hikes at a minimum level. If we can ensure timely and adequate import of food grains, price hikes, which are not related to international commodity price jumps, can be eliminated to a greater extent. But it is always easy to say than do. Decisions by major producer countries to curb or even to stop exporting commodities

have made consistent sourcing of the commodities very difficult now-a-days. In such context, we definitely need to put up more effort to diversify our import sources along with a movement towards a proactive approach based on commodity price forecasts/harvesting.

DS: The government has recently appointed joint forces to keep the price hike of essentials under control. But economists are opposed to the move, saying it is a wrong decision. Do you endorse the economists' view?

MR: Such actions can sometimes douse the noise in the local market. However, if there is a genuine shortage of supply in the local market price hikes would happen anyway. Economists who are opposing the actions by joint forces are more concerned with later scenario. My view is we need to be vigilant all the time in the local market, as well as, with the international commodity market. Any irregular price movement in the local market must be addressed. Side by side, we need to take a more proactive and comprehensive approach to tackle the international commodity price hikes which I have said earlier.

DS: We are aware that increased demand for soybean to produce bio-fuel is pushing soybean prices high on the global market. Where might the prices of soybean end up in near future?

MR: Modern research has led to a remarkable variety of uses of the soybean. Soybean oil can be processed into margarine, shortening, and vegetarian cheeses. This oil is used as an ingredient in paints,

adhesives, fertilizers, sizing for cloth, linoleum backing, insect sprays, and fire extinguisher fluids, among other products. Soybean meal serves as a high-protein meat substitute in many food products, including baby foods, and can be imparted with a meat like texture for increasing the cooked yield of such products as ground meat and bologna. Apart from all the new uses, soybean oil still constitutes about half of global edible vegetable oil production. Increased consumption has made CBOT Soybean futures to soar by more than 70 percent in the last one year. Currently CBOT Soybean futures contracts are trading higher. I would not at all be amazed to see it trading at much higher ranges by the end of this year.

DS: Govt says it is having problems in procuring food grain from the international market because traditional exporters such as China have stopped exporting food grains, such as rice. What is your prediction about future price of rice in the international market?

MR: Economists around the world are talking about US recession. Recession fears have dragged down the prices of commodities which have industrial use. But, commodities like food grain, which are very inelastic in nature, will experience gradual price increase even if there is modest level of US recession.

DS: Will the appreciation of taka help Bangladesh bring down prices of major imported food grains such as rice, soybean and

pulses?

MR: Appreciation of taka would reduce the local currency costs of importing commodity. But commodity market price exhibits more volatility than foreign exchange rates. So we cannot expect the price hike in international commodity price to get fully offset by even a significant appreciation of taka. Appreciation of taka will also have a negative impact on exporters and remitters, which will have a negative impact on the purchasing capacity and supply of dollars.

DS: Do you have any suggestions to keep commodity prices lower in the local market? How can Bangladesh come out of the soaring prices that has already affected majority of the population of which 40 percent or 5.6 crore are poor?

MR: I have already talked about the policy measures that need to be taken to counter the global scenario of commodity price hikes. We also need to think about the commodity hedges available through different financial institutions and commodity exchanges. These hedges, which have been in existence in the developed market for years, have already started to become very popular in our neighboring markets in India, Pakistan and Sri Lanka. Modern financial instruments now offer hedges even against the rising freight prices for commodities. Our regulators, financial organizations and importers need to work together to bring and popularize these products in Bangladesh.