

TRANSTEC
Green-Free Technology

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TRANSCOM ELECTRONICS

Refrigerator

Stocks

DGEN ▼ 0.69% 2,964.35

CSCX ▼ 0.76% 5,770.75

Asian Markets

MUMBAI ▼ 1.91% 14,293.32

TOKYO ▼ 0.61% 13,857.47

SINGAPORE ▼ 0.75% 2,979.15

SHANGHAI ▼ 2.52% 2,760.42

Currencies

Buy TK. Sell TK.

USD 68.15 69.15

EUR 104.84 109.44

GBP 132.85 138.02

JPY 0.63 0.66

SOURCE: STANDARD CHARTERED

Commodities

Gold \$904.70 (per ounce)

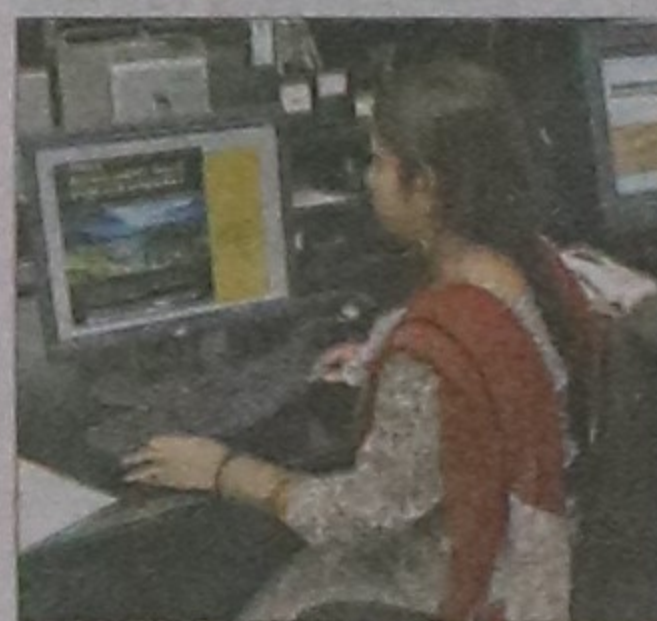
Oil \$136.78 (per barrel)

(Midday London Trade)

SOURCE: AFP

More News

The hidden success of Bangladesh's outsourcing



During the past few months there has been much talk about the huge potential of IT outsourcing and almost as much noise about the problems the industry faces, in terms of the lack of skilled labour or poor internet connections. However, in the field of Desktop Top Publishing (DTP), Bangladesh has been quietly making a name for itself for several years.

B-4

Shrimp exporters yet to reach latent heights

The country's second largest export earner, the shrimp industry, is unable to tap the full potentials of this sector due to a number of problems including a lack of knowledge on global standards, according to a study released yesterday.

B-3

International

Japanese business sentiment 4-year low

Sentiment among top Japanese executives has slumped to the worst level in at least four years, a government survey showed Monday, adding to concerns about the outlook for Asia's largest economy. The souring sentiment comes as firms struggle to cope with the rising cost of energy and raw materials.

B-2

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Chinese firm keen to set up power tiller plant

SOHEL PARVEZ

A Chinese agri-machinery manufacturing firm is in talks to set up a joint venture to build a power tiller assembly plant in Bangladesh, due to rising labour costs in its home market and the steady appreciation of the yuan.

Zhejiang Jinyun Xinxin Tractor Plant, the Chinese company, is in talks with the local ACI Motors to set up the US \$6.0 million assembling plant.

Experts said if the move succeeds, it will reduce import dependency and help bring down the price of power tillers. The use of power tillers is increasing due to a decline in the number of cows and buffaloes, the animals traditionally used to cultivate fields in Bangladesh.

Industry people said approxi-

mately 5 lakh power tillers that have so far been imported are now tilling a major portion of the total arable land. About 50,000 power tillers are imported a year and the sector has an annual market size of about Tk 500 crore, they added.

"We are in difficulty with the rising costs of workers in China. Workers' wages have been raised two times within a short time, while the appreciation of the Chinese currency is also affecting us," said Wang Ge, chairman of the Xinxin Tractor Plant, during his visit to Dhaka early last week.

The company exports agricultural machinery to about 20 countries and Bangladesh is its biggest market.

According to industry operators, the Chinese power tiller makers are interested to come to Bangladesh as

the domestic Chinese demand for the item is on the wane because of the increased use of tractors.

Wang said his company wants to reap benefits from the availability of relatively cheap labour force here by setting up the tiller assembly plant.

"Cheap labour in Bangladesh is attractive. We have the technology and engines. Initially we will import spare parts and then start making spare parts here," he said, adding that a 50:50 partnership is their choice and the possible initial investment is as much as \$3 million.

Termining the existing duty structure for importing spare parts as 'discouraging', the top official of the Chinese company sought a favourable duty structure for setting up the plant.

As per the present structure, the duty on power tiller import is 5 percent, while a 10 percent duty is payable in case of importing spare parts for the tilling device. In addition to this duty, the spare parts importers are also to pay 15 percent VAT (value added tax) and advanced income tax (AIT).

FH Ansarey, executive director of the agribusiness unit of about Tk 400 crore ACI Ltd, claimed that the proposed factory would help farmers get power tiller at a price lower than that of the imported ones.

Like the ACI Motors, another local company, Corona Industries, is also interested to forge partnership with another Chinese manufacturer of TNS branded power tiller, according to Ramapada Shaha, marketing director of Corona Industries. sohel@thedailystar.net



The usage of power tillers by farmers has increased in Bangladesh due to a decline in the number of cows and buffaloes, the animals traditionally used to cultivate fields. A Chinese company is in talks to build a joint venture power tiller assembly plant.

High price for new frequencies puts mobile operators in dilemma

MD HASAN

The country's top three mobile operators are in a dilemma over whether to add new frequencies as the telecom regulator has set a price of Tk100 crore per MHz per year, a massive increase on previously.

Responding to the mobile operators plea for additional frequencies in order to improve their services and cope with the rapid growth in users, the telecom regulator BTRC decided to allocate 17.6 MHz to them last week.

However the operators have been shocked by the price. Previously they were paying between 3-4 crore per MHz.

BTRC sources said the country's three leading mobile operators Grameenphone, Banglalink and Aktel applied to Bangladesh Telecommunication and

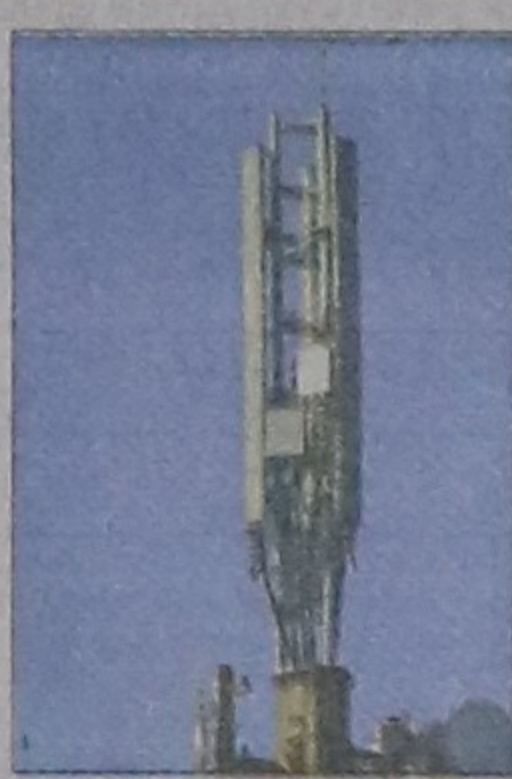
Regulatory Commission (BTRC) last month.

"Certainly, we need additional frequencies to improve our network quality. But the price that BTRC claimed will definitely be a burden for us," said a high official of a mobile phone operator.

However BTRC officials said the price that is being offered to the operators is not so high compared to other countries. "Frequency is a natural resource and a nation's asset, and should be sold at a fair price," a high official of the telecom regulator said.

He said at one time BTRC allocated frequencies free of cost, adding that the decision was a wrong one as obtaining frequencies in other countries entails high costs.

According to BTRC sources, on the basis of their existing customer base Grameen may get 7.5 MHz, Banglalink



Spectrum allocation in mobile phone industry

Mobile Operator	Users (May.2008) in million	Spectrum
Grameenphone	19.58	14.5MH
Banglalink	8.99	12.4MH
Aktel	7.71	12.8MH
Warid	3.13	15MH
Citycell	1.64	10MH
Teletalk	0.99	15.2MH
Total	42.04	79.9MH

5.1MHz and Aktel 5MHz, respectively, in addition to their existing frequencies. If these operators add new frequencies, the amount of Banglalink and AKTEL's frequencies will be 17.5MHz and 17.8MHz respectively.

At present the mobile operators share around 80MHz.

Industry insiders said the three operators might go for bargaining with the BTRC for a price cut.

During the past year, mobile operators claimed that the lack of frequencies was one of the main reasons for the deterioration in service quality with increased numbers of dropped calls and network busy signals.

They also claim their costs increase as operators are forced to build more base stations to compensate for the lack of frequencies.

At present there is a little relationship between the num-

ber of subscribers and frequency allocation. This has led to a situation where the country's smallest mobile operator, state owned Teletalk, has the largest amount of frequencies.

As of May 2008, the number of mobile phone customers reached 42 million and this rapid increase has caused problems among the larger operators that concerns inadequate frequency allocation. hasan@thedailystar.net



Indian labourers carry food items for sale in a market area in Darjeeling yesterday after the Gorkha People's Liberation Front relaxed its indefinite strike to help the people collect food and other commodities.

Bangladeshis' visa-free travel to ROK halted

AFP, Seoul

South Korea will halt visa-free visits by Bangladeshis because almost all of them fail to return home on time, the justice ministry said Monday.

Seoul notified Dhaka of the decision in April and it will take effect on July 15, the ministry said.

The two countries under a 1983 treaty allowed their citizens to visit for up to 90 days without a visa on condition

they do not work.

Among the 4,503 Bangladeshis who came under the programme last year, 96 percent became illegal residents, according to the ministry.

The illegal residency rate was consistently high in recent years, with 96 percent in 2004 and 95 percent in 2006.

"This measure was an unavoidable one in consideration of the fact that the illegal residency rate of Bangladesh citizens in Korea has been

significantly high," the ministry said in a statement.

About 13,000 Bangladeshis were living in Korea last year, 80 percent of them illegally.

About one million foreign workers, mostly from China, Vietnam and the Philippines and other Southeast Asian countries, live in South Korea.

They usually hold low-paid labouring jobs in and around industrial complexes.

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Govt to pay for Ctg container scanners as ADB withdraws

UNB, Dhaka

The government will now finance the installation of six container scanners at Chittagong Seaport after the Asian Development Bank refused to provide funds on the ground of a re-tendering plan.

The bank was supposed to fund the scheme but it has changed its mind, as the government has moved to re-tender it by scrapping a deal with a previous bid winner for the job. The bank is adamant not to go for re-tendering.

The scheme, which was initiated in 2003 by the BNP-led coalition government, envisages installation of scanner machines, computerisation of operational system and construction of a flyover to ease traffic congestion at the port area. The ADB had agreed to provide US\$ 30.06 million in loan.

As the lowest bidder, pre-

shipment inspection company Cotecna Inspection SA had won the contract of the installation job. But the government cancelled the previous tender due to the cancellation of its agreement with Cotecna on charges of irregularities.

On March 19, the government cancelled the agreement with Cotecna as PSI agent after the NBR unveiled that the company was involved with irregularities to hinder revenue collection.

The NBR said the certificate of Cotecna was cancelled under the Pre-shipment Inspection Rules 2002 on charges of violating rules.

The government has also decided not to give any other job to Cotecna in future.

After scrapping the previous tender, the NBR wanted to re-tender the installation of six container-scanners and thus sought permission from the ADB. But the bank refused to do so.

DoCoMo eyes acquisitions

AFP, Tokyo

Japan's top mobile telephone operator NTT DoCoMo Inc. is on the prowl for overseas acquisitions to drive its future growth, its new president said Monday.

The increased focus on overseas business comes amid fierce competition between the top players in Japan's saturated mobile telephone market.

"We are going to look into opportunities outside of Japan aggressively," group president Ruyji Yamada told a press conference.

DoCoMo said last week that it would pay 350 million dollars to buy a 30 percent stake in Bangladeshi mobile telephone operator TM International Ltd.

The Japanese firm has been struggling to cope with growing competition from rivals KDDI and Softbank.

DoCoMo's domestic market share fell below the 50 percent level for the first time at the end of March in the wake of an industry overhaul making it easier for customers to switch carriers without changing their telephone numbers.