



DHAKA THURSDAY JULY 17, 2008

Stocks

DGEN ▼ 1.60% 2892.06

CSCX ▼ 1.41% 5,715.93

Asian Markets

MUMBAI ▼ 0.79%
12,575.80

TOKYO Flat
12,760.80

SINGAPORE ▲ 0.16%
2,835.32

SHANGHAI ▼ 2.65%
2,705.87

Currencies

Buy TK. Sell TK.

USD 68.05 69.05

EUR 106.75 111.38

GBP 134.68 140.00

JPY 0.65 0.68

SOURCE: STANDARD CHARTERED

Commodities

Gold ▼ \$974.20 (per ounce)

Oil ▼ \$138.81 (per barrel)

SOURCE: AFP

(Midday London Trade)

Russian firm keen to enter Bangladesh mobile market

MD HASAN

AFK Sistema, the owning company of Russia's largest mobile phone operator OAO Mobile TeleSystems, has said it is in talks to buy a cellphone firm in Bangladesh.

"We are interested in the Bangladeshi market, especially in its mobile phone sector. The mode of entry is under discussion as well. We will continue to work for entering Bangladesh," said Kirill Semenov, head of international press office of AFK Sistema.

"There is a negotiating process going on and Sistema has signed a memorandum of understanding with Bangladesh's authorities," he said.

However, the Moscow-based Sistema did not mention which company it is interested in. But said Sistema is interested to buy one operator, either a GSM or a CDMA operator.

Semenov said Sistema is yet to take any decision whether it would buy a CDMA (code division multiple access) or GSM (global system for mobile communications) operator. "It's too early to give any timeframe also," he said.

Sistema's mobile unit OAO Mobile TeleSystems also oper-

ates in Commonwealth of Independent States (CIS). Together with its subsidiaries, the company serves over 83.88 million subscribers.

Earlier in April at a meeting with the telecom regulator of the country, UAE-based telecom operator Etisalat expressed interest to buy stakes in the state-run mobile operator TeleTalk.

Industry insiders predict two names on the selling list -- the poor performing TeleTalk and the country's oldest and sole CDMA operator Citycell -- as these two are struggling for a significant market share.

According to Bangladesh Telecommunication and Regulatory Commission (BTRC), CityCell and TeleTalk have 1.70 million and 1.07 million subscribers respectively as of June 2008.

When contacted, Iqbal Mahmud, chairman of TeleTalk's board, admitted that the Russian company met TeleTalk officials recently and showed interest to invest in Bangladesh's mobile phone sector.

"There is decision by the company's board to sell at least 25 percent share in TeleTalk," he said adding, "If the government approves the decision, we will go for further steps."

Mahmud said he has also asked the Russian company to send its proposal about how it would like to invest in Bangladesh's telecom sector. TeleTalk needs a strategic partner to sustain in the highly competitive market, he said.

"Some officials of Sistema visited BTRC last month," said BTRC Chairman Maj Gen (ret) Manzurul Islam. Echoing the TeleTalk chairman, he said BTRC also asked them to come with clear investment proposal.

However, CityCell officials refused to comment on the sale issue.

Sistema said it has signed telecommunication agreements with the governments of China and Bangladesh to execute its investment plan.

Bangladesh is a six-operator mobile market. Norway's Telenor majority Grameenphone is the market leader with having 20.30 million subscriber followed by Egypt based Banglalink's 9.46 million and Telekom Malaysia's Aktel 7.85 million as of the end of June 2008. The total number of mobile phone subscribers reached 43.7 million by the end of June, according to telecom regulator.

Regarding the mobile phone

COMPANY PROFILE



● Mobile TeleSystems (MTS) is the largest mobile phone operator in Russia and the CIS.

● Together with its subsidiaries, the company serves over 83.88 million subscribers.

● The regions of Russia, as well as Armenia, Belarus, Turkmenistan, Ukraine, and Uzbekistan, in which MTS and its associates and subsidiaries are licensed to provide GSM services, have more than 230 million people.

● MTS was listed on the New York Stock Exchange in July 2000.

market size in Bangladesh, Anders Jensen, chief executive officer of Grameenphone, said, "Six or seven players are far too many, this is a four to five, maybe even three operators' market."

hasan@thedailystar.net

WTO mini ministerial in Geneva Monday

Dhaka to seek duty-, quota-free access to US market

JASIM UDDIN KHAN

Dhaka will formally request Washington for duty- and quota-free (DFQF) access of Bangladeshi products to US market at the upcoming mini ministerial to be held from July 21 in Geneva, Switzerland.

Bangladesh has already prepared a list of products to negotiate with USA and other WTO members at the mini-ministerial.

The decision to provide LDCs (least developed countries) with DFQF market access at the WTO's Sixth Ministerial Conference in Hong Kong in 2005 represented a historic opportunity for the poorest countries to use trade as a tool for economic development and poverty alleviation.

However, several challenges still remain in the way of full implementation of the decision, which includes adhering to rules of origin requirements, building more trade capacity and encouraging greater export diversification.

WTO Director-general Pascal Lamy announced that thirty-three trade ministers would meet at the mini ministerial meeting, scheduled at WTO headquarters to finalise the main elements or "modalities" of issues discussed in the Doha Round.

jasim@thedailystar.net

TIGHTENING MONETARY POLICY Economists reject IMF advice

STAR BUSINESS REPORT

Economists yesterday rejected the International Monetary Fund's (IMF) advice to follow a contractionary monetary policy instead of an expansionary one, saying that the move would limit business and fuel inflation.

They criticised the IMF for pushing a policy, which had failed to bring any positive impact two years ago.

The IMF suggested a tight monetary policy for Bangladesh on Tuesday, saying the existing policy is 'too expansionary' to combat the surging inflation. The IMF's advocacy regarding the monetary policy came just the day before the Bangladesh Bank (BB) would announce a new policy.

"I do not agree with IMF's opinion. Contractionary policies will be fatal for the economy," Khandaker Ibrahim Khaled, former deputy governor of the central bank and incumbent chairman of Krishi Bank, said.

Zaid Bakht, director of Bangladesh Institute of Development Studies (BIDS) termed the IMF's policy suggestion as a 'wrong diagnosis' of the economy.

"The accommodative monetary policy, which the BB is currently following, is the right one. There is no scope for shifting to a contractionary policy

at the moment," Prof Mustafizur Rahman, executive director of Centre for Policy Dialogue (CPD) said.

The economists said inflation here is less demand-driven than supply and the fear is that a crunch in credit might hamper the supply of goods and consequently fuel the inflation.

The IMF policy 'advice' to reduce credit flows came at a time when the businesses and bankers are claiming that they face credit and deposit shortages, respectively.

But the IMF refuted the claim and said they studied the statistics and did not see any shortage of credit. Credit growth is slightly high and has reached 23-24 percent in recent times, the IMF said on Tuesday. The broad money circulation also hovered around 20 percent, it said.

Asaduzzaman said businessmen would be in great trouble if private sector credit flows were squeezed. Ibrahim Khaled said if the IMF advice is implemented, raw material import and industrialisation would suffer.

"The BB should go slow if it wants to implement a contractionary monetary policy," the BIDS director said.

"Inflationary pressures could be lowered by producing and increasing the supply of goods," Prof Mustafiz said.




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