

## Stocks

DGEN Closed

CSCX Closed

## Asian Markets

MUMBAI Closed

TOKYO ▼ 0.05%  
9,157.49

SINGAPORE ▲ 3.40%  
2,102.71

SHANGHAI ▼ 0.84%  
2,074.58

## Commodities

Gold ▼  
\$891.45  
(per ounce)

Oil ▲  
\$89.18  
(per barrel)

SOURCE: AFP  
(Midday London Trade)

## More News

### Dhaka-Yangon direct trade link sought

The leaders of Chittagong Chamber of Commerce & Industry (CCCI) yesterday stressed the need for taking all necessary measures to remove all the barriers to establishing a direct trade link between Bangladesh and Myanmar. They said all trade between the two countries should be done directly without using a third location.

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## International

Crash: The ghosts it raises, the fear it breeds



The "Crash of 2008" is a problem: economists can't define it, collective memories react with deep but differing emotions, and current values clash with what "crash" meant in 1929.

### Thailand to ask for \$1.5b loan as growth target lowered

Thailand will request a 1.5 billion dollar loan from world institutions for infrastructure projects, the finance minister said Thursday, after lowering the economy's growth target to five percent. Suchart Thada-thamrongvej told reporters he would travel to a meeting of the World Bank in the United States Thursday, where he would request funds from its representatives as well as officials from the Asian Development Bank (ADB).

### Singapore budget carrier says bookings up

A Singapore-based budget airline said Thursday bookings are up despite an escalating global economic crisis. Matthew Hobbs, a spokesman for Tiger Airways, said travellers are seeking cheaper alternatives to allow them to fly by air. "We are not seeing a decline... We are seeing that people are substituting from premium carriers to budget carriers."

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# Inflation takes speed off luxury buses

SOHEL PARVEZ

Operators of long-haul luxury coach services have said they face a downturn in business as travellers are economising and cutting down tour plans mainly because of inflationary pressure.

"It's a blow to us. Bookings in each of our coaches have dropped by about 20 percent," said Faruk Talukder Sohel, chief of Shohagh Paribahan, the country's one of the leading air-conditioned coach service operators.

Sohel linked the drop in passenger traffic to a slowdown in economic and political activities from January 11, 2007.

"Increasing costs of living have also dampened travel plans for many. In the past, we saw many people travelling during weekends. But it has also dropped," he pointed out.

While some businessmen shelve their travels as they take advantage of mobile and other communication technologies to complete their deals, Sohel added.

According to operators, the occupancy rate has come down to about 22-25 travellers on each bus from about 30-33 about two years earlier.

Bus operators report the slump in passenger flow at a time when they have to spend more on fuel, tyres and spares.



A luxury coach of Shohagh Paribahan. Operators of long-haul luxury coach services are facing a downturn in business as travellers are economising and cutting down tour plans mainly due to inflationary pressure.

While inflation, which has remained in double-digits in the last three months, also dampened people's travel mood.

In Bangladesh, operators introduced luxury or air-conditioned buses in the 1990s, aiming at attracting the relatively high-income group, who wants comfortable travelling on roads. Roads carry over 80 percent of passenger traffic.

Railways, inland waterways

and air handle the remainder of passengers.

To catch up on a greater segment of the passengers, operators have also placed attractive offers to travellers by putting air-conditioned buses from prestigious global manufacturers. From Swedish Volvo and Scania to German Mercedes-Benz buses are plying the roads, mainly on the country's busiest Dhaka-Chittagong route.

The entry of a couple of new operators such as Saudia & S Alam and Baghdad Express into the luxury coach segment since January has piled competition pressure on the existing players.

Operators said although passenger flow has increased overtime, the 1/11 fallout dampened the traffic.

"Air conditioned buses attract passengers now at a rate more than it was 10 years ago.

But the scenario has changed after 1/11," said Obayedur Raman Chonnu, director of another long-distance bus service, Silkline Express.

"We are the worst-hit. We have witnessed a 40 percent drop in the passenger flow," he said.

Salauddin Apu, in charge of another leading luxury bus service Green Line Paribahan, echoed him, citing that the number of passengers on each of its 40-seater Volvo bus dipped to nearly 20-22 now from 30-32 earlier.

Travels by Scania also slumped substantially, he said.

"I don't think people have cut their travels. Perhaps, people are economising by switching over to relatively low-cost ones," said Apu, pointing to the fact that it has affected them.

He said the fares they hiked in line with increased prices of fuel would not make up for the drop in revenue resulting from the decline in passengers.

"We have just adjusted the fares to cope with increased cost of fuel. But we haven't adjusted our increased costs for maintenance and staff," he said.

They need to spend about Tk 27,000 for a tyre now, while the rate was nearly Tk 16,000-Tk 17,000 just two years ago, Apu said.

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# Huawei faces charges of under-invoicing

STAR BUSINESS REPORT

Dhaka Customs House has served a notice on Chinese telecom equipment vendor Huawei for its alleged involvement in false price declarations of a consignment worth Tk 2.4 crore.

Officials of Kamalapur Inland Container Depot (ICD) asserted that they had found Huawei's involvement in price misdeclaration of 72 antennas imported for the country's oldest mobile phone operator Citycell a couple of months ago.

"Huawei's misdeclaration is a complete violation of Section 32 of customs law," said Kamalapur ICD Joint Commissioner Wahida Rahman Chowdhury, who had examined the consignment.

Another incident of under-invoicing by Huawei was detected two weeks ago, said Dhaka Customs House officials. The company imported two intelligence network servers for Citycell, but it mentioned one in its no-objection certificate (NOC), they said.

However, Huawei did not reply to the notice within the seven-day deadline that expired on Wednesday. The officials said the company was trying to manage the problem by convincing different quarters.

Comments were sought from Citycell and Huawei on the issue, but Huawei did not reply despite repeated attempts.

Citycell in its official version said: "It has recently been brought to the attention of Citycell that there may be some issues relating to a particular shipment of such equipment from one of its vendors."

"As far as Citycell is concerned it complied with all

regulatory and tax-related issues with regard to this shipment and is assisting the authorities concerned in their ongoing investigation," the lone CDMA operator said.

The officials of Kamalapur ICD said the price of the consignment could be more than what Huawei mentioned in its import bill. Generally, importers practise such illegal under-invoicing to evade customs tax.

In the Huawei case, it was mentioned in the documents that the exporter was a US company. Investigators found that the goods came from the Hague via Hong Kong.

But when Huawei collected the NOC from telecom regulator, it said it would import all equipment from China, officials said.

The customs officials said the prices could be higher than Tk 2.4 crore Huawei quoted for 72 antennas.

"If the equipment comes from Europe, it is natural that its price will differ from China's," said Wahida Rahman.

"If the goods come from the Hague to Hong Kong, en route to Bangladesh, additional freight and insurance charges should be adjusted with the original prices," she added.

"But Huawei completely hid the information in its documents," she claimed.

Bangladesh's telecom market has been growing rapidly for the last few years, and the country's total telephone users stood at 47 million as of August 2008.

Bangladesh Telecommunication Regulatory Commission (BTRC) officials said they had also found vendors' illegal practice in importing telecom equipment.

# Export price index edges up 5.28pc

## Export price and volume indices for July

	Total exports	Primary products	Manufactured products
Price index	▲ 5.28%	▲ 5.68%	▲ 5.25%
Volume index	▲ 65.73%	▲ 22.88%	▲ 69.39%

REFAYET ULLAH MIRDHA

The export price index of Bangladesh-made products, especially garment items, marked a 5.28 percent rise in July, the first month of the current fiscal year, according to the state-run export promotional agency.

However, major exporters do not agree with the increased price index.

Export Promotion Bureau data showed a declining trend in the index almost throughout the last fiscal year.

The price index that started improving since the fag-end of the last fiscal year surpassed 5 percent in July, although the figure is minimal in accordance with the increased costs of doing business.

Better negotiation with international buyers, production of high value-added items and pressure from different international rights groups helped increase Bangladesh-made garments marginally in the international markets, the EPB authorities claimed.

"The rising export-price index indicates that things are improving gradually," said EPB Vice Chairman Shahab Ullah.

According to the industry, erratic gas and power supplies, higher freight charges, both in local and international markets, the yarn price hike, implementation of the minimum wage for workers, higher transport costs and higher prices of capital machinery were the main reasons for the higher cost of doing business last year.

The cost of doing business in Bangladesh, particularly in the readymade garment sector, increased by 15 percent, as reported in newspapers.

Talking to The Daily Star, senior officials of Opex Group, Standard Group and IRIS Group -- some major apparel exporting groups -- said the prices of exportable garment items did not increase, rather in some cases the prices decreased to some extent.

They claimed despite falling prices, manufacturers have been able to increase earnings through raising exports volume.

"Actually, the prices of RMG products did not increase. We are making profit through increasing the export volume, not the price," said a senior official of the IRIS Group.

The EPB data showed that at the end of the FY 2007-08 the volume of overall export increased by 14.05 percent. The July export data showed that the overall export volume increased by 65.73 percent from the corresponding period of FY2007-08.

A major RMG exporter said in 5.28 percent price index the real increase would be less than 1 percent.

"Had the export price index risen to more than 10 percent, the profit margin would have been better," he said.

According to EPB, total exports in July recorded \$1.543 billion, which means a 71.01 percent increase from the same period of the last fiscal year. [refayat@thedailystar.net](mailto:refayat@thedailystar.net)

# Best Air flies to Singapore, KL this month

UNB, Dhaka

Best Air, the country's third private airline, is likely to start operating its Dhaka-Singapore and Dhaka-Kuala Lumpur flights from this month, spreading its wings on international route.

"Initially, we'll operate flights on Friday and Monday each week on Dhaka-Singapore route," Best Air chairman Haider Uzzaman told the news agency.

He said that a newly procured 162-seater MD-83 aircraft would be used for the route.

Replying to a question, Haider said the initial date for inaugural Dhaka-Singapore flight was October 13. "But we have to change the date as vacation is going on in Bangladesh and Singapore also. We will fix the new date within a short time."

About the Dhaka-Kuala Lumpur route, the Best Air chairman said that they did not fix the date yet, but "we will start operation on the route by this month."

Best Air is also operating flights on Dhaka-Bangkok and Dhaka-Colombo-Male routes.

Best Aviation started its journey in 1999 as helicopter operator and then began its operation as a Freight Airline in 2000. It obtained licence in 2006 from the Civil Aviation Authority of Bangladesh to operate passenger service in the international and domestic sectors.

The company launched its passenger fleet with Boeing 737-200, which was the first in Bangladesh.

The airline started its operation on the country's busiest Dhaka-Chittagong route on January 14 this year with Boeing 737-200.

# After Britain, US eyes direct capital for troubled banks

## Iceland nationalises biggest bank

AFP, Washington

After struggling with little success to stem a financial panic, US authorities were eyeing the possibility of direct capital injections to troubled banks as a means of shoring up a fragile system.

Such a move, already announced by British authorities, would give the government special shares of the banks in exchange for helping boost badly needed capital in an effort to unplug credit markets, analysts said.

Treasury Secretary Henry Paulson said Wednesday this is an option authorised by emergency legislation giving the administration 700 billion dollars to buy up distressed assets from a real estate meltdown.

"We will use all of the tools we've been given to maximum effectiveness, including strengthening the capitalization of financial institutions of every size," Paulson said.

John Ryding at RDQ Economics said such a move would help stabilise the banking system and go a long way toward easing the crisis.

Ryding said the move announced by British Prime Minister Gordon Brown, who has urged other governments to take similar steps, would likely be discussed by the Group of Seven finance chiefs gathering in Washington this week.

"We hope his Chancellor Alistair Darling is an effective marketer of these ideas in Washington," Ryding said.

Senator Charles Schumer also urged the government to



A man takes money from an automatic teller machine outside the Icelandic bank Kaupthing in Reykjavik. Iceland nationalised the country's biggest bank yesterday.

consider this type of action.

"London's response to the turmoil in its financial markets is something we should consider here," Schumers said.

"Many experts agree that recapitalizing US banks directly would be an effective and less costly way to address the frozen credit markets. Under this plan, the government would receive equity stakes in return for providing capital or liquidity. This would allow taxpayers to share in any upside potential of our nation's banks."

Meanwhile, Iceland's government nationalised the country's biggest bank Kaupthing on Thursday, just days after the second and third biggest banks

were brought under state control.

"Based on new legislation, the Icelandic Financial Supervisory Authority (FME) proceeds to take control of Kaupthing to ensure continued commercial bank operations in Iceland," the authority said in a statement as Iceland's economy verges on collapse amid the global financial crisis.

The move was aimed at "guaranteeing a functioning domestic banking system," it said.

Iceland's parliament on Monday adopted emergency laws to save the financial sector and ward off national bankruptcy, allowing the government to take control of all

banks and financial bodies, take over assets, merge institutions and force institutions to declare bankruptcy.

The government nationalised Iceland's second- and third-biggest banks Landsbanki and Glitnir earlier this week.

As was the case with those banks, "domestic deposits are fully guaranteed" for Kaupthing's customers, the Financial Supervisory Authority said, adding that the bank's domestic branches, call centres, cash machines (ATMs) and internet operations would be open for business as usual.

However, Kaupthing's operations in Britain, Finland and Sweden were halted.