

BB halts dollar purchase

STAR BUSINESS REPORT

The central bank halted the purchase of dollars for the past two days after a three-week intervention to keep the inter-bank foreign exchange market stable, officials said yesterday.

Since January 15, Bangladesh Bank (BB) had purchased \$94 million from different banks, mainly private and foreign commercial banks.

The central bank last bought \$10 million on Sunday at Tk 68.90 per unit from a private bank.

"The central bank purchased the dollars to enable financial institutions to comply with the net open position (NOP) rules for holding foreign exchange properly," a BB senior official said.

NOP depends on a bank's paid-up capital. According to BB rules, a bank cannot hold more than 0.5 percent of its paid-up capital.

Private bank officials said they have more dollars in stock because of a slowing trend in opening letters of credit against imports.

The official said the BB might resume such intervention to minimise a mismatch between demand and supply of the greenback.

Nearly 10 banks have already decreased their rates of dollars at customers' level after the flow of dollars to the market increased, bankers said.

The local currency has appreciated against the dollar marginally -- by Tk 0.05 at the beginning of current week.

Import LCs worth \$780.64 million were opened in the first three weeks of January against \$1.252 billion in the same period a year ago, according to the central bank statistics.

Japan to buy \$11b bank shares

AFP, Tokyo

Japan's central bank said Tuesday it would buy one trillion yen (11.2 billion dollars) worth of shares held by commercial banks to fight a credit crunch in Asia's biggest economy.

Analysts said the move was unlikely to have a major impact on the overall stock market.

Govt mulls measures to face losing trade competitiveness

UNB, Dhaka

Finance Minister AMA Muhith has said the government is considering measures to face the losing competitiveness in trade amid heavy devaluation of currencies against US dollar by major trading partners.

"We're losing competition against the trading partners especially with India, Pakistan and China in Asia as their currencies were devalued against US dollar," he told reporters after a meeting of the Coordination Committee on reviewing budget at the finance ministry yesterday.

Bangladesh Bank Governor Dr Salehuddin Ahmed, Secretaries to the Finance, Planning, Internal Resources Division (IRD), Economic Relations Division (ERD) and senior officials concerned were present at the meeting.

"Measures will have to be taken to face the situation. That's what we're now thinking about," said Muhith, expressing dissatisfaction over misquotations by media that he had hinted depreciation of taka.

He did not make it clear whether the "measures" to revive trade competitiveness would be beyond administering the exchange rate of taka against the greenback. But, he made it clear that the free-float market would continue its function to determine the exchange rate.

Fund managers suggested lowering interest rate on bank loans to stimulate imports in the productive sector and create more

demand for the greenback, as a strategy to drag down the value of taka against dollar and make exports competitive, according to a survey by the news agency.

Replying to a question, Muhith said Bangladesh Bank recently purchased US\$ 300 million from the market and released them back to the market, infusing no impact on the exchange rate.

About yesterday's meeting he said they reviewed the budgetary targets for the current fiscal year and discussed the budgetary allocations for the next fiscal year.

Replying to a question, the minister said the country's economic indicators were performing better than any other countries in South Asia. He was hopeful about achieving 6 percent GDP growth this fiscal, which is 0.5 percentage point lower than the budgetary target of 6.5 percent.

He revised down the GDP estimate on apprehension that the global recession might affect the economic growth to some extent lately, though the economy remained immune so far.

"I'll make a statement on the overall economic performance in the next session of parliament," he said in response to a question.

Replying to another question, Muhith said the government borrowing from the banking system still remained within the budgetary target.

"Private sector credit would be hampered if government borrowing increases," he added.



BASIC Bank gets new chairman

STAR BUSINESS DESK

Industries Secretary Dewan Zakir Hossain has been made the chairman of BASIC Bank Limited, according to a press release.

Prior to the new assignment, Dewan was the secretary of the social welfare ministry and chairman of Land Appeal Board.

An MSc from Dhaka University, he is a BCS (admin) cadre officer.

Sona Masjid revenue reaches Tk 138.66cr

UNB, Chapainawabganj

The government has earned Tk 138.66 crore in revenue through Sona Masjid land port during the first six months of the current fiscal (2008-09), exceeding the target of Tk 96.66 crore.

The land port authority said the revenue earnings have increased through the land station, the second largest land port of the country, despite ban on import of 40 kinds of goods and other existing problems.

Of the total amount, Tk 36.25 crore was earned in July, Tk 25.91 crore in August, Tk 30.10 crore in September, Tk 12.86 crore in October, Tk 22.11 crore in November and Tk 11.40 crore in December, 2008.

Sona Masjid land port started its journey as a full-fledged land station in 2006 under private management.

The target of revenue earnings was not achieved in the 2006-07 fiscal year. But, in 2007-08, Tk 192.36 crore was earned through the land port against the target of Tk 120.64 crore.

Customs officials of the land port said the huge revenue was earned due to proper management and favourable environment in commercial sector.

Joint Convener of C&F Association Shamiul Haq said Bangladesh has a bright prospect of business through the land port due to the improved communication system with India. But, restrictions on import of some kinds of goods through the land port are causing loss to the government, he added.

Seek public opinion on transit to India

Trade analysts urge govt

STAR BUSINESS REPORT

Trade analysts yesterday urged the government to seek public opinion on any plan to allow transit to India, an issue deemed sensitive to many.

It appears India will continue to do business with neighbouring countries, with or without Bangladesh approving transit for its next-door neighbour, they said.

The discussants held a brainstorming seminar on "Trade, Investment and Connectivity between Bangladesh and India" at Bangladesh-China Friendship Conference Centre.

In fiscal 2007-08, India exported goods worth \$3.375 billion to Bangladesh and imported \$358.08 million worth of products from here, according to statistics from the seminar.

Informal trade between India and Bangladesh will be much more, the seminar was told.

"So, why aren't we taking the opportunity of mutual benefits from a transit relationship," said Syed Manzur Elahi, former caretaker government adviser.

The country's apex trade body, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) organised the seminar on the issue on the eve of Indian Foreign Minister Pranab Mukherjee's arrival in Dhaka on February 8.

"If you don't be pragmatic right now about the



Speakers are seen at a seminar on Trade, Investment and Connectivity between Bangladesh and India held yesterday in Dhaka.

issue, one day India may show reluctance for transit. India will keep doing business anyway," Manzur Elahi said.

Shafi Sami, another former caretaker government adviser, said the present government has political willingness to allow transit to India, but it must seek public opinion before rushing into a deal.

"Joint venture investment plans are very important to enhance relationships with India," Sami said. Former FBCCI president Salman F Rahman said that access to the Indian market is "hugely important" to Bangladesh.

"Indian products are dominating the local market. India is doing business even without the facility of transit, but we are sitting idle here with an anti-Indian sentiment," Rahman said.

Mir Nasir Hossain, also former FBCCI president, said the non-tariff barriers (NTBs) and technical barriers to trade (TBTs) in trade

between the two countries should be removed through mutual understanding.

Executive Director of Centre for Policy Dialogue Mustafizur Rahman said the standards and certifications of the two countries should be recognised before finalisation of the transit issue.

"India should also remove the NTBs for Bangladesh," he said.

Chief Executive Officer of Bangladesh Foreign Trade Institute MA Taslim said if Bangladesh could create a general investment climate the investment will arrive here not only from India, but also from the whole world.

Bangladesh Enterprise Institute Chairman Farooq Sobhan said a visa office should be established in the Assamese capital Gowhati to facilitate businessmen of Bangladesh to make trade with Indian south-eastern region.

FBCCI President Annisul Huq chaired the seminar.

Protecting LDC interests urged

UNB, Dhaka

Foreign Minister Dr Dipu Moni has said the current round of WTO negotiations must ensure the long awaited duty-free quota-free market access for the least developed countries (LDCs).

The minister who had a meeting with Pascal Lamy, director general of the World Trade Organization, in Brussels yesterday stressed the need for an early outcome of the negotiations specifically addressing the concerns of the LDCs.

She also emphasised the special priority for the LDCs under trade in services negotiations, said a press release from Bangladesh mission in Geneva.

Bangladesh Ambassador in Geneva Dr Debapriya Bhattacharya was also present in the meeting.



Foreign Minister Dipu Moni shakes hands with Director General of the WTO Pascal Lamy in Geneva recently.

Lamy lauded Bangladesh's active engagement in the WTO and leadership role in promoting the cause of the LDCs. He briefed the minister on the current status of negotiations. He viewed that Aid for Trade was a useful mechanism through which Bangladesh could develop its trade related capacities.

Later, Anders B. Johnsson, secretary general of Inter-

Parliamentary Union called on the foreign minister at the Bangladesh Mission. They discussed the process of re-entry of Bangladesh to IPU following return of democracy in the country. The matter will be considered in the next IPU meeting in April.

Dipu Moni is visiting Geneva in connection with the Universal Periodic Review of Bangladesh at the UN Human Rights Council.

Bata opens Asia's largest showroom

STAR BUSINESS REPORT

Bata, the country's leading shoe company, yesterday opened a mega showroom, the largest in Asia, at Basundhara city.

"The new showroom is spread over 11,000 square feet and is the largest showroom for footwear in Asia. We opened it to present various world famous brands and designs under one roof to our clients," said JD Hearn, managing director of Bata Shoe Company Bangladesh, at the inaugural ceremony.

"World famous brands, such as Bata, Marie Claire, Hush Puppies, Scholl,

Ambassador, Weibrenner, Nike and Bubblegummers would be available at this new mega showroom," he added. The show room is situated on level seven of the Basundhara city mall.

Robert McDougall, Canadian high commissioner in Dhaka, inaugurated the new mega store.

The overall market size of footwear in the country is around Tk 1,700 crore per year, of which Bata holds a major share.

Sales figures for Bata stood at Tk 650 crore in 2008, a 30 percent rise over the previous year. The company sales stood at Tk 500 crore in 2007.



Robert McDougall, Canadian high commissioner in Dhaka, takes a look on shoes at a Bata mega store he inaugurated in the capital yesterday.

Australia cuts rates

AFP, Sydney

Australia's central bank slashed interest rates by one percentage point to a 45-year low Tuesday in the latest in a series of aggressive cuts sparked by the global financial crisis.

The move by the Reserve Bank of Australia (RBA) at its monthly board meeting took the official cash rate to 3.25 percent.

It was the fifth consecutive cut by the RBA, which has sliced a total of 400 basis points off the official rate since September as inflation fears gave way to concern about the impact of slower world economic growth.

Space For Rent

Space available of a newly constructed building at a premium location on the main avenue between Gulshan 1 & 2, measuring 8260 (Eight thousand two hundred sixty) sft on the 6th floor as office (Including 8 car parking facilities) for immediate rental.

Contact: Major K.G Haider (Rtd)
Cell-01678-633303



Letters will only be considered if they carry the writer's full name, address and telephone number (if any).

Economic or political issue?

The relationship between India and Bangladesh is dated long back. But we find these nations have a big trade gap. A large number of issues like water-sharing, maritime border, transit, adjustment of the Rules of Origin, non-tariff and para-tariff barriers (as set in Safta) remain unsettled so far.

As self-critic, we see our negotiation skills are almost zero. It is not about India but our own limitations or failures. On the other hand, there are many eminent Bangladeshi economists, lawyers and analysts living at home and abroad, who are not contributing because of institutional crisis. That is also another issue for debate.

Some intellectuals are raising their voices against "transit", apprehending that our sovereignty will face threats. It is time for economic domination rather than geographic invasion. Egypt is earning millions of dollars by allowing use of the Suez Canal, without any threat to sovereignty.

In order to minimise the trade gap, we can focus on a few items that can be exported only to the seven sisters (eastern part of India). We have to change our mindset first and know which aspect should be considered as political or economic. Our government can form separate commissions or committees on the related issues. Those commissions or committees will be assigned to resolve the unsettled issues with India.

Alamgir Sujaet, Dhaka



Electricity for Boro farmers

Electricity and diesel are the main elements for Boro farming. Farmers want an uninterrupted supply of electricity and diesel. A scarcity of electricity and diesel directly hampers the growth of paddy. Hence the government has to face a severe economic pressure. The ministries of industry, agriculture, oil and mineral resources and finance are directly involved with the issue.

Millions of people face starvation and millions remain half-fed. The government should collect more than 500 MW power. By closing all the shopping malls and offices in the capital early, energy can be saved for the farmers. With only 2 months of sacrifice, we can ensure a bumper production of paddy.

MZ Haider, Narsingdi

Africa and Asia Trade Organisation

In this world of globalisation, countries have come closer to each other due to the advancement of technologies. Business should be dealt with all around the world based on opportunities. And in order to find opportunities, accessibility to other countries is a must. We are talking about transit facilities and the advantages and disadvantages we will face. But let us now talk about it on a much bigger scale.

Africa is one such continent where there is a plenty of opportunities. For a country like ours, with affordable labour, we can highly benefit from it. We are talking about giving transit facilities to India but how will Bangladesh benefit from it? Well, we can propose creation of an organisation connecting both Africa and Asia. Why can't we create a trade body named the Africa and Asia Trade Organisation (AATO) just like NAFTA? This will allow business community from Africa and Asia to come closer to each other.

I wish our foreign ministry will propose the matter to the nations concerned in order to form this business body that will allow good business.

Minhaj Ahmed
Dhaka

BIZ LETTERS

bizletters@thedailystar.net