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Stocks

| | | |
|------|---------|----------|
| DGEN | ▲ 1.21% | 2,467.39 |
| CSCX | ▲ 1.40% | 5,112.31 |

Asian Markets



| | | |
|-----------|---------|-----------|
| MUMBAI | ▲ 1.51% | 10,967.22 |
| TOKYO | ▼ 0.44% | 8,924.43 |
| SINGAPORE | ▲ 2.64% | 1,876.77 |
| SHANGHAI | ▲ 2.84% | 2,513.70 |

Currencies

| | Buy Tk | Sell Tk |
|-----|--------|---------|
| USD | 69.45 | 69.02 |
| EUR | 93.10 | 88.40 |
| GBP | 103.86 | 98.50 |
| JPY | 0.73 | 0.66 |

SOURCE: STANDARD CHARTERED BANK

Commodities

| | | | | |
|--|-------------|---|----------|--------------|
|  | Gold | ▲ | \$895.60 | (per ounce) |
|  | Oil | ▼ | \$51.47 | (per barrel) |

SOURCE: AFP (Midday Trade)

More News

Falling exports hit economy



Export growth for Bangladesh's crucial garments sector has ground to a halt as a result of the global financial crisis, threatening to pull down the rest of the economy, experts said. Clothing manufacture underpins impoverished Bangladesh's industrial activity, accounting for 80 percent of overseas sales and pulling in 11 billion dollars a year.

WB sees extra jobs as a recession guard

STAR BUSINESS REPORT

The World Bank suggests Bangladesh create an additional 10 lakh (1 million) jobs for the people who run the risk of losing employment both at home and abroad in the global financial crisis.

"At least 2 million to 2.5 million new local jobs will be needed until the global economy recovers fully, compared with 1 million to 1.1 million local job creation needed prior to the global economic crisis," the WB said in a report "Bangladesh: State of the Economy and Policy Response to the Global Economic Crisis" launched yesterday.

At a press event, Zahid Hossain, senior economist for WB's Dhaka office, presented the report to journalists.

Earlier in his address, WB Country Director Xian Zhu said: "The government needs to think about precautionary measures to mitigate the impact of the crisis, especially on Bangladesh's poor. It is the poor who are hardest hit in times of such crisis."

Due to the global meltdown, the jute sector job loss is projected to reach 50,000 by the end of fiscal 2009, the report said. Twelve spinning mills out of 341 have been shut in the textiles sector.

"Demand for labour in the frozen food and leather sector weakened," the WB said.

"The labour force is increasing by two million people a year. If manpower exports revert to the pre-boom era in the Middle East (up to 300,000 a year), the domestic economy will have to create jobs for another 500,000 people a year," the WB said.

The multilateral lending agency feared layoffs in the export sectors.

The report said the Bangladesh economy has asserted the first round of assaults from the global financial crisis, but recession in developed countries and a slide in global trade pose major risks to exports and remittances.

"Bangladesh has started seeing the impact of the global economic crisis and the scale may worsen quickly," the report said.

Manpower export has slowed, while the number of migrant returnees has increased, WB pointed out.

In the first nine months of



This file picture shows migrant workers at Zia International Airport. The World Bank says the government should create additional jobs as a safeguard against the global financial crisis.

fiscal 2009 (July-March), 537,000 migrant workers found employment abroad compared to 720,000 in the same period last year.

The migrant outflow to Gulf Cooperation Council member countries has declined by 16 percent from 407,000 in fiscal 2008 (July-Feb) to 342,000 in fiscal 2009 (July-Feb).

Data shows that 13,540 Bangladeshi workers returned between December 2008 and February 2009.

According to Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), export orders have been slowing since September 2008 and experienced negative growth in December-March 2009, the WB report said.

Buyers are renegotiating prices in some cases, according to the WB report. Frozen shrimp has experienced a steep decline in prices from \$5 per kg to \$3.7 per kg.

- Presenting the report, Hossain said the WB has three main messages for Bangladesh:
- The current economic situation in Bangladesh is stable, but this cannot be taken for granted.
- Recession in developed markets and slowdown in the Middle East have already begun to pose a threat to Bangladeshi exports and remittances.
- Affected countries have

begun responding to the crisis with monetary and fiscal expansion but Bangladesh can afford to be more strategic.

Xian Zhu said: "The government has received requests for different kinds of bailout packages. In deciding how to respond to these requests it will be important to keep in mind that the government is resource-constrained and therefore the tradeoffs would have to be made."

"Whatever policy package the government designs, protecting the poor through new job creation and adequate well-targeted safety net programmes should remain the highest priority," he said.

The WB suggested Bangladesh take effective stimulus measures that include strengthening social safety nets, frontloading existing projects and increasing expenditure increase tends to be more effective than tax cuts.

The WB said the measures Bangladesh should avoid include new large-scale entitlement programmes, increase in public-sector wage bill, increase in subsidies to specific industries, reduction in corporate tax rates, increase in tariffs, tax amnesties for companies and interest rate ceilings.

On the constraints to a bailout package, the WB report said the government does not have

adequate space to finance large bailout packages.

"There is some room for higher fiscal deficit, because of savings from subsidy provision, but it needs to be used wisely. These may not benefit the poor," it said.

There are better candidates for spending the improved fiscal space: infrastructure, support to small and medium enterprises, microcredit schemes, health and education, safety net programmes, it said.

The WB stressed the need for structural reforms to improve investment climate.

The WB recommended immediate measures such as reassessing public spending priorities: rural and urban infrastructure, especially power sector, basic health and education.

It also emphasised support to the microfinance sector and enhancing the small enterprise fund and support to the housing finance market.

Recommending giving transit, the WB said it would promote regional connectivity and trade. It said Bangladesh could earn an additional \$1.0 billion or more from exports, transit charges and port fees.

On the overall economy, the WB said economic growth is on track to achieving 5.5 percent in fiscal 2009. But in the worst-case scenario, it could be as low as 4.5 percent if export and remittances fall in the last quarter of FY09.

3 telecom entities to come under single umbrella

MD HASAN

The government has decided to run its three telecommunication entities under a single umbrella aiming to make them more competitive by lowering operating costs.

These three entities are Bangladesh Telecommunications Company Limited (BTCL), Bangladesh Submarine Cable Company Ltd (BSCCL) and the state-run mobile operator TeleTalk.

Under the government's plan, the BSCCL will be merged with BTCL, while TeleTalk will become its subsidiary company, Rajuddin Ahmed Raju, minister for posts and telecommunications, told The Daily Star yesterday by phone.

The move has been initiated just 10 months after transforming the Bangladesh Telegraph and Telephone Board into two separate entities -- BTCL for handling landline operation and BSCCL for handling the country's lone undersea cable.

BTCL and BSCCL were formally launched in July 2008 at the initiative of the immediate past caretaker government.

"A secretary level committee already completed primary work for the possible merger of the three entities," said the telecom minister, adding that a bill on the new company formation is expected to be placed in the next session of parliament.

Stressing a strong chain of command for the new company, Raju said, "And therefore, if we merge the three, we can ensure the utilisation of the human resources as well."

Earlier, the existence of a parliamentary standing committee on the telecommunication ministry raised doubt over the transparency in the process of transforming the BTCL

into a public limited company.

There are allegations that the telecom ministry and BTCL officials failed to table details of the transformation process before the parliamentary body when the parliament was in a session, which recently prorogued.

Up to June 2008, Tk1,560 crore was the annual revenue earning of BTCL, which handled undersea cable and land phone business. After abolishing the BTCL, revenue of the BTCL stood at Tk800 crore in six months to December last year, while BSCCL revenue was not over Tk 30 crore during the period.

According to an assessment conducted by the last caretaker government during BTCL's separation, the BTCL and BSCCL were valued at Tk 15,000 crore and Tk 1,000 crore respectively.

BTCL, the largest landline operator among 12 companies in the market, has eight lakh landline customers. On the other hand, TeleTalk, which was a BTCL mobile project at the very beginning but separated from the state-run telecom board as a single entity in 2005, has only 0.93 million customers as of February 2009.

TeleTalk has been in severe financial constraint since its inception.

"If TeleTalk runs as a BTCL subsidiary, it will get an extra value to be more competitive," said a high official of the company.

The minister said after being a separate company for handling submarine cable, the BTCL has to buy bandwidth from BSCCL. Therefore, the government entity (BTCL) has to spend huge amount of money.

BTCL officials echoed the minister on the issue of a single umbrella saying that the BTCL will be financially gainer in case of BSCCL-BTCL merger.

FLASHBACK

- Bangladesh Telegraph and Telephone Department (BTDD) was formed in 1971 to run telecom services
- BTDD was made into Bangladesh Telegraph and Telephone Board (BTB) in 1979
- With Tk 15,000 crore in asset value, BTB split into BTCL and BSCCL in July 2008 for handling state-run landline phone and submarine cable respectively
- BTB's 12,636 employees had been appointed to BTCL and BSCCL
- State-run lone mobile operator TeleTalk launched its commercial services in 2005. The company now owns a 2 percent market share in the six mobile operators market
- The government moves to run the three entities under one umbrella

Barisal water transport network drying up

RAFIQUL ISLAM, Barisal

Water transport owners in the Barisal region choose to either close or divert their business, as they are losing out to road transporters.

A falling number of passengers, decreasing river navigability and emerging shoals are setting back the river transport business.

According to the Bangladesh Inland Water Transport Authority, at least 400 launches had plied daily from the Barisal port to 78 regional routes in the past decade. The daily average has dwindled to 35 launches on eight routes.

The river routes of Kirtonkhola, Aiyal Khan, Kalabadar, Shikarpur, Hizla, Naya Bhanguni, Sugandhaya and Meghna have developed shoals at various points, threatening river traffic.

A large number of steamers, launches, cargo vessels and oil tankers ply the water routes every day to different destinations, including Dhaka, Narayanjanj, Bhola, Patuakhali, Pirojpur, Madaripur, Barguna, Torki, Galachipa, Khapupara and Mehendiganj.

Over the years, all the 10 launches of Talukdar Navigation, eight of Mohan Navigation, two of Abdullah Navigation, two of Alam Brothers, and five of Chowdhury Navigation, have been sold off.

Golam Nabi Alamgir, owner of A Rahman and Sons Navigation Company, said the number of passengers on the Barisal-Bhola-Barisal route decreased because there choose road transports over river vessels.

"We now only carry goods on our routes," he said.

Miraz Ahmed, owner of Mohan



Launches wait at the Barisal terminal for passengers yesterday. Owners of river vessels complain they are losing business to road transporters.

Navigation, who sold all the company's launches, is now operating as an agent for Unilever.

Khorshed Alam, vice-chairman of Barisal Launch Owners Association, said only four out of the company's 14 launches are in operation.

"After selling eight of the 14 launches of my company, I now depend on house rent and other petty businesses," said Alam, owner of Sreepur Navigation.

"The launch business is dead." Similarly, two out of five launches of Karim Navigation are functioning on the same route.

Sheikh Abdul Rahim, another member of the Launch Owners Association, said he is now engaged in the business of readymade garments and saris after incurring huge losses in the water transportation sector.

In an effort to cut losses, launch own-

ers tend to lease out their launches for picnic parties instead of carrying passengers.

Almost every corner of the southern region is now directly or indirectly connected by road.

Launch owner Akkas Hossain told The Daily Star that about 20 river routes stretching over 30 kilometres under the seven upazilas of Barisal are fast losing navigability to the emergence of shoals.

The emergence of shoals means that launches have to cross many more miles, increasing fuel surcharges.

Moreover, about five launch piers on these river routes had to be closed, as the vessels could not approach those because of low navigability.

The closed launch piers are the Bara Machhua under Mathbaria upazila in Pirojpur, Kasherhut under the Muladi upazila and Bhabanipur and Dhamura under the Uzirpur upazila in Barisal.

Golam Mawla, owner of MV Suravi and Crescent Navigation, said only three out of the company's 10 launches ply the internal routes, as passenger's dependency on water transport has declined.

The only way this sector may survive is by subsidy on fuel, easy loans and regular dredging to maintain navigability of the routes, Mawla added.

Amzad Sareng of Nalchhity in the Jhalakati district said: "It breaks my heart to see the launches being scrapped."

Amzad said he had ferried thousands of passengers for the past 39 years.

Rafiqul Islam, the Barisal port officer, told The Daily Star that only seven old model dredgers under the BIWIA dredging fleet are not sufficient to maintain navigability on the numerous river routes, especially in the silt-prone downstream rivers.

Back in 1971, there were 24,000 kilometres of waterway networks in the country. The numbers came down to 8,400 kilometres in the rainy season and 5,200 kilometres in winter in 1984.

Now the waterway network covers only 6,000 kilometres in the rainy season and 3,800 kilometres in winter, the authorities said.

International

Singapore Press Holdings profit falls 12.6pc

Singapore Press Holdings (SPH) said Monday second quarter net profit fell 12.6 percent year on year and that the recession will continue to hurt advertising revenues in 2009.

Switzerland 'to hit back' at OECD in tax row

Switzerland is considering further measures against the OECD in the row over how much the country is doing to reform its policy on tax havens, media reports said Sunday. The Neue Zuercher Zeitung (NZZ) quoted Swiss officials as saying they might block progress in cooperation with China, India and other emerging countries in protest against being placed on the OECD's 'grey list'.

Contact Us

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