

# Mobile handset makers fear slack sales

STAR BUSINESS REPORT

Mobile handset makers yesterday anticipated a 10 percent slack sale, if the proposed 25 percent tax on each imported set remains unchanged in the final budget for the fiscal year 2009-10.

The new duty may prompt imports of the handsets through illegal channel, which ultimately lead to a huge revenue loss, they told a press conference in Dhaka yesterday.

"Mobile set price may increase 15 to 17 percent on imposition of the new duty," said Nowfel Anower, head of marketing of Nokia EA Limited.

Urging the government to reconsider the tariff, he said a specific amount of Tk100 could be clamped on the import of each set.

Mobile handset imports increased by 92 percent to 60.82 lakh pieces in fiscal year 2006-07, while the figure was 31.70 lakh in FY 2005-06. The imports shot up as duties on handsets were cut from Tk300 in FY 2005-06 to Tk200 in FY 2006-07. Handset imports in FY 2007-08 however witnessed a 13 percent downturn as the government re-fixed Tk 300 duty in that fiscal year



Nowfel Anower, head of marketing of Nokia EA Limited, speaks at a press conference in Dhaka yesterday. Mobile handset makers fear that mobile set price may increase 15 to 17 percent on imposition of the new duty proposed in the FY10 budget.

when 53 lakh handsets were imported. Around 6.4 million sets have so far been imported legally in the outgoing fiscal year (2008-09).

Government's earnings from such imports also shot up to Tk1920million this fiscal from Tk930million in FY 2005-06.

Such earnings may drop a 48 percent to Tk1,000 million next financial year if the finance minister's proposal

for the imposition of a 25 percent import duty is approved finally, the press meet was also told.

Nokia, Motorola, Samsung, LG, Sagem and Sony Ericsson are the leading brands in Bangladesh's 46 million subscribers' market.

"High tax always encourages illegal handset imports, while government loses revenue," said Syed Sarwar

Morshed Azam, marketing manager of Sony Ericsson, citing an example of FY 2004-05, when the government earned only Tk930million because illegal handset importers dominated 80 percent of the total sales.

On the other hand, the government's earnings stood at Tk1920 million this fiscal when 85 percent handset market is dominated by legal handset makers.

## Emerging big four economies flaunt power at summit

AFP, Moscow

Brazil, Russia, India and China flaunt their unity against more established powers this week as the four emerging economic giants hold the first summit of their grouping, known as BRIC.

But while they will express determination to act together during the current economic crisis and beyond, they are years away from being a counterbalance to established global institutions, analysts say.

It is also unclear whether the presidents Dmitry Medvedev of Russia, Hu Jintao of China, Luiz Inacio Lula da Silva of Brazil and Indian Prime Minister Manmohan Singh will agree to establish a more permanent international entity.

In any case, Russia will enjoy bragging rights as host of the first formal BRIC summit, which is set to take place on Tuesday in Yekaterinburg, a city some 1,420 kilometers (880 miles) east of Moscow in the Ural Mountains.

"Russia believes this format to be rather promising economically as well as politically," Medvedev's spokeswoman, Natalia Timakova, told reporters this week.

But she reserved judgment on the broader implications of the summit. "It is too early to make any predictions," she said. "We need to see how this first meeting goes."

Russian foreign ministry spokesman Andrei Nesterenko told reporters that the four leaders would adopt a joint declaration calling for the "formation of a more just and democratic world order."

## Merkel defends export-heavy Germany

AFP, Berlin

Chancellor Angela Merkel defended on Monday Germany's heavy dependence on exports that has made Europe's biggest economy one of the biggest casualties of the global recession.

"Are we too dependent on exports? I believe there is no alternative to being a country with strong exports," Merkel told a conference of the country's main industry association, the BDI.

"Otherwise we are putting our standard of living at risk," she said.

Germany is the world's biggest exporter of goods, with particular strength in machinery, chemicals and cars, but it has been hit hard by the collapse in demand around the world for its products.

The German government expects the economy to shrink by around six percent this year, the second biggest slump among advanced economies after Japan.

Merkel reiterated that it was important to tackle to causes of the financial crisis and the global downturn, putting into practice the decisions that were made at a summit of the Group of Twenty major economies in London in April.

# Forex rises to record \$7b mark

UNB, Dhaka

The country's foreign exchange reserve has risen to a record US\$ 7 billion mark for the first time due to slackened private sector investment.

The forex reserve stood its highest ever level at the closing yesterday, Bangladesh Bank sources said.

Finance Minister AMA Muhith also informed the Parliament of the reserve position.

A senior central bank executive said that a slowdown in the private sector investment has contributed to the increase of reserve to that level.

He said the slow growth of import of capital machinery and industrial raw materials as an impact of the global

recession reflects a declining trend of the private sector investment.

He said the sharp drop in the prices of essential commodities and decline in import volumes also helped increase the reserve.

Inflow of foreign remittance through formal channel gave an extra push as the necessity for sending remittance through informal channel like 'hundi' diminished due to the global recession, the Bangladesh Bank (BB) executive added.

Latest BB figures show significant increase in opening of import L/Cs for intermediate goods and machinery for miscellaneous industry during July-April of the outgoing fiscal year compared to the same period a year earlier.

But opening of import L/Cs for consumer goods, capital machinery, petroleum and petroleum products, and industrial raw materials declined during July-April compared to the same period of the previous year.

The settlement of import L/Cs in April 2009 stood lower by \$177 million or about 10 percent to \$1,669 million as against \$1,846 million in March 2009.

It was also about \$247 million or 13 percent lower than \$1,916 million in the same month of FY 2007-08.

Settlement of import L/Cs during July-April period of the current fiscal year increased by \$1,747 million or 11 percent to \$18,307 million against \$16,560.37 million during July-April of FY 2007-08.



Anisur Rahman Sinha, chairman of Bank Asia, presides over the bank's 10th annual general meeting in Dhaka yesterday. The meeting declared 23 percent dividend for 2008.

# ICT policy awaits cabinet's nod

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The ICT Policy 2009, one of the most effective tools to create a Digital Bangladesh now awaits the final nod from the cabinet, the science and information and communication technology (ICT) secretary has said.

"We have sent the final version of the policy to the cabinet and it is awaiting the final approval from the cabinet," Nazmul Huda Khan told a seminar in Dhaka yesterday.

Bangladesh Enterprise Institute (BEI) organised the seminar on Digital Bangladesh: From Vision to Reality at the institute.

Nazmul Huda Khan also informed the function that the ICT Act is now under amendment process. "We

have already sent it to parliament," he said.

The secretary however identified education on ICT and power crisis as major obstacles to achieving the goal of Digital Bangladesh, an electoral pledge by the government.

Regarding ICT education, he said the government is setting up computer laboratories in each district headquarter, to provide education and training on ICT.

Speaking at the seminar, HT Imam, adviser to the prime minister, said, "The Digital Bangladesh goal is achievable."

Other speakers said the government should involve the private sector and development agencies in ICT activities.

They suggested the government monitor ICT activities and make periodical

reports on the progress.

BEI President Farooq Sobhan moderated the seminar, where Habibullah N Karim, president of Bangladesh Association of Software and Information Services (BASIS), and Mridul Chowdhury, director of drivenpartners.com, presented two keynote papers.

Nasiruddin Ahmed, chairman of National Board of Revenue, Mahfuzur Rahman, additional secretary of Science and ICT ministry, Pierre Guislan, director of Investment Climate Department of World Bank-FIAS, Oddvar Hesjedal, chief executive officer of Grameenphone, and Akteruzzaman Manju, president of Internet Service Providers Association, also spoke at the function.

# Vietnam's textile industries optimistic

ANN/VIETNAM NEWS

Vietnam's garment and textile companies are encouraged by forward export orders after export turnover reached its lowest growth rate, 2 per cent, in April and reduced by 11 per cent last month.

In previous years, domestic garment and textile companies received most export orders for the following Northern Hemisphere fall in the first two months of the year. But by the end of January and February, most

companies had only received orders for March.

Despite the sluggish growth and economic recession, companies remain optimistic.

The Hanoi-based Garment 10 Joint Stock Company has orders for August and September and plans to deliver 1.5 million items monthly to European partners.

"In the first four months, our company's export turnover reached \$25 million, up 15 per cent from the same period last year," said managing director Hoang Minh Khang.

To help achieve the results, the company sent representatives to the European Union to find partners. Its biggest, a Danish company, ordered 800,000 items this year. The company also has a contract to send 7,000 suits a month to a Japanese firm.

Diep Thanh Kiet, deputy chairman of the HCM City Association of Garment-Textile Embroidery-Knitting, said many members, mainly from large and medium-sized companies, had orders for next months.

## US financial regulatory system to be bolstered

AFP, Washington

Faced with continued market weakness, President Barack Obama's administration is to unveil a plan to bolster the US financial regulatory system, two top presidential economic aides said Monday.

Treasury Secretary Timothy Geithner and chief White House economic adviser Lawrence Summers gave a broad outline of their plan in an op-ed piece in The Washington Post.

They did not say when exactly their plan, which is also aimed at giving the system a global reach, would be made public, but media reports suggested this could come as early as Wednesday.

"Reassuring the American people that our financial system will be better controlled is critical to our economic recovery," the two officials wrote. "We will lead the effort to improve regulation and supervision around the world."

The five-point plan aims to create "a more stable regulatory regime that is flexible and effective" while "guarding the system" against its own excess, Geithner and Summers pointed out.

The government will impose stringent capital and liquidity requirements for the largest and most "inter-connected" financial firms.

And all large financial institutions whose failure could threaten the stability of the system will be subject to supervision by the Federal Reserve.

The government will also establish "a council of regulators" with broader coordinating responsibility across the system.

# Seminar stresses measures to face climate change fallout on farming

STAR BUSINESS REPORT

Saarc member states should prepare a list of insect-resistant crop varieties and share information and genetic material with one another to face the challenges of food security and climate change, the concluding session of a two-day seminar in Dhaka was told yesterday.

The participants in the seminar also recommended setting up a centre in Dhaka to study the issues relating to climate change, the concluding session of a two-day seminar in Dhaka was told yesterday.

"The problems and concerns over agriculture are identical in nature to the Saarc nations. These can only be addressed through regional cooperation," Agriculture Minister Matia Chowdhury said.

The Ministry of Science and ICT organised the

programme on three topics - insect resistant crop varieties, current good manufacturing practices in the pharmaceutical sector in the regional bloc and radiation processing.

Speaking at the closing of the two-day Saarc seminar at Bangabandhu Sheikh Mujibur Rahman Novotheatre, Matia stressed the need for integration of resources, sharing knowledge and experience, exchange of new technologies and scientific materials and human resources between the member states to fight the impacts on climate change and ensure food security.

She said development efforts in South Asia have become more challenging as the region suffers from high population density, lower productivity and poverty, with global climate change making the situation more daunting.

South Asians will be the

most affected due to climate change, in terms of inundation, sea level rise, salinity and drought, the minister said, suggesting capacity building in research, development, extension and related infrastructure.

"It requires a collective approach and resources at national, regional and international level. We have expertise available in the Saarc countries to formulate actionable policy to face the problem of climate change," she said.

To foster regional cooperation, the seminar also put forward suggestions like identifying the strains of major insects of major crops through utilising the facilities available in the member countries.

Recommendations for exchange of scientists and pharmacists also came at the seminar.

State Minister for Science and ICT Yeafesh Osman also spoke on the occasion.



Babul Islam, executive director of Bangladesh Lift Industries Ltd (BLIL), a concern of Pran-RFL Group, and Kamrul Hasan, managing director of RL Properties Ltd, pose at a memorandum of understanding (MoU) signing ceremony in Dhaka yesterday. Under the MoU, BLIL will supply, install and ensure after-sales services of all lifts and escalators in all the projects of RL Properties across the country.

# IMF projects 'solid' US recovery in mid-2010

AFP, Washington

The International Monetary Fund projected Monday the United States would make a "solid" recovery from recession in mid-2010, but warned of major risks including the real-estate crisis and rising interest rates.

In its annual report on the world's biggest economy, the IMF projected US gross domestic product (GDP) would shrink at an annualized rate of 2.5 percent in 2009 and post modest 0.75 percent growth in 2010.

The outlook was better than the IMF April forecasts of a 2.8 percent contraction this year followed by flat growth in 2010.

"The staff's outlook remains for a gradual recovery" followed by a "solid recovery projected to emerge

only in mid-2010," the multilateral institution said.

"Recent data suggest that the sharp fall in output may now be ending, although economic activity remains weak," the IMF said.

The IMF noted that recent economic indicators were pointing to a slowing pace of deterioration, especially in the labor and housing markets which are key to economic recovery and stability.

However, "the combination of financial strains and ongoing adjustments in the housing and labor markets is expected to restrain growth for some time," it said.

Economic slack would increase, pushing up unemployment to a peak "close to 10 percent" in 2010 and driving core inflation -- con-

sumer prices minus food and energy -- to "very low levels," it said.

The overall consumer price index was expected to fall by a half percentage point in 2009 and rise by 1.0 percent in 2010.

The US economy, which entered recession in December 2007, is struggling with the worst downturn in decades. GDP -- a broad measure of goods and services output -- shrank by 5.7 percent in the first quarter after a brutal 6.3 percent contraction in the 2008 fourth quarter.

The IMF estimates were less rosy than the latest US official figures. The Federal Reserve on May 20 estimated the economy would contract between 1.3-2.0 percent in 2009 and grow at a modest pace between 2.0-3.0 percent in 2010.

The US Treasury Department, responding to the IMF report, emphasized the IMF's evaluation represented "an independent judgment."

The IMF said there was "unusual level of uncertainty" in its latest projections.

Among the "significant downside risks," the 185-nation institution cited the real-estate crisis, marked by spiking foreclosures and falling home prices, as well as a slump in the commercial sector; rising interest rates that are pressuring both the government and businesses; and the global economic and financial crisis.

"Much will also depend on developments abroad, including progress made in strengthening financial institutions and markets," it said.



Habibullah Khan, chairman of Reliance Insurance Ltd, presides over the company's 21st annual general meeting in Dhaka yesterday. The meeting declared 30 percent dividend for 2008.