

Stocks

DGEN ▲ 0.07%
2,959.52

CSCX ▼ 0.37%
6,621.35

Asian Markets

MUMBAI ▼ 2.83%
13,769.15

TOKYO ▼ 2.35%
9,420.75

SINGAPORE ▼ 0.55%
2,259.77

SHANGHAI ▼ 0.28%
3,080.77

Currencies

Buy Tk Sell Tk
USD 68.45 69.45

EUR 93.26 98.40

GBP 108.19 113.55

JPY 0.71 0.79

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼
\$920.30
(per ounce)

Oil ▼
\$61.87
(per barrel)

SOURCE: AFP

(Midday Trade)

More News

Decision on power tariff early next month

Bangladesh Energy Regulatory Commission (BERC) will decide on the proposed power tariff hike within the first week of the next month, said BERC Acting Chairman Md Mokhlesur Rahman Khandker after a public hearing on the proposed tariff hike in Dhaka yesterday.

B-3

International

Leaders scan recovery signals



Britain and the United States may see room for more stimulus. Germany is worried that it has done too much already. The leaders of the Group of Eight nations - united in their desire to work together to fight the worst economic crisis since the Depression, divided on how much longer they need to keep the stimulus going -- are discussing Wednesday how to coordinate their exit strategies once their economies are stable.

PepsiCo bottling plant in world opens in Russia

US soft drink giant PepsiCo on Wednesday opened the new largest bottling plant in its world network, 50 years after it brought Pepsi to the Soviet Union, in a ceremony outside Moscow.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Cyber cafés on the slow lane

MD HASAN

A new cyber café is no longer a lucrative business prospect and the sector witnessed idle growth over the last four years due to a lack of discipline and unholy price wars.

The number of cyber cafés across the country in 2005 was 800. The figure remained the same in 2009, according to a study by the Cyber Café Owners Association of Bangladesh (CCOAB).

"Escalating business costs, price wars and a lack of discipline in the sector are the main setbacks to growth," said Ashfaquddin Mamun, senior vice president of CCOAB.

Virtual cafés flourished mainly after Bangladesh linked with an under-sea cable in 2006 and young entrepreneurs came forward to set up cyber cafés in parts of the capital. Later, the business mushroomed in divisional cities.

According to CCOAB, there are around 2,000 cyber cafés across the country, while a majority do not operate with commercial purposes.

Several entrepreneurs operate with two to three computers in their home or along side another business, which should not be counted as a commercial cyber café business as such, said Mamun, who runs a café at Indira Road in Dhaka with a capacity of 13 users.

"The problem with non-commercial cyber café operators is that they charge low prices, and it becomes difficult for us to compete in the market," he explains.

Presently, cyber café owners charge Tk 20 to Tk 25 for an hour to browse the worldwide web.

Mamun acknowledges that the government's bandwidth price cut helped them to reduce a percentage of operating costs. But other costs, such as electricity, space rent, staff salaries, generator charges, and maintenance costs, have doubled in the past few years.

The Bangladesh Telecommunication Regulatory Commission (BTRC) designed a guideline for cyber café owners last year, under which, café

owners were mandated to be licensed. As of today, only 70 owners took the licence.

"So, there exists no mechanism to bring complacency in the sector," said the CCOAB senior vice president.

Morphing consumer needs still provides a ray of hope for growth of the sector. Students and job seekers are the top café users, who in addition to academic purposes and posting online résumés, most commonly log onto Facebook and other social networking sites.

Citing a recent online job circular by Bangladesh Bank, Mamun said people rushed to his café to fill the required online form.

"Similarly, when people solicit increased services on the net, business for them would boom eventually," he said.

In Bangladesh, internet penetration stands at 4 percent in 2009 from 0.4 percent in 2001. The growing popularity was mainly because of rapid mobile internet growth and availability of low-priced computers and laptops in the market.

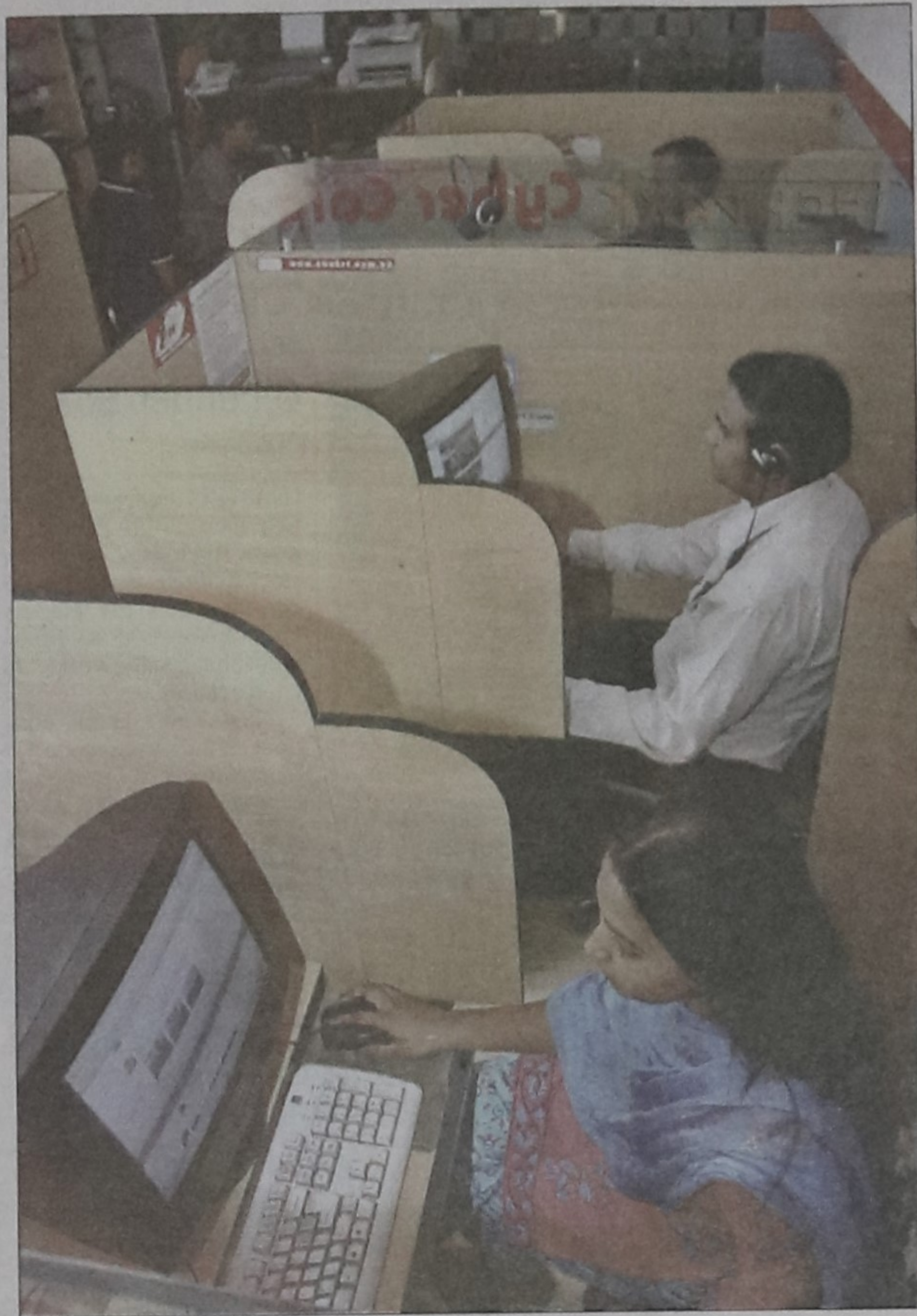
According to industry insiders, around four million people are now using the internet, of which more than 90 percent are connected by mobile operators. Local internet service providers connect the rest.

Telecom operators are now selling internet modems at Tk 4,000 and they charge Tk 500 to Tk 850 in monthly line rents, which is partially to blame for sluggish growth in the cyber café businesses.

The number of internet users jumped over the years due to rapid mobile internet growth.

Grameenphone and Citycell are also selling internet modems, which is becoming a vogue among students, who also happen to be the main cyber café visitors.

"The sector has not developed in recent times. But because the technology is still beyond the reach of the commoners, demand for cyber cafés is expected to surge," said Johirul Hossain, president of CCOAB.



AMRAN HOSSAIN

A few users are seen in a cyber café in Dhaka yesterday. The setting-up of an internet café is no longer a good business prospect. A price war and lack of discipline are to blame for sluggish growth of the sector.

Feni industries suffer machinery damage

A CORRESPONDENT, Feni

Within only 15 minutes at Tuesday noon the industrialists in Charipur industrial estate in Feni reportedly suffered losses of several crores of taka in damage to machinery and production due to a fault by PDB officials and employees.

The Industries Owners Association in the area alleged that Power Development Board (PDB) employees, while repairing an electricity feeder, set the power phase upside down resulting in reverse movement of the machines of all the factories in operation.

Machines worth more than Tk 5 crore were damaged and the production loss amounted to around Tk 20 lakh, the association alleged.

President of Charipur BSCIC Industries Owners Association Belal Uddin Ahmed at a press conference at Feni Press Club on Tuesday made the allegation.

However the actual damage caused by the accident might be over Tk 1 crore, said a businessman.

PDB Distribution Department Executive Engineer Abdur Rashid said although electricity shut-down for repair work was for 30 minutes, it took more time, and when the staff went to set the phases, one phase was fitted wrongly in a hurry. He said it might cause reverse movement of machines but not damage to those. However, he admitted damage to some raw materials.

The industries owners said some of the damaged machines could be repaired.

Belal Uddin said the most affected are Zenith Pharmaceuticals, Quality Jute Mills, Shamsuddin Towels, Ana Textiles, Hira Biscuit and Bread, and Shakura Biscuit and Bread factories.

Dutch minister backs expansion of lending instruments

SAJJADUR RAHMAN

Dutch Development Cooperation Minister Bert Koenders has emphasised a wider range of multilateral lending instruments in helping the developing nations to face the ongoing global economic meltdown.

"To what extent international financial institutions are able to spend for lending to developing countries, which might have budget or balance of payment problems, is important," Koenders told The Daily Star in an exclusive interview on Monday.

The Dutch minister left Dhaka after his June 5-6 visit to Bangladesh on that day.

He feels that lending capacities of World Bank, International Monetary Fund and Asian Development Bank are to increase in the wake of declining economic growth worldwide.

In this context he pointed to the fact that the Netherlands' economy has shrunk by 5.5 percent this year.

On the declining aid flow concern, he said his country is obliged to provide 0.7 percent of its GDP as assistance to developing countries even in the prevailing crisis.

The minister, also a member of the ADB governing body, said ADB's capital base has been increased by 200 percent very recently.

Bert Koenders said all countries at a meeting on 'financial and economic architecture' in the United Nations last week pledged to provide 0.7 percent of their GDP.

During his stay here, he discussed different issues, including land reclamation and water management with the Prime Minister and a number of ministers. He also visited a water



Bert Koenders

management project in Khulna district.

Climate change, water management and trade and investment issues were other issues came up for discussion during the foreign dignitary's meeting with government officials.

On climate change, Koenders said initiative has to come from Bangladesh to tackle the challenge. "Pre-cise information and proper water management are crucial," he pointed out.

The Dutch minister however said developed countries could do more with technology transfers. He also advised Bangladesh to undertake public-private partnership projects to mitigate climate change impacts.

On the possibility of more imports from Bangladesh, he said some areas have such scope.

Lauding Bangladesh's entrepreneurial skill, the Dutch minister said, "You have an advantage of competitive price, which is very crucial on the back of global crisis."

He also suggested a diversification of Bangladesh's export basket. "You should develop domestic market," he added.

On the financial crisis, he said: "There are some signals, such as stocks and rise in oil prices that indicate recovery." But it is early to make any comment on it," Koenders said. sajjad@thedailystar.net

Eskayef enters UK medicine market

SAYEDA AKTER

Eskayef Bangladesh Ltd, a leading pharmaceutical company in the country, has started exporting medicines to a UK firm from this month, the company's managing director said.

"Initially, we have got an export order of Diuretics and Omeprazole worth around \$3 million from the UK drug company and we have sent our first consignment to that country on Monday," said AM Faruque, adding that his company would complete the export by September.

"We have got approval from the Medicines and Healthcare products Regulatory Agency (MHRA) of UK in August 2008, which allows us to export pharmaceutical products to the European market," he said.

Faruque said this agency usually takes a long time, even years, to give such a go-ahead, but Eskayef has achieved it in only eight months because the company complies with the MHRA requirements, including quality assessment and hygiene maintenance.

"In addition, with this order we have



been allowed to export non-sterile production of tablets, capsules and granules (commonly known as pellets), which would help us grow further, both locally and globally," he went on.

He said his company eyes raising exports to \$5 million in 2009 from \$3 million a year ago.

The world-class healthcare solution provider grows at 30 percent a year. The Eskayef MD also believes that the market will grow nearly 15 percent in 2009.

Eskayef manufactures and markets a wide range of therapeutic drugs, bulk pellets and animal health and nutrition products. Its 2008 sales reached \$60 million, while the figure was only half a million US dollars in 1990, the year Transcom Group took over the com-

pany. "We have set a target to sell drugs worth Tk 400 crore this year," the Eskayef top official said.

The countries where Eskayef bulk pellets and finished products are now exported include Indonesia, Sri Lanka, Myanmar, Nepal, Vietnam, Kenya and some Central American countries.

AM Faruque in this context also pointed to his company's constant efforts to ensure quality medicines for consumers at affordable prices.

There are 250 small, medium and large local and multinational pharmaceutical companies in operation in Bangladesh. Many started their business after 2000 sensing the growth potential in the local market.

Of the 250, top 10 companies, such as Square, Beximco, Eskayef, Incepta, Acme, ACI, Opsonin, Renata, Aristopharma and Drug International take up nearly 70 percent of the total market share, according to the Information on Medical Statistics (IMS) 2008 survey.

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Analysts stress framework to defuse non-tariff disputes

STAR BUSINESS REPORT

Saarc member states should build a broad framework to deal with disputes over non-tariff barriers (NTBs) that hurt intra-regional trade development in South Asia, analysts said yesterday.

Experts also observed that trade restrictive measures also prevail in other groupings, such as Association of Southeast Asian Nations and European Union, hurting many least-developed countries in getting market access.

There are 3,000 types of hardcore NTBs in the current global trading system.

Such impositions and the prevalence of NTBs also cause a dilution of tariff preferences obtained by countries under multilateral and regional trading arrangements, they observed.

"NTBs now contribute to a large share of trade restrictiveness across countries. On average, they add an additional 87 percent to the restrictiveness imposed by tariffs," Rajesh Mehta, senior fellow of Research and Information System for Developing Countries (RIS) New Delhi, said at a discussion on NTBs in South Asia. "Moreover, in 34 of the 78 countries,

restrictiveness of NTBs is larger than the restrictiveness of tariffs," he said, citing a study.

SANEM (South Asian Network on Economic Modelling) and Commonwealth Secretariat, UK, in collaboration with BICF (Bangladesh Investment Climate Fund) organised the discussion on NTBs, as part of a two-day conference on 'Managing Regional Integration in South Asia' at Dhaka Sheraton Hotel.

Discussants observed that sanitary and phytosanitary standards (SPS), technical barriers to trade (TBT) and other related measures accounts for 86.3 percent of all NTBs in South Asia. The share of intra regional trade fell below 5 percent of global trade in 2008 from 5.47 percent in 2000.

A lack of trade facilitation measures, such as infrastructure development, also acts as NTBs, which have become a trade restrictive tool for countries, as it did not receive adequate treatment under the World Trade Organisation (WTO).

Safta is also yet to address the NTB issues squarely and with due diligence, and observed that NTBs take place mainly due to the influence exerted by private sector producers. "One way of dealing with NTBs,

many of which originate from SPS-TBT certification and laboratory testing and health hygiene requirements, is to set up a mutual recognition framework," said Mustafizur Rahman, executive director of Centre for Policy Dialogue (CPD).

He said most NTBs concern national standards.

"The best way to go forward would be to ensure that these are not country-specific but universal," said Rahman, suggesting ascertaining standards that are not recognised internationally and strengthening national setting institutions to compliance requirements.

He, however, said the decision of Saarc members to set up a Saarc Standardisation Organisation (SARSO) would be an important step to deal with standards related issues.

Trade analysts also suggested maintaining transparency regarding NTBs imposed by each member state of South Asian groupings. They also favoured harmonisation of standards.

Saman Kelegama, executive director of Institute of Policy Studies (IPS) Sri Lanka, observed that NTBs emerge nowadays as attention to the issues under the WTO arrangement were inadequate.