

Meeting fails to adjust yarn price

Decision likely today

STAR BUSINESS REPORT
A high-level meeting between the stakeholders and the government failed yesterday to set a rational price of yarn that has been witnessing an abnormal price hike for months.

The four-hour meeting between the apparel manufacturers and the textiles and jute minister wended up without any consensus, and another meeting is due today to take a final decision.

"We couldn't take any decision about the yarn price and opening up Benapole Land Port for importing yarn from India. The meeting has been extended to tomorrow (today) to take the final decision," said Abdul Latif Siddiqui, the minister, after the meeting at the secretariat.

He said the leaders of Bangladesh Textile Mills Association (BTMA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and Bangladesh Garment Manufacturers and Exporters Association (BGMEA) widely discussed the price hike issue, but failed to reach a consensus.

The minister said the current price of yarn in the local market is abnormal and unrealistic and so it should be adjusted. "The meeting will decide the fair price of yarn for the local market."

If the meeting can reach a satisfactory

solution about the yarn price, opening up the Benapole Land Port for yarn import may not be necessary, he said.

A committee will be formed to adjust yarn price on a regular basis, he added.

BKMEA President Fazlul Hoque said they are holding a series of meeting with government high-ups and other stakeholders to find a solution to the soaring yarn price on the local market.

"I hope we will be able to reach a consensus tomorrow (today)," Hoque said.

He said yarn price increased even yesterday and 30-count yarn reached \$4.50 per kilogram on the local market.

"We will lose competitiveness on the international market for abnormal price hike of yarn in the local market," Hoque said.

BGMEA President Abdus Salam Murshedy said garment manufacturers want a win-win situation from every side.

"But the existing price is intolerable. We will lose competitiveness," he said.

Acting President of BTMA Syed Monzurul Huq said the yarn prices depend on many factors.

"The price of raw cotton has increased on the global market. We have gas and power crises, and recently the Indian government has imposed a ban on export of raw cotton. All these factors affected yarn production and ultimately the prices have gone up on the local market," Huq said.



Ali Reza Iftekhar, managing director and chief executive officer of Eastern Bank Ltd, speaks at a press conference to launch the bank's two new SME loan products -- EBL Uddom and EBL Invoice Factoring -- in Dhaka yesterday. Mamoon Mahmood Shah, deputy managing director, and Md Khorshed Alam, head of SME Business for the bank, are also seen.

Eastern Bank launches SME loan products

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Eastern Bank Ltd (EBL) yesterday introduced two new loan products, tailored for small and medium enterprises (SMEs).

Managing Director and CEO of the bank Ali Reza Iftekhar launched the products -- EBL Uddom and EBL Invoice Factoring -- at a press conference at Pan Pacific Sonargaon Hotel in Dhaka.

"The products will help increase competitiveness of our entrepreneurs, as these offers will foster the growth of the local enterprises," he said.

"Any entrepreneurs having business operations for over two years are eligible for the EBL Uddom loan from Tk 10 lakh to Tk 50 lakh, without mortgaging land or property," he said. "Overdraft facilities are also allowed in the new product."

Under the package, the entrepreneurs will have to pay 16 percent interest and repay in a reducing balance system, he said.

Equal monthly instalment facility is available within four years.

"The SME clients will be given loans against their bills under EBL Invoice Factoring. The entrepreneurs can take loans to manage

their running capital," said the EBL chief.

"Small and medium enterprises often suffer from working capital crisis due to a delay in obtaining payments against their bills -- after supplying products or services. This new product will enable them to get cash support to keep their business running smoothly," said Iftekhar.

One can get loans up to Tk 5 crore at a 13 percent rate, while the bank will finance up to 80 percent of his or her total arrears to the clients.

The entrepreneurs will have to submit invoices from their buyers or debtors that include EBL's corporate

clients, multinational corporations, banks, non-bank financial institutions, insurance companies and non-government organisations.

As security, an entrepreneur will need to deposit 50 percent of the loan amount as fixed deposit with a competitive interest rate, the managing director said.

EBL has 25 SME centres across the country, and plans to launch more products for the sector.

Mamoon Mahmood Shah, deputy managing director of the bank, and Mohammad Khorshed Alam, head of SME Business, were also present at the launch.



Readers of more than 120 newspapers in Germany voted Mercedes-Benz E-Class as "Our Car 2010", according to a recent statement by Rancor Motors, the distributor of Mercedes-Benz in Bangladesh.

Negative perception holds back FDI in power projects

Foreign investors' meet told

STAR BUSINESS REPORT

German Ambassador in Dhaka Michael Holger has said experienced companies are not participating in power project bids because of a negative perception on Bangladesh.

The rise in sea level -- a consequence of global warming -- poor transportation, corruption and confrontational behaviour by the two main political parties are some negative perception that still stand in the way of attracting foreign direct investment (FDI) to this country, the envoy told a luncheon meeting, organised by Foreign Investors' Chamber of Commerce and Industry (Ficci) at a city hotel yesterday.

"Although Bangladesh has persisting economic growth with good ratings from Standard and Poor's and Moody's, a good image is yet to be properly built up abroad," Holger added.

However, the envoy from Europe's largest economy pointed to the fact that German companies now focus more on Bangladesh, as those have placed import orders for 30 Bangladesh-made ocean-

going vessels.

Lauding the progress in Bangladesh's many private sectors, including shipbuilding, the German ambassador said the ship industry here is a sector where more FDI can be attracted.

He also said many leading German companies in renewable energy technology are keen on the transfer of such technology to Bangladesh.

Holger suggested the private sector, chambers and the government work on developing Bangladesh positive image abroad to attract more investment.

The Ficci meeting was informed that overseas investments from German firms stood at 100 billion euros in 2009 from 65 billion euros in 2006.

Ficci President M Hamim Rahmatullah urged German firms to invest in Bangladesh's energy and other infrastructure sectors.

Despite some wrong perceptions, Bangladesh has great potentials as it has cheap labour, huge consumer base and is enjoying zero tariff benefits from many countries, he pointed out.

Bangladesh property fairs in UK, Italy in July

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Bangladesh Property Fair 2010 will be organised in two European countries in July.

The single country housing expositions are going to be held in London of the United Kingdom on July 10-12 and in Rome of Italy on 17-19 July, as announced at a press conference at Dhaka Sheraton Hotel yesterday, according to a press release.

Curry Life Events of the UK and Expressions Ltd of Bangladesh will arrange the fairs with the support from Janamat, the British Bangla weekly, Nandan Group and UK-Bangladesh nBusiness Council.

Syed Belal Ahmed, editor of the Curry Life, Ramedu Majumder, chairman and managing director of Expressions Ltd, were present at the press conference.

Seven US banks shut

AP, New York

The Federal Deposit Insurance Corp on Friday shut down seven banks in Illinois, putting the number of US bank failures this year at 57.

The banks are New Century Bank, Citizens Bank & Trust Company, Broadway Bank, and Lincoln Park Savings Bank, Amcore Bank of Rockford, Peotone Bank and Trust Company and Wheatland Bank of Naperville.

Importers demand unified duty on handsets

STAR BUSINESS REPORT

Mobile handset importers have urged the government to fix the import duty on each handset at Tk 100, saying the existing tax structure encourages illegal traders to dodge import taxes.

In line with the current budget, handset importers have to pay 12 percent duties on the value of each handset.

Bangladesh's rapidly growing mobile market requires 7.5 lakh mobile sets each month, of which, 5.6 lakh are imported through legal channels, according to Bangladesh Mobile Phone Importers Association (BMPIA).

As of March, the six mobile opera-

tors added 54.7 million customers to their networks. The mobile penetration rate is around 34 percent.

Due to high demand in the market, mobile handset import through illegal channels, such as in travel luggage, is a common practice.

Other traders dodge taxes by under-invoicing the prices of sets, as customs officials are not aware of the prices, said Faisal Alim, secretary general of BMPIA, at a press conference at the National Press Club in Dhaka yesterday.

"Duty on the value of a mobile set basically creates a chance to dodge government revenue," Alim said.

With the new tax structure in place, the number of imported mobiles was 44 lakh in the first eight months of the current fiscal year. In the year 2008-09, traders imported 64 lakh handsets.

Mobile handset imports increased by 92 percent to 60.82 lakh units in fiscal 2006-07, compared to a year ago.

Mobile imports in fiscal 2007-08 suffered a 13 percent drop, hurt by the Tk 300 duty on handsets.

"Mobile handset prices fluctuate in the global market. So, it will be difficult to fix the duty considering handset prices," said Alim.

He suggested a specific and unified duty structure should be imposed.



Afroz Rahim, chairman of Rahimafrooz Group, inaugurates a sales and service centre of Rahimafrooz Distributions Ltd, at Dhanmondi in Dhaka recently. Mudassar M Moin, group director, and Md Pervez Saiful Islam, chief operating officer of Rahimafrooz Distributions, were also present.

Saarc chamber stresses private sector-led economic integration

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The governments of Saarc countries should emphasise a private sector-led economic integration for the region's economic acceleration, business leaders have suggested.

Besides, they said, the public sectors should also be sensitised for considering formulation of national policies and harmonisation of business governance to help reduce poverty

through more and more economic activities.

The suggestions came at the 49th executive committee meeting of Saarc Chamber of Commerce and Industry in Kathmandu, Nepal, according to a press release.

During the conference on April 10-21, a roundtable on Safta (South Asian Free Trade Agreement) was also held. Saarc chamber chief Annisul Huq, also the president of Federation of

Bangladesh Chambers of Commerce and Industry, chaired the meeting, attended by the business leaders of the member-countries of the regional forum.

Dr Sheel Kant Sharma, secretary general of Saarc, and FBCCI directors Hasen Ali, and Mohammad Jalal Uddin and Shafiqat Haider were also present.

The chamber's next meeting is due in somewhere in India.

Khulna fair gets lukewarm response

STAFF CORRESPONDENT, Khulna

The International Trade Fair 2010 organised by Khulna Chamber of Commerce and Industry (KCCI) in the metropolitan city has failed to pull in international participants this year.

KCCI had organised the fair in an effort to expand avenues of trade and commerce both at home and abroad and help the country earn foreign exchange.

Local traders rented some stalls at the fair to display and sell products imported from Iran, Pakistan, Thailand, Korea and China.

"But the fair cannot be termed an international fair as no foreign entrepreneur participated in it," a visitor said.

This year, the fair has failed to display superior quality earthen tiles, household articles, frozen shrimps, betel nuts, agriculture products and jute goods. Most visitors crowded the stalls of bangles, hairdressing acces-

sories and food.

"We don't arrange an international trade fair to display trivial things, which have no real impact on the national economy, and people are deceived by the international title," said Anowarul Kadir, an economist.

Khulna Citizens' Forum President Sheikh Abdul Kayyum said nine "international trade fairs" were organised in Khulna in the last 11 years, but no new industry was established in the southwestern region.