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Asian Markets	
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TOKYO	3.27% 10,695.69
SINGAPORE	0.72% 2,839.65
SHANGHAI	4.11% 2,739.70

Currencies		
	Buy Tk	Sell Tk
USD	68.65	69.65
EUR	86.74	90.81
GBP	102.38	106.70
JPY	0.72	0.76

SOURCE: STANDARD CHARTERED BANK

Commodities	
Gold	\$1,178.50 (per ounce)
Oil	\$80.05 (per barrel)

SOURCE: AFP (Midday Trade)

News in Brief

BB moves to calm Ramadan prices

STAR BUSINESS REPORT

Bangladesh Bank has directed all commercial banks to keep the import finance interest rate for essential items, including edible oil, at a maximum of 12 percent.

The directive was meant to keep prices under control during Ramadan.

In a circular yesterday, BB said it fixed the interest rate to ensure an adequate supply of essential commodities, including gram, lentil, pulse, onion, spices, date, fruits and sugar.

The central bank also advised the banks to fix charge/fees/commission on import of these items at "rational level".

Greek austerity plan approved

AFP, Athens

The Greek parliament Thursday approved a draconian austerity drive demanded by Athens' eurozone partners and the IMF in return for a massive 110-billion-euro bailout to avert financial meltdown.

The government won backing for the package of spending cuts and tax hikes with 172 votes in favour out of 296 lawmakers present, as thousands of demonstrators protested outside.

Biman gets lifeline from banks

Two aircraft to join the national airline fleet next year

STAR BUSINESS REPORT

Local banks have come up to lend in foreign currency for the first time to the national airline.

For this, 10 banks have inked a \$114.49 million (about Tk 791 crore) syndicated loan agreement with Biman Bangladesh Airlines to facilitate pre-delivery payment (PDP) for collecting two new aircraft next year.

The induction of these two into its fleet is part of collecting 10 aircraft at a cost of \$1.3 billion from Boeing. The two Boeing 777-300 ER planes are expected to be delivered by October 2011.

Eastern Bank Managing Director and Chief Executive Officer Ali Reza Iftekhar handed over the deal documents to Biman's Managing Director and Chief Executive Officer Muhammad Zakiul Islam at a function in Dhaka yesterday.

Led by Eastern Bank, the other participating banks in the syndication are AB Bank, BRAC Bank, Dhaka Bank, IFIC Bank, Mutual Trust Bank, National Bank, Prime Bank, The City Bank and Premier Bank.

Terming the deal 'a landmark', the bankers pointed out that the loan, arranged through their offshore banking units, would help save as much as \$7 million of Biman, which will require repaying the money to the lender banks in a two-year time at an interest below 5 percent.

The move is also seen as an eye-opener for the local entrepreneurs to reduce dependence on foreign banks and financial institutions for such loans.

"It indicates that our banking sector has indeed come of age," Atiur Rahman, governor of Bangladesh



Civil Aviation and Tourism Minister GM Quader, Bangladesh Bank Governor Atiur Rahman and US Ambassador in Bangladesh James F Moriarty pose with the top executives of the banks that provided a \$114.49 million syndicated loan for Biman, at a ceremony in Dhaka yesterday.

Bank, told the deal handover ceremony at Purbani Hotel.

The central bank chief suggested the national airline raise its overall efficiency, apart from financial governance capability, to make the PDP in time and respond to the confidence shown by the local banks.

Civil Aviation and Tourism Minister GM Quader, US Ambassador James F Moriarty, Chairman of Biman Board Air Marshal Jamal Uddin Ahmed and Chairman of Eastern Bank Mohammad Noor Ali also spoke on the occasion, also attended by representatives from US plane maker Boeing.

Boeing's eight other aircraft are expected to join the Biman fleet in phases in years between 2013 and 2019.

KEY FACTS

- Loan amount: \$114.49 million
- Biman to spend the money to buy two Boeing 777-300 ER aircraft
- Aircraft to be delivered in 2011
- 10 local banks finance the purchase
- Interest rate below 5 percent
- Two-year repayment tenure

Biman officials said the purchase of these new aircraft would facilitate replacement of its aging planes in phases as well as help improve regularity schedules and ensure timely departure, needed

to lure travellers.

"Biman started its operation with only one aircraft. This is for the first time, we're going for big purchase," said Civil Aviation and Tourism Minister GM Quader.

He said Biman lags behind various global airlines in terms of fleet. To help the national flag carrier represent Bangladesh abroad, the government took the bold decision to support Biman in procuring new aircraft, the minister added.

As per the aircraft purchase venture, Biman has already paid Boeing \$11.96 million for buying the planes.

"PDP is the third payment to Boeing after MoU and definitive purchase agreement of down payment. There are many more to follow," said the chairman of Biman's Board of Directors.

Debate heats up on duty-free access to US

US envoy's comments draw flak from economists and business leaders at MCCI seminar

STAR BUSINESS REPORT

Business leaders, economists and politicians yesterday disagreed with US Ambassador James F Moriarty as he said Bangladesh's exports to his country will not increase even if it allows duty-free market access for Bangladeshi products.

"Taxes for Bangladesh's exports are actually paid by the US consumers, not by the Bangladeshi manufacturers, for which the existing taxes are not hindering Bangladesh's exports," the ambassador said.

He said Bangladesh is competing with big players such as India and China in US apparel market, and so it does not deserve any special treatment as enjoyed by some African countries.

The envoy made the comments when Centre for Policy Dialogue (CPD) Chairman Rehman Sobhan said the US is 'creating trade distortion' by providing special facility to some selective countries.

They were speaking at a seminar on 'US-Bangladesh Trade and Economic Cooperation' organised by Metropolitan Chamber of Commerce and Industry (MCCI) at its conference room at Motijheel in Dhaka.

"Although the US is promoting the market-driven international trading system, unfortunately it paves the way for an uneven playing field for Bangladesh by imposing higher taxes on it and allowing some countries duty-free facility," the CPD chairman said.

Mustafizur Rahman, executive director of CPD, a



Centre for Policy Dialogue Chairman Rehman Sobhan, second from right, speaks at a seminar on US-Bangladesh Trade and Economic Cooperation, organised by Metropolitan Chamber of Commerce and Industry (MCCI), in Dhaka yesterday. From right, Prime Minister's Adviser HT Imam, MCCI President M Anis Ud Dowla, Commerce Minister Faruk Khan and US Ambassador in Bangladesh James F Moriarty are also seen.

leading think tank, said such comments by the ambassador are 'disappointing' for Bangladesh's

apparel sector. He said although the average tax regime in the

US is around 2 percent, Bangladeshi products have to pay more than 15 percent tax to enter the US.

MCCI leader CK Hyder said the readymade garment sector of Bangladesh might not emerge without the US market access facility.

Jatiya Party (Ershad) lawmaker Barrister Anisul Islam Mahmud said the manufacturers are the lone sufferers of the taxes as the buyers cut their tax while placing orders to the manufacturers.

He said if Bangladesh's apparel exports costs for the US and European markets are compared, the difference will show who actually pays the tax.

Commerce Minister Faruk Khan, Prime Minister's Adviser HT Imam, Citibank NA Bangladesh CEO Mamun Rashid, former ambassador Ashfaqur Rahman, Chief Executive Officer of Bangladesh Foreign Trade Institute, Dhaka, Mohammad Ali Taslim and Chairman of Tariff Commission Md Mozibur Rahman spoke, among others.

Amir Khasru Mahmud Chowdhury, former commerce minister, M Humayun Kabir, former ambassador to the US, and Zaidi Sattar, chairman of Policy Research Institute, were the panel discussants.

Humayun Kabir said Bangladesh has to pay around 15.5 percent duty for its main export item, apparel, and paid around \$573 million as duty in 2008.

MCCI President M Anis Ud Dowla also spoke.

The US is the largest single market for Bangladesh's exports that fetched \$3.75 billion last year, he added.

ESCAP forecasts 6pc GDP growth

Mirza Aziz says prediction may not come true

STAR BUSINESS REPORT

Bangladesh will post 6 percent economic growth in the current fiscal year, the United Nations' regional development arm predicts in a survey.

The Economic and Social Commission for Asia and the Pacific (ESCAP) linked the growth to a recovery of credit to the private sector, inward remittances and enhanced execution of the government's capital budget.

But a former finance adviser to caretaker government, who presented the survey report at a function in Dhaka yesterday, said this growth would not be achieved due mainly to an acute energy crisis.

"My forecast is that the growth will be 5.5 percent," said Mirza Azizul Islam.

Referring to last fiscal year's 5.9 percent growth, which was under-

pinned by buoyant exports, remittances and agriculture, he said the overall export growth was 10.3 percent in 2008-09, which was downbeat until February this year.

Bangladesh will require an average export earning of \$1.8 billion per month from March to June this year to reach last year's export growth, said the former adviser.

He said the highest-ever export earning in a single month was \$1.57 billion in July 2008.

Also, the remittance inflow till March was strong, but it will significantly fall short of previous fiscal year's amount at the end of this year. "To reach 22.4 percent growth of FY09, Bangladesh still requires \$3.4 billion over April-June with an average \$1.2 billion per month, while the highest-ever remittance was \$1.05 billion in November 2009," he said.

Imports of machinery and raw materials also showed a negative trend till February this year, Mirza Aziz said, adding: "Most importantly the existing capacity cannot be properly utilised because of acute crises of gas and electricity."

So, the former adviser felt the ESCAP prediction of 6 percent growth is "most unlikely".

He, however, said if the energy crisis can be addressed immediately through short-term measures, the growth rate might reach the target.

The ESCAP in its survey titled "ESCAP Economic and Social Survey 2010" also forecast its 54-member economies' growth for fiscal 2009-10.

It said all the countries in the Asia Pacific region are expected to perform better, with the exceptions of Azerbaijan and Afghanistan.

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