Star Business

DHAKA FRIDAY AUGUST 6, 2010

Stocks

DGEN	▲ 0.67%	6,575.59
CSCX	▲ 0.26%	12,619.04

IDLC Index

IDLC 50	▲ 0.68%	6,736.71

Subject to Conditions contained in www.idlc.com

Asian Markets

MUMBAI	▼ 0.24%	18,172.83
TOKYO	▲ 1.73%	9,653.92
SINGAPORE	▲ 0.16%	3,006.76
SHANGHAI	▼ 0.67%	2,620.76

Currencies

	Buy Tk	Sell Tk
USD	68.77	69.77
EUR	89.04	93.14
GBP	107.84	112.23
JPY	0.78	0.85

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼	$1,196.47	(per ounce)
Oil ▼	$82.25	(per barrel)

SOURCE: AFP (Midday Trade)

Govt fixes soybean oil prices

UNB, *Dhaka*

The government yesterday fixed the maximum mill-gate prices of unpacked soybean oil at Tk 76 and retail prices at Tk 80 a kg.

Meanwhile, the price of per kg unpacked palm oil (super) and palm oil (normal) has been fixed at Tk 72 and Tk 69 at mill gate, while the retail prices will be Tk 76 and Tk 73.

The new prices of edible oil will be effective from today.

The decisions came from a meeting of the commerce ministry with importers, Federation of Bangladesh Chambers of Commerce and Industry and Bangladesh Vegetable Oil Refiners and Banaspati Manufacturers Association.

Pay hike won't hurt RMG profit, says economist

BSS, *Dhaka*

A senior economist at the World Bank (WB) Dhaka office yesterday pointed out that an increase in garment worker's wages would hardly affect the profit margin for apparel exports.

The government announced the new minimum wages on July 29 for workers to give them a little respite from the struggle of living on low pay.

"The pay rise is almost double from the present wage structure, but it will prompt only 1-3 percent increase in the garment products on the global retail market, which is achievable," Zahid Hussain told the news agency.

The new pay structure, proposed to be effective from November 1, maintains the existing seven grades with the highest pay fixed at Tk 9,300 ($140) per month.

"The pay rise for 3.5 million garment workers would cost around $1.1 billion to the industry. The amount sounds big, but not compared to the size of its export market and the earning," added Hussain.

MCCI

MCCI President M Anis Ud Dowla speaks at a seminar on "India-Bangladesh Trade: A Closer Look", organised by Metropolitan Chamber of Commerce and Industry (MCCI), in Dhaka yesterday. *From left*, Prime Minister's Adviser Dr Mashiur Rahman, Commerce Minister Faruk Khan and President of Bangladesh Enterprise Institute Farooq Sobhan are also seen.

Deadline looms for money laundering crackdown

REJAUL KARIM BYRON

Bangladesh will face problems in international transactions if the country fails to formulate an action plan by October to adopt the global standards in its fight against money laundering and terror financing, a finance ministry report said.

A 12-member national coordination committee, formed recently with Finance Minister AMA Muhith as its convener, will sit on Sunday for the first time. The finance ministry report will also be placed at the meeting.

Bangladesh Bank (BB) officials said Financial Action Task Force (FATF) has set the October deadline for Bangladesh, and if the government fails to meet the deadline, FATF will take action.

The FATF is an international organisation that sets world standards for preventing money laundering and terror financing.

A BB official said if the FATF takes action, Bangladesh's financial institutions will face problems in doing financial transactions, such as opening letter of credit, with such institutions in other countries.

Finance ministry officials said Bangladesh is yet to fulfil the 16 conditions of the FATF for adopting the international standards in preventing money laundering and terror financing.

Most of the conditions are about the anti-money-laundering law and terror-financing act. The FATF has already made recommendations about which clauses of the two laws will have to be amended.

The FATF has also made it mandatory for stock dealers, stockbrokers, portfolio managers, merchant banks and non-government organisations to report their financial transactions to the central bank. Presently, only such organisations as banks, non-bank financial institutions and couriers report to the BB on their financial transactions.

The BB official said any suspicious transactions with these organisations should be reported to the BB on a daily basis.

The FATF has also asked the central bank to strengthen its financial intelligence unit.

India, Pakistan and Australia have already fulfilled the FATF requirements, while Indonesia, Thailand, Vietnam, Sri Lanka, Myanmar and the Philippines are in the same boat with Bangladesh.

The other members of the national coordination committee are: chairman of the Anticorruption Commission, the attorney general, the governor of Bangladesh Bank, secretaries of Finance Division, Banking Division, Legislative and Parliamentary Affairs Division, the home ministry, the foreign ministry, and chairmen of National Board of Revenue and Securities and Exchange Commission.

India to nix barriers

Minister tells MCCI discussion on exports

STAR BUSINESS REPORT

While policymakers and private sector players have said India's non-tariff barriers to Bangladesh's exports are yet to go, the commerce minister is hopeful of a solution by the year-end.

The Metropolitan Chamber of Commerce and Industry (MCCI) organised a discussion on 'Bangladesh-India Trade: A Closer Look' at its office in Dhaka yesterday.

Prime Minister's Economic Affairs Adviser Mashiur Rahman expects reciprocity from the Indian side.

"If India has easy access to Bangladesh in terms of transit and transhipment, Bangladesh should also get some benefits," Rahman said.

Commerce Minister Faruk Khan blamed the bureaucratic tangles for not resolving the non-tariff barriers, which he said should have been resolved by July.

"I expect that such barriers will go by December," Khan said.

The neighbouring country is Bangladesh's single largest trading partner. Bangladesh's imports from India in 2009-10 were nearly $4 billion against its exports of just $330 million. The trade deficit stood at $3.6 billion.

Businessmen said they could not export to India because of the NTBs imposed on various fronts. But they hoped the visit of Prime Minister Sheikh Hasina to India in January would have a breakthrough in this regard.

Anis Ud Dowla, president of MCCI, said para-tariff and NTBs, which have surged manifold, are impeding the objectives of tariff liberalisation.

"We've been discussing the issue (NTB) with India for eight years, but the talks remain inconclusive," said Dr Mostofa Abid Khan, a top official of Bangladesh Tariff Commission.

Ahsan Khan Chowdhury, deputy managing director of PRAN Group, said they face various NTBs in business with India. These include laboratory testing, bonded warehouse, entry of Bangladeshi vehicles into India, customs complicacies and working hours, business visa and poor land port infrastructure.

"It takes 40 to 50 days to get a test result," Ahsan said.

Zaidi Sattar, chairman of Policy Research Institute, said NTBs have to be addressed faster.

Mamun Rashid, country officer of Citi NA, who presented a paper at the discussion, said accreditation of the Bangladesh Standard Testing Institute by the Indian authorities concerned could take the bilateral trade relationship to a new height.

Mujibur Rahman, chairman of Tariff Commission, said BSTI accreditation can solve 70 percent problems in trade between the two countries.

Some businesspeople and experts however suggested formation of a taskforce comprising private and public sectors to talk the way out of NTBs and monitor the progress in Bangladesh-India bilateral ties.

Former MCCI president Latifur Rahman said Bangladesh should allow local businessmen to invest abroad.

Farooq Sobhan, president of the Bangladesh Enterprise Institute, moderated the discussion.

Text me, now for Tk 0.50

MD HASAN

Texting is going to be cheaper. The telecom regulator yesterday cut down the maximum SMS charge to Tk 0.50 each from the existing Tk 2, to be effective from August 15.

However, the cellphone users will pay a maximum Tk 2 for sending SMS to a designated short code of an operator to enjoy any value added service of that operator.

The existing charge for such a person-to-business SMS is as high as Tk 15.

The person-to-business SMS (short message system) means the value added services that the operators offer under a designated short code. The operators will not charge customers when he or she migrates from one service to another, said a directive of the BTRC (Bangladesh Telecommunication Regulatory Commission).

The operators cannot say "conditions apply" in their advertisements of products. If any, the conditions must be explained, said the directive.

The operators will not need to seek approval from the regulator if they want to follow the maximum tariff.

The directive said if any customer sends SMS by mistake to have any service, the operator's maximum charge should not exceed Tk 0.50.

"The existing SMS charge is a bit expensive compared to the voice service, although transmitting an SMS does not cost extra," said BTRC Chairman Zia Ahmed.

The mobile operators have welcomed the move. However, the existing Tk 0.20 interconnection tariff for transmitting an SMS remains a hurdle to bringing down the text charge.

Bangladesh's telecom market is yet to have a tariff plan for SMS. The mobile users now have to pay a minimum of Tk 0.40 to a maximum of Tk 2 for each SMS in the six-operator market.

Presently, 58 million customers are using mobile phones in a population of 150 million in Bangladesh. The telecom penetration rate is around 34 percent.

SMS has become popular although its tariff is higher than that of a minute of a voice call that now costs between Tk 0.25 and Tk 1.25.

Market insiders said the ability to communicate confidentially with others without talking has popularised the SMS service.

Texting has been in practice since 1997 in Bangladesh, when Grameenphone launched the service for the first time. Subsequently, teens made the thumbing practice even more popular, as they could send greetings at once to a vast social circle during festivals.

Industry insiders estimated that 53 million users generate more than 20 million of SMS a day, with the volume doubling during festivals like Eid, Valentine's Day, Friendship Day and New Year's Eve.

"The SMS charge should come down, as technically it is a hassle-free service," said Zakiul Islam, president of the Association of Mobile Telecom Operators Bangladesh.

When mobile networks are fully loaded with voice service, networks for data service like SMS stay free. "So, we should encourage people to communicate more via SMS at affordable costs," Islam said.

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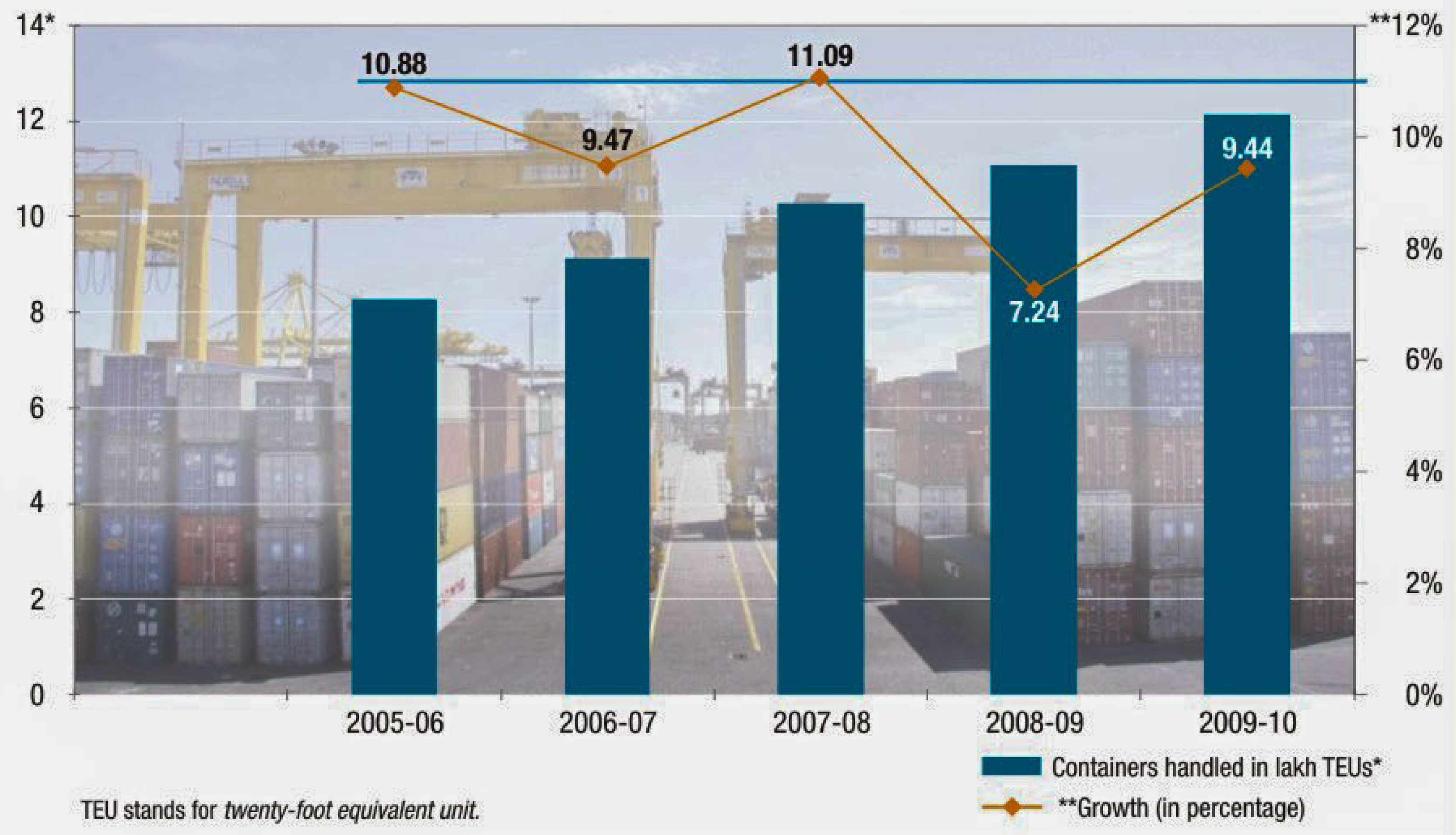
Port moves 9pc more

CHITTAGONG CONTAINER HANDLED VS GROWTH RATE



TEU stands for *twenty-foot equivalent unit.*

JASIM UDDIN KHAN

Despite worker disruptions and shortages, the principal port handled over nine percent more containers in fiscal 2009-10 than the year before, with cargo totalling nearly 13 million tonnes.

Chittagong handled more than 12 lakh containers against the previous fiscal year's 11 lakh, continuing its pace of growth.

The port handling grew about 50 percent in during last five years, as the numbers of container climbed from 6.21 lakh in fiscal 2003-2004.

Syed Farhad Uddin Ahmed, Secretary Chittagong Port Authority said workers have tried to interrupt work by agitation and walkouts, but CPA management strongly enforced port rules.

Other port sources attributed the growth to the caretaker government bringing discipline to dockworkers' management. Still others claim that despite decades of growth the port facility has not improved a lot.

But automation may yet arrive. The port authority will try out automated container handling system this month.

Port officials hope the system will speed cargo handling and provide better service to users.

"The demand is increasing sharply and the port facility did not improve a lot. The automation will help increase capacity within the same facility," said Ahmed.

Chittagong Port Authority signed an agreement to automatic the port with Singapore Technology and Electronics last year.

Ahmed said container volumes during the year see peaks and valleys. Chittagong port handled highest number of containers this year in May, 1.07 lakh; April, 1.05; lakh; and June, 1.04 lakh.

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