

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
0.08%	0.12%	\$1,590.95	\$94.18	2.28%	0.29%	0.91%	2.01%	79.95	102.27	124.10	0.99	
4,996.34	9,074.95	(per ounce)	(per barrel)	15,475.75	8,401.72	2,659.22	2,224.84	BUY TK	80.95	106.41	128.24	1.09
				Friday closings				STANDARD CHARTERED BANK				

NCC BANK'S **86<sup>th</sup>** Branch at Sreemangal From 18 December, 2011

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## Banks out to lure remitters

SAJJADUR RAHMAN

Banks have sped up efforts to persuade remitters to send money home through the formal channel, with one bank luring customers with efficient, faster services and another offering higher rates.

The result of the growing competition is that the beneficiaries of remitters are getting more money with a lot of care, while the banks' margin from the exchange rate has come down significantly over the past one year.

"We had a margin of Tk 1 per US dollar a couple of years ago, but now it has come down to 15-20 paisa," said Jahurul Alam, principal officer of Islami Bank Bangladesh Ltd (IBBL), the largest bank in terms of remittance channelling.

IBBL alone remitted 28 percent of the country's total remittances worth \$11.65 billion in fiscal 2010-11. The trend also continues this year, said Alam.

"The remittance market has become so competitive that we cannot have a margin of more than 25 paisa. We used to get 50 paisa margin even 6-7 months ago," said Abu Syed Md Yusuf, assistant vice president and in-charge of offshore banking of Jamuna Bank.

Jamuna Bank, which is a third generation private commercial bank, now deals with only \$4 million of remittances on average a month.

Sliding foreign exchange reserve (\$9.6 billion) and a rise in imports payments have made remittances costlier. Every bank offers Tk 80 plus for a dollar to be remitted through them. The price exceeded Tk 81 yesterday, according to bankers.

"This is a question of survival. If we don't pay against our letter of credit (LC), we'll lose cus-

tomers," said Abdus Sobhan, assistant vice president, international division, of Jamuna Bank.

They were talking to The Daily Star at the NRB (non-resident Bangladeshis) Fair 2011 organised by Probashi Kalyan Bank (Expatriate Welfare Bank) at Bangabandhu International Conference Centre.

Among the sources of foreign currencies, remittance is relatively cheaper money for the banks. The other sources of foreign exchange are the money that comes from inter-bank transactions and exports, but those are costlier than the remittances, the bankers said.

Besides a dramatic improvement in rates and services, the banks are getting tied up with money transfer companies, exchange houses, corresponding banks and non-government organisations to deliver remittances faster to the beneficiaries. Despite having a countrywide presence of branches, state-owned banks are missing the train.

Sonali Bank with nearly 1,200 branches across the country deals with only one-third of remittances than what IBBL does.

"Sonali's average remittance inflow per month stands at around \$110 million," said Rashid Ahmed, a deputy general manager of the bank.

Three other state banks -- Agrani, Janata and Rupali -- get remittances much less than Sonali, which was by far the leader in this area a few years back.

Private bankers blamed the decline of remittances by state banks on their poor services.

Ahmed, however, denied poor services by his bank and said IBBL is doing well because Middle Eastern people have ownership in the bank.

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## Foreign aid in decline, new pressure on BoP

REJAUL KARIM BYRON

In the first five months of the current fiscal year, foreign aid decreased by 33 percent putting additional pressure on the country's balance of payments (BoP).

During the July to November period, Bangladesh received \$413 million in foreign aid, down from \$618 million in the same period of the previous year, according to data from the Economic Relations Division.

A complex situation has arisen as the foreign aid receipt has fallen but repayment has risen, taking net foreign aid down to only \$5 million in the first five months of the current fiscal year. Net foreign aid in the first five months of the previous fiscal year was \$250 million.

An ERD official said foreign aid was not released for a number of projects, including the Padma Bridge project. Besides, the government failed to get any foreign aid as budget support, he added.

BoP and foreign currency reserves are under increasing pressure, apart from spiralling import costs and low foreign-aid receipt, a high official of the finance ministry said.

Foreign currency reserves dropped by about \$1.5 billion to \$9.35 billion on December 13, according to data from Bangladesh.

## Bangladesh to attend hearing in Washington to retain GSP

REFAYET ULLAH MIRDHA

Bangladesh will attend a hearing in the United States next month to retain preferential market access and fight allegations over labour standards and use of child workers.

At the hearing at the United States Trade Representatives (USTR) in Washington on January 24, government officials will demand the continuation of the generalised system of preferences (GSP).

The move came after a rights group appealed to the US body for cancellation of the facility on the ground of labour standards and child labour.

Officials from commerce, labour and employment and foreign ministries and garment exporters' bodies will attend the hearing to fight complaints lodged by the American Federation of Labor and Congress of Industrial Organisations (AFL-CIO).

"This will be the third hearing of Bangladesh at the USTR," said a senior official of the commerce ministry.

Bangladesh attended the USTR hearing in 2007 and 2009 for retaining the GSP facility.

The GSP provides preferential duty-free entry for about 4,800 products from 129 designated beneficiary countries and territories, including Bangladesh. But Bangladesh does not benefit much from the GSP as there are no apparel products on the products' list.

The US government agreed to grant a 97 percent duty-free facility to the least developed countries at the Hong Kong ministerial meeting of the World Trade Organisation in 2005.

But major export items, such as garments, leather goods and footwear, were not included in the list. As a result, Bangladesh is doing business with the US by paying a 17

percent duty on an average and the highest duty of 32 percent on man-made fibre clothes.

On September 27, the US renewed the GSP facility for Bangladesh, allowing duty-free entry to some of its goods.

But, the right group in the US appealed to the government for withdrawing such facility on the grounds of standards of labour in the garment factories and child labour in the shrimp sector.

The country's main export item ready-made garment products have been left out of the list of products enjoying the 97 percent duty-free facility. However, some items are allowed duty-free access under special arrangements like GSP.

The tenure of the old GSP scheme expired on December 31 and the US renewed it on September 27, when Bangladesh's one of the major export items, sleeping bag, retained the facility.

The US government blocked preferential access to goods from LDCs in January. The facility has been in place since 1974.

Nazma Akter, president of Sammilito Garment Sramik Federation, said she wants Bangladesh to get the GSP facility. At the same time the rights of the workers have to be maintained.

"We want the main export item of Bangladesh garment gets the facility. Both the officials of AFL-CIO and Bangladesh government should settle the issue through discussion."

In 2010-11, Bangladesh exported knitwear items worth US\$1.12 billion and woven garments worth \$3.50 billion to the US, according to Export Promotion Bureau. The country paid \$630 million in duties to sell goods and products in the world's largest economy last year.

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