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DHAKA MONDAY JULY 30, 2012, e-mail: business@thedailystar.net

Govt plans to export surplus rice

Bangladesh moves to boost prices for growers: Muhith

STAR BUSINESS REPORT

The government plans to export rice to boost prices for growers, Finance Minister AMA Muhith said yesterday.

"No final decision has been made, but we are genuinely exploring the option of rice exports," Muhith said at a press briefing after a ministerial meeting on food at his secretariat office.

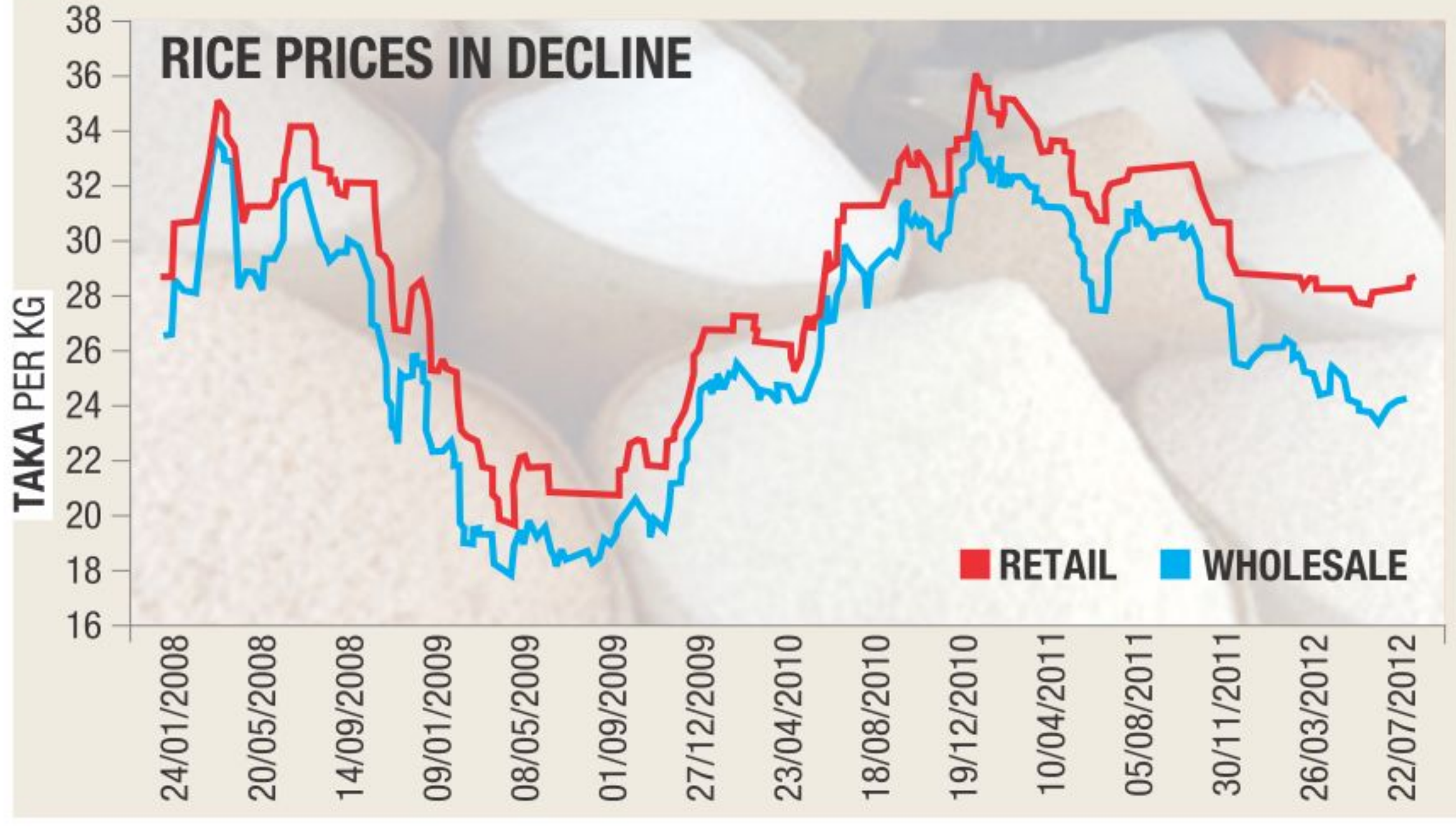
"In our new estimates, the rice production looks sufficient for the domestic market," Muhith said.

"The market price of rice is very low at the moment, and I doubt the farmers can recoup their cost of production at that rate."

At present, the average retail price of coarse rice is Tk 25 a kg, while the production cost per kg is said to be Tk 26.50, he said.

The government stock currently stands at 1.3 million tonnes -- 488,000 tonnes of which have so far been acquired since the last boro harvesting season -- and it intends to continue with the procurement, at Tk 28 a kg, until September.

Part of the reason for rice export is space constraint in public warehouses. The available space in government-owned warehouses can house 350,000 tonnes of rice, but the capacity is expected to increase once the VGF (vulnerable group feeding)



programme ahead of Eid, the minister said.

"The rice stock is getting stale. We need to think of ways to offload it from the warehouses," Muhith added.

The idea of rice exports is not alien: in 1981 the government exported 10,000 tonnes of rice, he said. The total rice output recorded by the Bangladesh Bureau of Statistics for fiscal 2011-12 was 33.73 million tonnes, nearly 1 percent rise from the previous fiscal year's 33.54 million tonnes.

Muhith also proposed making aromatic rice a regular export product, such that it can be exported all year round, as its

price is higher in the world market.

"We export aromatic rice now, but only at certain times," said the finance minister.

Furthermore, the government wants to decrease the price of rice for open market sale programme, fair price cards and rationing, as customers are reluctant to purchase, given the quality, at that price, Muhith said.

But the minister did not give specifics of the rice export programme and the time frame within which the prices of OMS, fair price rice and rationing rice will be reduced.

The minister also touched

upon the subject of the country's troubled poultry sector in the press briefing.

"We have grasped the gravity of the damages caused by the avian influenza after meeting with the sector leaders and the relevant ministry. We are now working towards reviving the sector," he said.

Two Bangladeshi companies under the department of health are currently working, in Gazipur, on a trial for avian influenza vaccine.

He urged the Bangladeshi pharmaceutical companies to produce international standard vaccines so that the country does not need to import them.

Bangladesh ready for TICFA talks: Quayes

Dhaka not to blame for deadlock, he says

DIPLOMATIC CORRESPONDENT

Bangladesh is ready for negotiations with the United States on the signing of Trade and Investment Cooperation Framework Agreement (TICFA), Foreign Secretary Mijarul Quayes said yesterday.

The delay in the signing of the deal was not due to Bangladesh, he insisted. "I can tell you that if it stalled then it was not because of Bangladesh," Quayes said.

Asked about US Ambassador Dan Mozena's remarks over Bangladesh's refusal to sign the TICFA deal, Quayes declined to comment, saying he did not know the exact words of the UN envoy. But he said Bangladesh is committed to the ILO convention on labour standards, which is "on the record".

Both sides exchanged the text of the draft of the TICFA agreement and there is a

minor issue which can be resolved through discussion, he said.

"We believe we can have another round or second round of negotiation to resolve the issues that are yet to be solved," Quayes said. "If the agreement has stalled at any stage then it is something to look into."

Bangladesh garment exporters pay 16 percent to 32 percent tariffs to enter the US market, he said. "If the US government removes the tariff we can do more welfare for garment workers, enhance wages as well as overall standards," he said.

Quayes reiterated that the Bangladesh government is committed to labour rights.

Mozena had earlier said four factors, including TICFA, gathered on the horizon, with power to have "a very negative impact" on RMG exports to United States markets.

Economists against Padma bridge with local funds

STAR BUSINESS REPORT

The government should go for realistic plans and set its priorities on economic considerations to build the Padma bridge instead of taking emotion-driven decisions, a former caretaker government adviser said yesterday.

"In the era of globalisation, it won't be wise to take steps emotionally and go for such a big project with its own financing," said Akbar Ali Khan.

Any decision on the Padma bridge should be made on the basis of reality, and the government should move very cautiously on the issue, he said.

He spoke at a seminar on "financing large projects in Bangladesh" co-organised by Economic Reporters' Forum and the EMBA

Forum of BRAC University at the conference room of the university in Dhaka.

Khan said, if the government goes for building the bridge with its own funds, it will face several challenges.

Getting a big internationally reputed contractor for the project will be tough, while the government also lacks capacity to manage funds for the project, he said.

"Even if we want, they (the contractors) will not come if the World Bank is not involved with the project. Because they would look for trust and would want prompt decisions that the government cannot give."

He also said, if a reputed contractor is not assigned for the task, it will take around 10 years to complete the bridge instead of the estimated three years.

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NBR to slash down land customs stations

SOHEL PARVEZ

The National Board of Revenue (NBR) plans to slash the number of land customs stations from present 181 to ensure effective management of trades with neighbours, mainly India, officials said.

The tax authority takes the initiative as it finds that the volume of trades through most of these stations is low.

The NBR had earlier formed a committee, which in a draft policy suggested lowering the number of these stations.

"We want to rationalise the num-

ber of these stations to run them efficiently and under better management. We have already taken opinions from our field offices," said an NBR official, asking not to be named.

Of the 181 stations, NBR in 2009 suspended operations of 86 and declared 49 stations 'ineffective'.

Currently, stations at Benapole, Sonamasjid, Akhaura, Hilly, Burimari, Teknaf, Bhomra, Bibirbazar, Banglabandha and Tamabil remain active as trades through these points are good, the official said.

"The rest are partially active

or almost inactive," he said, "We will be able to pay more attention to them if their number is reduced."

He said the NBR also wants to frame a guideline on these stations so that it can consider requests or applications to open new stations in future.

Some of these stations were opened before 1971 to facilitate trade with India.

After the Liberation War, more such stations were opened on various occasions without assessing the potential of trade through them.

READ MORE ON B3

Unimpressive corporate performance makes investors jittery

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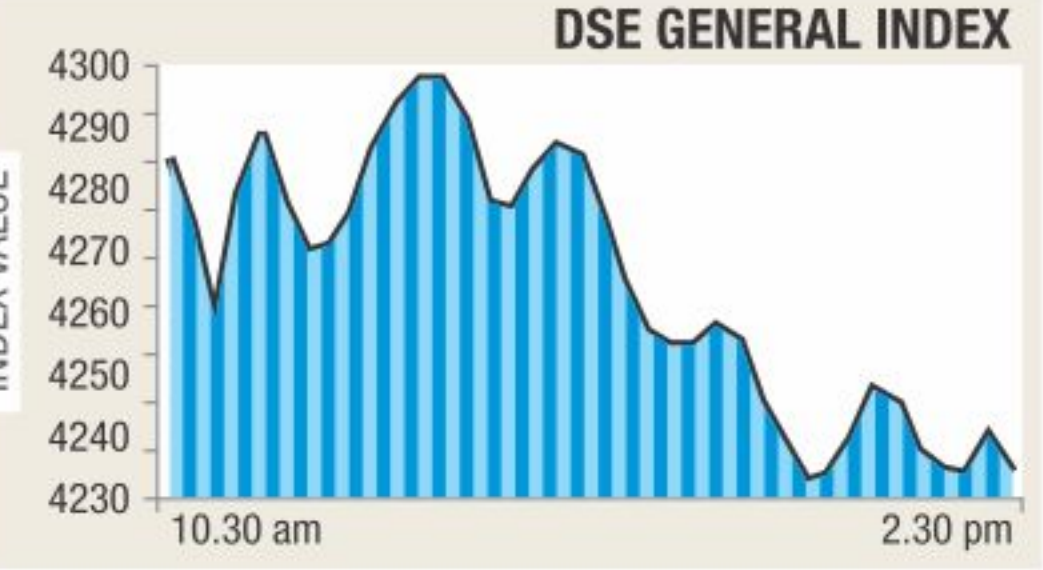
Poor dividend announcements weighed down the prime index of Dhaka Stock Exchange yesterday.

DGEN, the benchmark General Index of the DSE, finished the day at 4,234.77 points, after dropping 50.19 points, or 1.17 percent.

"It seemed the investors were in a selling mood due to the poor half-yearly earnings announcements by many of the listed companies, including a number of financial institutions," IDLC Investments said.

LankaBangla Securities was in agreement with IDLC Investments' commentary, suggesting the lackluster corporate earnings palpably dented investor confidence.

"Although the liquidity position is



healthy, valuation concerns are holding investors back from stepping up their investments," LankaBangla added.

Turnover stood at Tk 261 crore, a 9.2 percent rise from the previous day.

A total of 0.79 lakh trades were executed, with 617 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 265 issues that traded on the DSE floor, 169 declined, 71 advanced and 25 remained unchanged.

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