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# Trade deficit narrows as imports fall

REJAUL KARIM BYRON

Trade deficit in the first five months of fiscal 2012-13 narrowed by 22 percent on the back of falling imports.

In July-November, imports fell by 4.31 percent year-on-year to \$13.47 billion. In the month of November itself, imports fell by 5.25 percent.

On the other hand, exports increased by 3.96 percent during that period.

Consequently, the trade gap narrowed substantially.

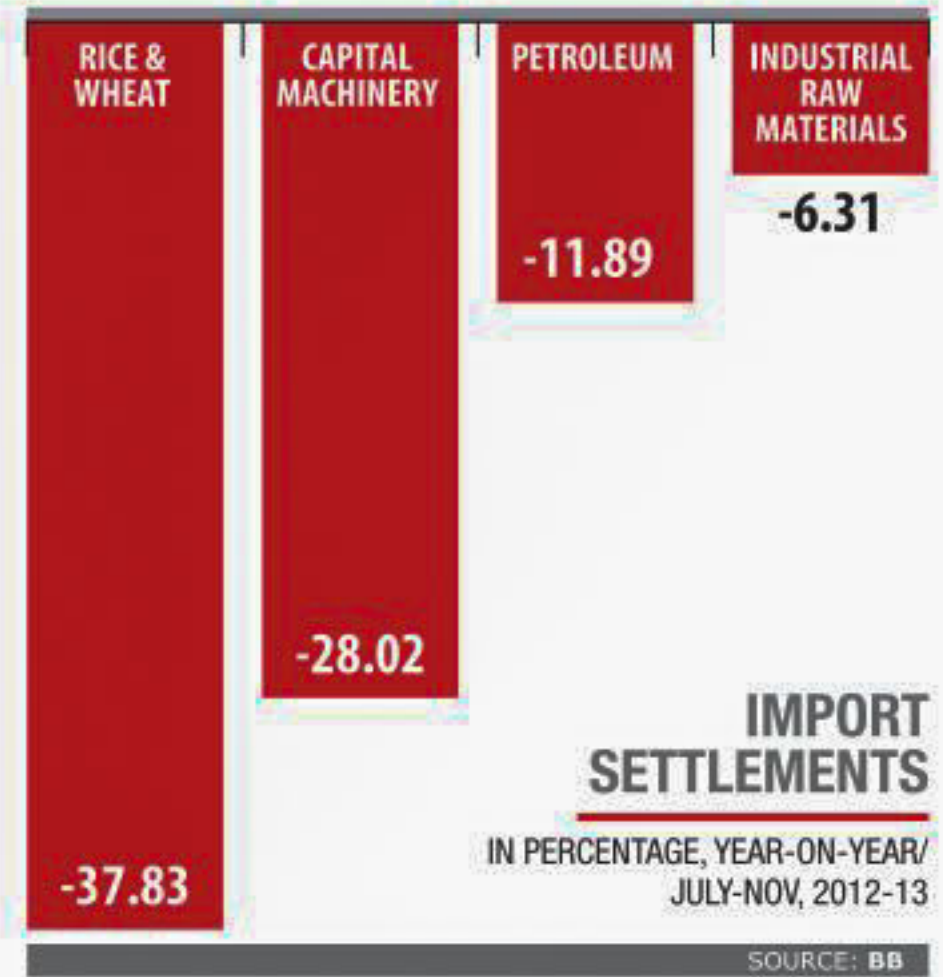
One alarming matter, though, about the declining import scenario is that the capital machineries and industrial raw materials' imports are falling, too.

Capital machinery imports fell by 28 percent and industrial raw materials by 6.31 percent during that period, according to Bangladesh that compiles letters of credit settlement statistics.

"Last fiscal year, large numbers of machineries were imported for setting up the rental power plants. But that did not happen this year, so imports of capital machineries fell," a Bangladesh Bank (BB) official said, preferring not to be named.

With regards to the falling raw material imports, the official said: "In Bangladesh, industrial raw materials are mainly imported for export-oriented industries. As exports are going slow, the need for raw materials was not that great."

Furthermore, past import figures might not have reflected the true picture as some unscrupulous businessmen were importing luxury consumer goods in the



name of raw materials.

The BB and National Board of Revenue (NBR) have stepped up their monitoring, due to which now only raw materials are being brought into the country.

Food and petroleum imports also fell, by 37.83 percent and 11.89 percent respectively, said central bank data.

The situation might improve for the better in the near future, as the number of LC openings for capital machinery have gone up by 2.49 percent in the first five months of fiscal 2012-13.

On one hand, the trade deficit narrowed and on the other hand, remittance increased, as a result of which the current account balance ended up in the surplus - by \$43 million - during that period.

The current account balance was in the deficit by \$1.35 billion in the same period a year ago.

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## Fresh bids likely for private submarine cable

ABDULLAH MAMUN

The telecom regulator plans to invite fresh bids from the private sector for the installation of a separate submarine cable to provide internet connectivity.

The bidding process is set to start by the middle of the year, said Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission.

"BTRC will invite bids after assessing the market potential."

The commission is giving more importance to the business process outsourcing and call center businesses, for which a dedicated submarine cable is needed, Bose said.

Furthermore, the regulator has taken the initiative to explore new business opportunities for the private sectors, he said.

Abubakar Siddique, telecom secretary-in-charge, said the issue has not been discussed with the telecom ministry yet but he believes the ministry will consider it when the proposal comes.

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# Govt to export 50,000 tonnes of surplus sugar

SOHEL PARVEZ

The state-run Bangladesh Sugar and Food Industries Corporation (BSFIC) plans to export 50,000 tonnes of locally-crushed sugar to Europe under the region's duty-free and quota-free scheme.

The corporation has already floated an international tender for buyers/importers for the exports.

"There is a market for our produced sugar in the EU region, so we want to explore that option," Industries Minister Dilip Barua told The Daily Star.

Exports, however, will depend upon fair prices from bidders, Barua said.

The minister reassured that the shipment, which would take place in phases, would not lead to price spirals in the domestic market.

"In the meantime, 50,000 tonnes of sugar will be produced in our mills," said Barua, adding that would be the highest quantity the BSFIC aims to ship to the Eurozone.

The move comes on the back of stock build-up, due to reluctance of dealers to purchase at the corporation's mill gate rate of Tk 50 per kilogram, which is higher than the retail price in the market.

A kilogram of sugar sold at Tk 48-50 at the markets in Dhaka yesterday, according to Trading Corporation of Bangladesh.

At present, BSFIC is sitting on nearly 1.50 lakh tonnes of sugar, with new produce due from its 15



mills.

Some 50,000 tonnes of sugar have been produced in the current fiscal year, with stocks likely to heap further in the coming months due to production and lukewarm demand from dealers, said BSFIC officials.

The corporation's decision to export comes at a time when sugar is trading below last year's Tk 58-60 a kilogram on the domestic front, thanks to soaring imports of raw sugar by the private sector.

Sugar imports soared by 127 percent year-on-year to 7.62 lakh tonnes in the July-December period of current fiscal year, according to Bangladesh Bank's letters of credit settlement data.

The government allowed sugar exports in the face of mounting pressure from private refiners who

were left with idle processing capacities on October 29, ending a two-year ban.

Since the withdrawal, the commerce ministry has so far given permission to export more than 2 lakh tonnes of sugar to countries in Europe, Africa and India, said an official of the ministry.

Mohammad Habibur Rahman, BSFIC's marketing chief, said prices of sugar remained steady for the past couple months.

"Such satiability in prices is another reason for BSFIC taking the decision to export," he said.

Bangladesh's annual local demand is around 15 lakh tonnes, according to Bangladesh Sugar Refiners Association, but the processing capacities of the refineries stand at 35 lakh tonnes.

## DSE forms panel to fix glitches in online trade

STAR BUSINESS REPORT

The Dhaka Stock Exchange yesterday formed a panel to fix the problems that arose in an internet-based platform for share transactions.

The DSE in June last year introduced the platform - Members' Server Application (MSA) Plus software, which enables investors to place buy or sell orders from anywhere.

The premier bourse formed the five-member committee, with Dr Mohammad Kaikobad, a professor at Bangladesh University of Engineering and Technology, as its convenor.

The committee was formed at a board meeting of the DSE presided over by its President Rakibur Rahman, officials said.

The terms of references, timeframe and the names of other members of the panel will be announced later.

The DSE board also accepted the resignation of Musharraf M Hussain, who quit from the post of the bourse's chief executive officer on January 9 due to strained relations with the board.

The board also approved listing of two new companies -- Summit Purbanchol Power Company and Sunlife Insurance Company, the officials said.

The listing date, however, will be announced later. Summit Purbanchol Power Company first received a regulatory approval on April 24 last year with an offer price of Tk 45 per share, including Tk 35 as premium.

Later in October, the regulator approved the revised IPO proposal of Summit Purbanchol with a fresh offer price of Tk 40, including Tk 30 as premium.

Using the fixed price method, Summit Purbanchol floated three crore ordinary shares of Tk 10 each to raise Tk 120 crore from public.

The company's earnings-per share was Tk 5.18, while the net asset value per share is around Tk 21, according to its 2010 financial statements.

Summit Purbanchol has two power plants -- Ruppangj power plant in Narayanganj and Jangalia power plant in Comilla -- each generating 33MW.

Prime Finance Capital Management was the issue manager of the Summit Purbanchol's IPO.

Sunlife Insurance Company received a regulatory approval from Bangladesh Securities and Exchange Commission in September last year.

Using a fixed price method, Sunlife Insurance raised Tk 12 crore, by issuing 1.20 crore ordinary shares at Tk 10 each. Earnings-per share of the insurer was Tk 6.54, as of 2010.

Banco Finance and Investment Ltd was the issue manager of the Sunlife IPO.

# Europe debates Bangladesh's labour standards today

STAR BUSINESS REPORT

The European Parliament will ask Bangladesh to establish an efficient and impartial labour safety inspection system when it begins its discussion on the country's garment sector today.

It will also urge the authorities to allow trade unions at the factory level, in accordance with the International Labour Organisation conventions.

The talking points -- already posted on European Parliament's website -- for the plenary session also include the pay structure, labour rights and corporate social responsibility in Bangladesh.

The move comes in the wake of a deadly fire at Tazreen Fashions that killed at least 112 workers in November last year.

The parliamentarians acknowledge that employment in the garment sector has helped millions of poor rural women in Bangladesh and elsewhere to escape deprivation and dependence on male support.

They, however, consider that certain minimum safety and labour standards should be the norm worldwide, including the European Union (EU).

The parliament will call on all European retailers whose orders were being processed at the time of the fire to support the local authorities and involve social partners in setting up an adequate and transparent compensation scheme.

It would also ask all sourcing brands to make all audit reports available to the public.

Furthermore, it intends to urge all parties in

the cotton sector to reduce pollution to an absolute minimum, on the grounds that non-sustainable means of production undermine the future of cotton production.

A rise in minimum wages, which for many workers is below the subsistence level, forms part of the improvements required by the EU from Bangladesh.

The body, however, welcomed the government's initiative to establish an independent inspection system and actively support the creation of health and safety committees.

The parliament will send the resolutions upon finalisation to the Bangladesh government for implementation.

At present, Europe is Bangladesh's largest export destination, buying 60 percent of the country's garment products.



Sanjay Kapoor

## India's Airtel replaces CEO

REUTERS, New Delhi

Bharti Airtel is replacing the chief executive of its key domestic operations as the group seeks to reverse a trend of declining profits.

The world's fourth biggest mobile phone carrier by customers has struggled to grow amid tough competition in its home market, which accounts for about 70 percent of its revenue. The Indian mobile market leader, which also operates in Africa, had posted 11 straight quarters of declining profit in September.

Sanjay Kapoor, a 15-year veteran of the company, will be replaced by group director of special projects Gopal Vittal as chief executive of India operations from March 1, the group controlled by billionaire Sunil Mittal said on Tuesday.

Vittal, who rejoined Bharti last year after a stint with India's largest consumer goods maker Hindustan Unilever, will focus on increasing market share and margins and also on growing alternate revenue streams such as 3G data and mobile money, Bharti said.

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# Stock turnover hits 5-year low

STAR BUSINESS REPORT

Stocks' bad run continues over fears of a liquidity crisis and an overall negative outlook, with the bourse hitting a five-year low in turnover yesterday.

The daily turnover fell by 12.61 percent to Tk 104 crore from the previous day.

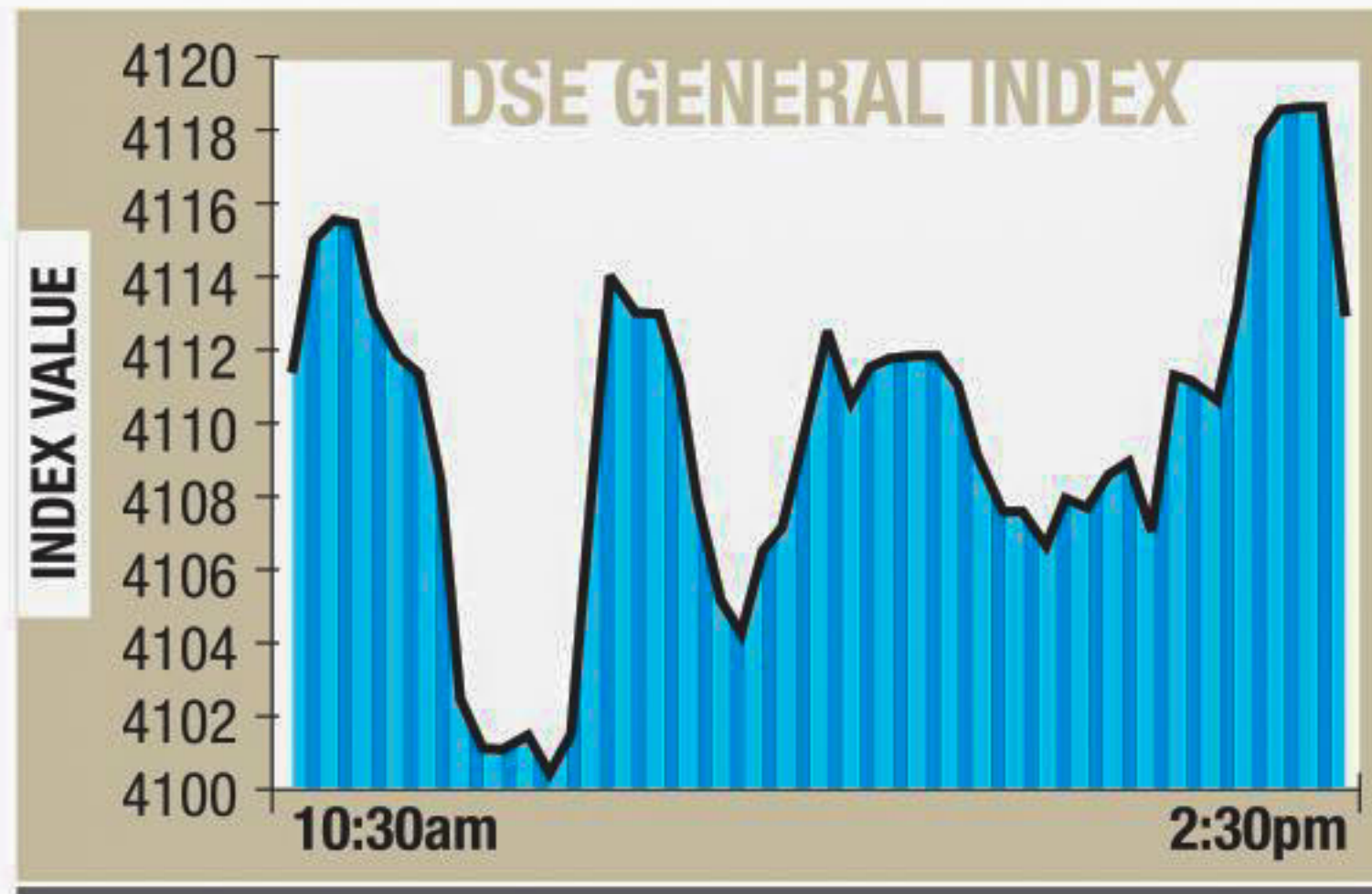
DGEN, the benchmark General Index of the Dhaka Stock Exchange (DSE), closed the day at 4,113 points, after dropping 1.55 points or 0.03 percent.

Market observers said institutional investors remained in the sidelines because of the dismal turnover in the last few weeks, while investor confidence remained low.

The bourse needs higher turnover to boost investor confidence, they added.

"This low turnover means buyers and sellers are at disagreement," Lanka Bangla Securities said.

"Buyers are bidding for lower price, and since the companies are trading at an attractive valuation level, sellers are not willing to sell at the lower price."



The depressed market situation, liquidity shortage and lack of institutional participation altogether eroded investors' confidence, which, in turn, had a dampening effect on the market, a merchant banker said, asking not to be named.

"The participation of investors dropped significantly, as they are in an uncertain position and hence taking a wait-and-see policy," he added.

The premier bourse is trying to identify the problems behind the

continuous downward trend as well as possible solutions to revitalise the market, Rakibur Rahman, president of the premier bourse said on Monday.

DSE will sit with the other stakeholders such as the stockbrokers and stock dealers in the coming days, he added.

A total of 0.35 lakh trades were executed, with 3.5 crore shares and mutual fund units changing hands on the Dhaka bourse.

Among the market heavyweights, ACI Formulations posted

a 5.52 percent gain, the highest in the day.

Reliance One Mutual Fund was the worst loser, slumping by 6.52 percent.

Of the 266 issues that traded on the DSE, 134 advanced, 88 declined and 44 remained unchanged.

The pharmaceuticals sector scored the highest gain among the major sectors, of 0.32 percent, followed by banks, of 0.04 percent.

Meanwhile, power dropped 0.28 percent, followed by non-bank financial institutions of 0.24 percent and telecommunications 0.06 percent.

United Airways was the most traded stock of the day, thanks to its transaction of 38.13 lakh shares worth Tk 7 crore, followed by Unique Hotel and Resorts and RN Spinning Mills.

CSCX, the selective categories index of Chittagong Stock Exchange, closed the day at 7,980 points, dropping 3.99 points or 0.05 percent.

Meanwhile, the port city bourse traded 41.51 lakh shares and mutual fund units yesterday, with Tk 11.56 crore in turnover.

2nd Impression..

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