

Star BUSINESS

DHAKA FRIDAY JANUARY 18, 2013, e-mail: business@thedailystar.net

BB buys \$648m from banks to curb inflation

REJAUL KARIM BYRON

The central bank has purchased about Tk 5,000 crore worth of US dollars from banks in the past one and a half months in a bid to contain inflation.

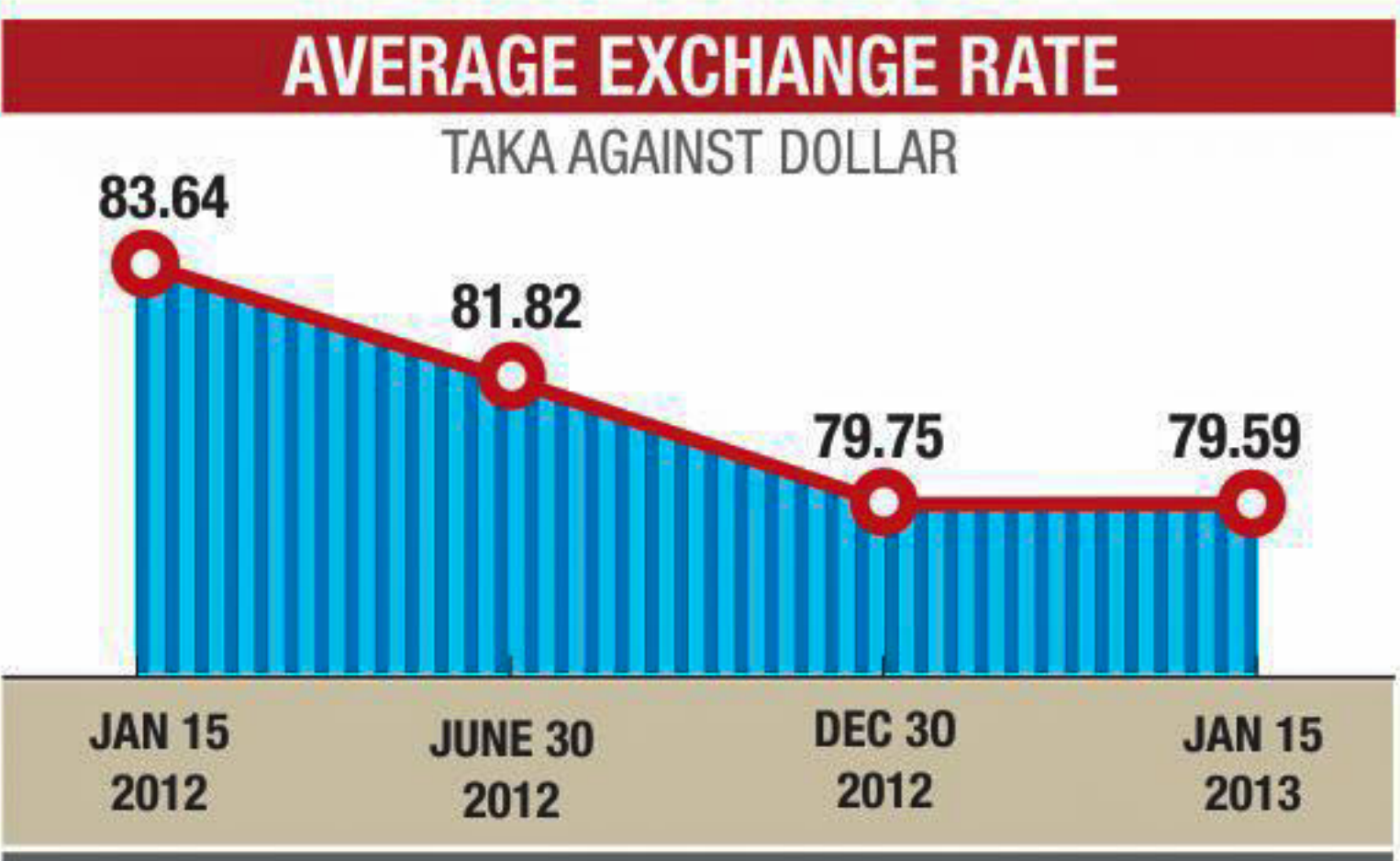
Between December 1 last year and January 16 this year, Bangladesh Bank has bought about \$648 million from banks with the central bank's 30-day bills and Islamic bonds -- instead of paying upfront in cash.

A high official of the central bank said they have taken up the new strategy to curb inflationary pressures.

Although overall inflation has come down to single digit, non-food inflation still remains in the double digits, according to the official.

Non-food inflation in December 2012 stood at 10.24 percent.

Another reason behind the BB purchase of large amounts of dollars -- almost every month -- is to maintain the exchange rate in



the face of falling imports.

The central bank purchased \$2.36 billion from the foreign exchange market between July 1, 2012 and January 16, 2012, according to central bank statistics.

In recent times, the taka has been appreciating continuously against the dollar.

On January 15, the taka's weighted average rate against the dollar stood at Tk 79.59, down from the Tk 83.68 recorded for the

same date a year ago.

The rate stood at Tk 81.82 on June 30 of last year.

"The central bank is buying dollars in a way that it does not fuel appreciation of the taka against the dollar," said the official.

The BB is not supplying cash against the purchases.

BB's main target is to ensure competitiveness of the exports and not to put off expatriates from sending in remittances, accord-

ing to the official. In July-November, imports fell 4.31 percent year-on-year to \$13.47 billion, while exports increased 3.96 percent, according to BB data.

The foreign exchange reserves marked a rise in recent times: it crossed \$13 billion in the first week of January, but after making payments to the Asian Clearing House, it came down to \$12.63 billion on January 15.

The BB officials said Islamic Development Bank's credit line for import of petroleum is about \$2.5 billion this fiscal year, much higher than last year's \$1 billion.

As a result, payments against petroleum import by local banks are less this year, another reason behind the low demand for foreign currency.

The BB official, however, said demand for foreign currency is likely to increase from next month, when the foreign banks and companies start to repatriate their profits.

Leather industry aims to cross \$1b exports

SUMAN SAHA

The leather industry aims to cross the \$1-billion mark in export earnings this fiscal year as the sector is witnessing a robust demand for leather and leather goods in the global market.

The manufacturers said they will reach the export target at \$1.04 billion set by the government for this year.

Their earnings fell short by only 3.58 percent of the last year's target at \$792.34 million.

The industry earned \$451 million by exporting leather, leather products and footwear during July-December this fiscal year, up by 20 percent compared to the same period last year.

"We are very optimistic about the export growth of leather goods during the current fiscal year as many new buyers from the US are showing interest in our products," said Tipu Sultan, managing director of Bengal Leather Complex.

The rising labour costs in China have forced the US buyers to come to Bangla-



des, he said. Though the Bangladeshi workers have lower productivity compared to the international standards, they are still competitive.

"We need to pay \$180-\$200 for two workers a month, while the amount is \$400-\$450 for each worker in China," said Sultan.

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A fire that killed 112 workers at Tazreen Fashions has spurred European parliamentarians to tighten the screw on their retailers who buy garments from Bangladeshi factories lacking safety standards.

Europe blames its retailers for safety lax in RMG units

STAR BUSINESS REPORT

Members of the European Parliament yesterday blamed their retailers for a lack of concern over poor safety standards at Bangladeshi factories that lead to incidents like the recent fire at Tazreen Fashions.

They said the responsibility for the deaths lies both with the owners of these "death trap factories" and the retailers who buy clothes from these units for their European customers.

Some parliamentarians on Wednesday also discussed what steps the EU should take following the tragic fire at Tazreen that killed 112 workers in November.

The plenary session of the European parliamentarians began on January 14 and ended yesterday.

Paul Murphy, a lawmaker from the left-leaning parliamentarian group -- GUE/NGL, blamed the

failure of the big businesses on their own "moral but useless" code of conduct.

"I would like to express my sincere condolences to the families of the 112 workers who needlessly lost their lives in the fire and to the families of all the estimated 700 other garment workers who have lost their lives in industrial fires in Bangladesh since 2006."

Bangladesh is the world's second largest clothing exporter, he said, adding that the country's clothing trade was worth \$19 billion in 2011 alone, with its factories producing for major brands like Tommy Hilfiger, GAP, Calvin Klein, H&M and Walmart.

"Yet 40 percent of the population live under the poverty line of \$1.25 a day," Murphy said.

The workers, 85 percent of whom are women, have a minimum wage

of \$37 a month and are often forcibly prevented from forming trade unions, he said at the session.

Murphy also criticised manual sandblasting in jeans making factories that put workers at health risks such as silicosis and lung cancer.

The Bangladesh government should ban all forms of manual sandblasting and implement a public programme to provide social and medical assistance for workers affected by silicosis, he added.

"The EU must implement an import ban on sandblasted jeans if it is serious about protecting the health of workers in the most exploitative industries."

A draft motion for a resolution that calls on the Bangladesh government to put in place measures that ensure full compliance with health and safety legislation was voted on in the plenary session.

Bundesbank shelves cooperation with BB

AFP, Frankfurt

The Bundesbank said Thursday it has put on ice plans to offer technical assistance to Bangladesh Bank in anti-counterfeiting efforts in view of the country's plans to impose the death sentence for counterfeiting.

"The Deutsche Bundesbank shelved a prospective cooperative venture with the central bank of Bangladesh regarding counterfeit prevention until further notice," the German central bank said.

"This decision was triggered by press reports that Bangladesh plans to threaten to impose the death penalty for serious cases of counterfeiting."

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DSE to sit with stakeholders to prop up stockmarket

STAR BUSINESS REPORT

The Dhaka Stock Exchange will sit with its stakeholders -- stock dealers, bankers and bank owners, the insurance association and the apex trade body -- to find ways to rejuvenate the bearish stockmarket.

The move is part of a series of meetings that the premier bourse started last week, with the first discussion being held with merchant bankers on Monday.

The DSE will sit with stock dealers on Sunday, and then with the Association of Bankers- Bangladesh, Bangladesh Association of Banks, Bangladesh Insurance Association, and the Federation of Bangladesh Chambers of Commerce and Industry.

The DSE yesterday sent letters to the stakeholders to invite them to the talks.

"We will discuss the current market situation," said DSE President Rakibur Rahman.

"The meetings are aimed at identifying the problems behind the continuous downturn as well as possible solutions to

reviving the market," he said.

The downward trend, both in indices and turnover, started after the market debacle in January 2011.

Rahman said many institutional investors, who were almost inactive in the last few months, are getting involved in the secondary market after the meeting between the DSE and the merchant bankers.

"The rising turnover seen in the last couple of sessions also proves that the institutional investors are becoming more active," said Rahman, also the managing director of Midway Securities, a stock broker.

The single-day turnover on the DSE came down to a five-year low at Tk 104 crore on Tuesday. But the turnover started rising in the last two days and stood at Tk 151 crore on the DSE yesterday.

DGEN, the benchmark index of the DSE, also gained around 55 points in the last two days and reached 4,167 points yesterday.

The DSE president said the market would rebound after the meetings.

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Airbus loses to Boeing in 2012

AFP, Toulouse, France

European group Airbus lost the crown of the world's biggest maker of airliners to US giant Boeing last year, but did better than expected and sees big sales this year, it said on Thursday.

Publishing results just as Boeing was hit by a crisis of confidence in its 787 Dreamliner plane following a series of incidents, Airbus said that last year it delivered 588 aircraft to 89 customers, a record after 534 deliveries in 2011.

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