

যুক্তরাজ্য থেকে মুহুর্তেই টাকা পাঠান

NCCB EXCHANGE

NCCB Exchange (UK) Limited
 (a 100% owned subsidiary company of NCC Bank Limited)
 Committed to serve the expatriates
 13 Vallance Road, London E1 5HS
 www.nccbexchangebd.co.uk

Star BUSINESS

DHAKA SUNDAY FEBRUARY 24, 2013, e-mail: business@thedailystar.net



Pankaj Saran, Indian high commissioner to Bangladesh, speaks at the launch of 11th BCIM Forum organised by the Centre for Policy Dialogue at BRAC Cente Inn in Dhaka yesterday.

Multimodal transport is a must for BCIM to boost trade

STAR BUSINESS REPORT

The business communities of Bangladesh, China, India and Myanmar (BCIM) yesterday called for introducing a multimodal transport system and fast visa processing to enhance intra-regional trade.

"The multimodal transport system is necessary to explore new business corridors and opportunities," said Umesh Chowdhary, vice-chairman and managing director of Titagarh Wagons, an Indian company.

"The cost of doing business between the BCIM countries increases when trade happens through the land borders," he said, adding that India is working to launch a multimodal transport system with Myanmar.

Rokia Afzal Rahman, president of Metropolitan Chamber of Commerce and Industry, said the BCIM

countries can enhance their businesses manifold by using Bangladesh's two ports -- Chittagong and Mongla.

"This sub-region can be a potential business bloc," she said, while urging India, China and Myanmar to come up with investments in Bangladesh, which has abundance of cheap labour.

Li Ana, senior staff member of Yunnan Branch of China Council for the Promotion of International Trade, emphasised the need for promoting connectivity between the regional connectivity to boost trade and investment.

The observations were made at the 11th BCIM Business Forum meeting, organised by the Centre for Policy Dialogue (CPD) at the capital's Bangabandhu International Conference Centre.

The two-day conference brings

together some 50 analysts from BCIM countries, with the aim to boost intra-regional trade, investment and finance, multimodal connectivity, energy and institutional arrangements.

BCIM covers 9 percent of the world's area, 40 percent of population and 7.3 percent of the global GDP, said Kazi Akram Uddin Ahmed, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), in his keynote speech.

Trade between BCIM countries reached 4.5 percent in 2010, when it is over 35 percent between ASEAN countries, according to Ahmed.

Reduced cost of transportation and shorter lead time, however, is necessary to deepen cooperation in trade, commerce and investment, the FBCCI chief said.

READ MORE ON B3

Trade barriers dim potential, say analysts

STAR BUSINESS REPORT

The potential of intra-regional trade among Bangladesh, China, India and Myanmar (BCIM) remains underutilised due to poor connectivity and high trade barriers, analysts said yesterday.

The four nations account for 13 percent of world's GDP, 40 percent of global population, and have a rising per capita income, according to Prabir De, a fellow of India's Research and Information System for Developing Countries.

"But intra-regional trade among the four neighbouring countries falls short of expectations," said De, while blaming a host of tariff and non-tariff barriers (NTBs), poor connectivity and low foreign direct investment.

In 2011, trade among the four countries stood at \$90 billion, some 31.8 percent below its potential of \$132 billion, he said.

"Bangladesh enjoys almost a free trade entry to India now, but it faces high tariffs to China. NTB is a big issue, too. China has high NTBs on goods from Myanmar. India has also NTBs but the extent is lower than China."

Direct investment by the two Asian giants -- China and India -- is low in Bangladesh and Myanmar, De said.

"Improving trade facilitation and connectivity will have the strongest effect on building regional production networks. India's northeast will benefit from FDI. Bangladesh will become a hub."

READ MORE ON B3

IMF attaches five new strings to its \$1b loans

REJAUL KARIM BYRON

The IMF has attached five new conditions to the disbursement of the next instalments of its \$1 billion loan.

One of the major conditions is maintaining banks' exposure to the stockmarket at 25 percent of their total regulatory capital.

The government has committed to the International Monetary Fund that the Bangladesh Bank will issue a guideline by March this year to limit the banks' exposure.

The government submitted an updated report on progresses and reform commitments -- Memorandum of Economic and Financial Policies -- at the lender's board meeting on February 20.

The exposure limit will also be included in the amended Banking Companies Act, which will be placed in parliament in March as per the new deadline.

The amendment was scheduled to be placed in parliament in September last year but it could not be done as it was not finalised then.

The amendment gives the central bank the authority to remove the chief executive officers of four state banks.

The IMF put pressure on the government to vest the power of removing the boards of the state banks alongside their chief executives to the central bank to improve governance in the state banks.

However, the government is not giving the BB the power to remove the boards.

But the amendment will provide that the banks' directors and senior management meet "fit and proper" criteria and remain fully accountable for internal controls and risk managements.

Another condition of the IMF is a complete special diagnostic examination by the BB at the four state banks focused on asset quality, liquidity management, and internal audit and control, by June this year.

The government will also have to

issue guidelines and procedures on budget monitoring and reporting in accordance with the public money and budget management act within the same deadline.

The government will also have to complete a review of the foreign exchange regulation act by September.

The IMF also asked the government to complete a full external audit into the BB by a global audit firm for financial year 2012-2013, by December this year.

Some unmet conditions that were to be fulfilled last year will have to be completed within this year.

One of such conditions is that the Bangladesh Securities and Exchange Commission will approve the model and plan for demutualisation of Dhaka and Chittagong stock exchanges.

Another unmet condition to be fulfilled by June is bringing automation in issuing taxpayer identification number with links to the system of the national identification number.

The IMF has also expressed concern over giving subsidy to state enterprises every year and has set a condition to cut their losses.

The lender also urged the government to complete an efficiency audit into Bangladesh Petroleum Corporation, Bangladesh Power Development Board, and Bangladesh Chemical Industries Corporation, by June this year.

The government has also made several commitments to the IMF about loss-making national flag carrier Biman Bangladesh Airlines.

The Memorandum of Economic and Financial Policies said a five-year strategic plan will be taken from Biman Bangladesh Airlines to assess its financial viability in view of longstanding operating losses.

In April last year, the IMF board approved a three-year Extended Credit Facility of \$1 billion for the country -- conditional upon certain structural reforms.

Bangladesh has so far received two instalments worth \$281 million.

FBCCI opposes hartal

BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday urged the political parties to withdraw today's hartal for the sake of the economy.

"Political programmes like hartal hinder the pace of economic growth and ruin the export prospects," the FBCCI said in a statement.

The repeated strikes have brought uncertainty to business activities, and have gradually been "pushing the economy towards a disaster".

"Enforcing such a violent and destructive programme upon the people cannot be a political right. It is not acceptable to create anarchy and damage people's life and property with the frequent hartals."

READ MORE ON B3

Exporters on edge as taka hardens against dollar

REFAYET ULLAH MIRDHA

The country's garment exporters fear erosion of competitiveness in the world market due to the continued appreciation of the taka against the dollar.

"The only thing Bangladesh's garment business has going in its favour is the higher exchange rate of US dollar. Now, this advantage is gone," said Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The local currency taka has been gaining against the dollar over the last eight months, according to data from Bangladesh Bank (BB).

The exchange rate was above Tk 81 per dollar in June last year, with the greenback exchanged for around Tk 79 now.

The reasons behind the taka's continued appreciation are the substantial inflow of remittance, falling imports and the upward trend of exports, according to analysts.

"The cost of production has gone up 13-15 percent year-on-year, and now with the depreciation of dollar the profit margins will be squeezed even further," Mohiuddin said.

On the other hand, the prices of garment items have remained almost stagnant over the last few years, he said.

"The introduction of dual currency rate by the central bank is our long-time demand. If it is not possible, the government should think of alternatives as it is

alarming for garment trade," he added.

But Mustafizur Rahman, executive director of Centre for Policy Dialogue (CPD), suggests otherwise.

"The exporters had enjoyed the benefits of depreciation of taka over the last one and a half years, when the taka depreciated by nearly 20 percent."

"A little appreciation now will not have any major negative impact on overseas trade."

The economist went on to praise the central bank's stance of maintaining the taka-dollar exchange rate around Tk 79-80, as anything above would hurt importers and anything below would affect exporters.

"The continuous decline in imports will have a negative impact on investment, which will badly impact on employment. So, the central bank should handle the situation very carefully," Rahman told The Daily Star.

Kazi Akram Uddin Ahmed, president of the Federation of Bangladesh Chambers of Commerce and Industry, said: "Exporters will lose competitiveness a little but importers will benefit from the situation."

"The government should not interfere with the dollar exchange rate," Ahmed added.

Ready-made garment exports contribute to 80 percent of Bangladesh's overseas trade.

reefat@thedailystar.net

Microsoft added to hacker hit list

AFP, San Francisco

Microsoft joined Facebook and Apple on Friday on the list of US technology titans targeted in recent cyberattacks.

"As reported by Facebook and Apple, Microsoft can confirm that we also recently experienced a similar security intrusion," Trustworthy Computing team general manager Matt Thomlinson said in a blog post.

Use your **MTB Debit Card** and win **Cash Back**

16219 or 88 096040 16219

www.mutualtrustbank.com

THAILAND Trade Show Dhaka 2013

Organized by: DITP (Department of Investment Promotion, Ministry of Commerce, Royal Thai Government)

Supported by: THAI

7-9 March 2013

Venue: Grand Ballroom Pan Pacific Sonargaon Dhaka

Time: 10.00am-8.00pm

Trade: 7 March 2013

Public: 8-9 March 2013

For One-to-One Business Meeting with Thai Companies

Tel: 880-2-9850056-7, 01934360856

Fax: 880-2-9850059, E-mail: thaitrade@link3.net

PRODUCT LIST

- Autoparts & Accessories
- Construction Material, Hardware & Machinery
- Electronic
- Food & Beverages
- Health & Beauty & Hospital & Wellness
- Household & Kitchenware Products
- Leather Products & Footwear

Company Name:

Contact Person:

Contact No.: E-mail:

Interested Product:

Preferred Date 7 8 9 March 2013. Time:

BASHUNDHARA 16 Days

CEMENT CONSTRUCTION BONDS Presents **GREENBUILD** BANGLADESH EXPO

12-14 March at BICC, Dhaka

www.buildtechbd.com