	USD	EUR	GBP	JPY
BUY TK	77.25	104.22	126.69	0.73
SELL TK	78.25	108.20	130.67	0.76

Star BUSINESS
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Telecom runs with obsolete policy

ABDULLAH MAMUN

The telecom sector is running with a 16-year-old and outdated policy as the government failed to revise it.

The current telecom policy was formulated in 1998, with a vision to mainly facilitate voice services. At that time data services were described as 'value added services', which are now defined as very basic services.

Munir Hasan, a former consultant of the ICT ministry, said it is not possible to move forward with the policy as most of the targets of the policy were fulfilled years ago.

The policy focuses neither on the mobile sector nor broadband internet penetration, he said.

The current telecom law was formulated in 2001 in line with the telecom policy. The law was amended in 2010, but it still holds the old vision.

The current policy reads that the government would establish a telecommunication regulatory commission. But a regulator has been in operation for the last 12 years.

Abu Saeed Khan, a senior policy fellow of LIRNEasia which is a Colombo-based ICT policy and regulation think tank, said the current policy describes mobile phone services as 'value added services', which indicates how outdated the policy is.

The policy was made by the then Awami League government, which is now in power again with the vision of establishing a 'Digital Bangladesh', he said.

OUTDATED POLICY

- It was formulated in 1998
- It describes the mobile sector as value added services
- Most of the goals were fulfilled before 2010
- It aimed to achieve 10% tele-density by 2025, but the rate is around 60% now
- It called for setting up a regulatory body but a regulator has been in operation for the last 12 years

The policy has to reflect how the government would achieve its vision, he added.

Khan said the revised telecom policy should provide a roadmap to take broadband penetration to respectable levels.

The policy is too old to describe the telecom sector as most of the policy's targets have been met by 2010.

One of the objectives of the policy was to establish a robust private sector, as it was beginning to boom at the time, but the situation is quite different now, he added.

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Tofail calls for meaningful duty-free access

STAR BUSINESS REPORT

Commerce Minister Tofail Ahmed urged all developed countries to give meaningful duty-free benefits to the least-developed countries, as committed in the Hong Kong Ministerial conference in 2005.

Some developed countries are not following the decisions of the Hong Kong ministerial meet and imposing duty on import of important items from the LDCs, he said at the second Geneva Dialogue on "the Post-2015 Sustainable Development Agenda: The Road from Bali" on Friday.

The United National Conference on Trade and Development organised the seminar where ministers and policymakers from different countries discussed the development agenda from 2015.

Ahmed cited the case of Bangladesh's garment exports, its main item, to the US. It is subjected to 15.3 percent duty, whereas as per the commitment made in Hong Kong it should be duty-free.

In 2012, Bangladeshi garment exporters paid nearly $746 million as duty for exporting a little above $5 billion worth of garment products to the US.

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Lafarge, Holcim in $50b merger talks

REUTERS, Paris/Zurich

The world's two largest cement makers, France's Lafarge and Switzerland's Holcim, are in advanced talks to merge into a company with a stock market value of over $50 billion in what would be the industry's biggest ever tie-up.

The discussions, which are likely to draw close scrutiny from European competition watchdogs, are "based on principles consistent with a merger of equals", the two companies said in identical statements on Friday.

They said no agreement had yet been reached and that there was no guarantee of a deal, but there was a "strong complementarity" and "cultural proximity" between the groups.

A merger would help Lafarge and Holcim slash costs, trim debt and better cope with the soaring energy prices and weaker demand that have hurt the sector since the 2008 economic crisis.

But any deal is likely to draw scrutiny from European competition watchdogs, as a Lafarge-Holcim entity would have a dominant position in both Europe and the United States. Regulators would probably require the companies to shed cement plants and distribution facilities before approving any merger.

Such a merger would create a giant with combined sales of over $40 billion and would be Europe's biggest tie-up this year, Thomson Reuters data shows, based on the cost to acquire the target and assuming that Lafarge, with the smaller market value, is the target company.

Shares in Lafarge and Holcim jumped to four-year highs on the news, lifting the entire cement sector.

"It's good for the market," said Clairinvest fund manager Ion-Marc Valahu. "There's overcapacity and they need to consolidate their balance sheets."

Geographically, Lafarge and Holcim could complement each other well, said Natixis analyst Abdelkader Benchiha. Lafarge has a strong presence in Africa and the Middle East, while Holcim is strong in Latin America.

But a merger could take several years to come through, he warned: "There would be potential antitrust problems in the US, Canada, Brazil and France, where a Lafarge-Holcim entity would have a dominant position."

Lafarge's 2013 merger with Tarmac, Anglo American's UK business, was only approved by British antitrust authorities after both agreed to sell a significant number of assets.

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Impose property tax to banish social injustice: economist

STAR BUSINESS REPORT

The government misses out on a huge amount of revenue by keeping property almost untaxed, an economist said yesterday.

"It is a large gap in the tax system. There is virtually no tax on wealth or capital gain although the government can get thousands of crores of taka in revenue by imposing tax on property," said Ahsan H Mansur, executive director of Policy Research Institute (PRI).

He said the absence of any form of tax on land or apartment is social injustice: people who get rich by holding on their assets and watching their value go up do not have to pay any taxes, but those who earn money by working hard have to.

In view of that, he called for imposition of tax on property. It will also push down real estate prices, as people will then build houses on them.

Mansur, who previously worked at the International Monetary Fund, said property taxes are not imposed because politicians and professionals hold these assets and it would go against their interests, he said. "They are powerful and influential—they do not want property tax to happen."

His comments came at a seminar, 'Unveiling tax, tackling poverty: Some policy considerations', organised by Actionaid Bangladesh at the CIRDAP auditorium.

Iftekharuzzaman, executive director of Transparency International Bangladesh, advocated for an increase in direct tax collection and reducing the huge dependence on indirect taxes such as VAT and duties.

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Global cotton consumption growth to fall 1.4pc

EIU says in its latest report

REFAYET ULLAH MIRDHA

Global cotton consumption growth will slow down by 1.4 percent in 2013-14 due to lower consumption by China, the largest apparel maker in the world.

Cotton consumption growth will remain relatively firm in Asia this fiscal year, while its global consumption will increase a bit in 2014-15, according to the latest report of the Economist Intelligence Unit (EIU).

The EIU forecasts are based on the assumption that China will abandon its current policy of stockpiling cotton in 2014-15, according to the report.

The EIU is the research and analysis division of the Economist Group, the sister company to The Economist newspaper.

China's policy—initiated in 2011—of stockpiling domestic production and its cotton imports support global prices to spiral, but arguably undermine cotton's relative competitiveness, which accelerated a shift towards manmade fibres, the report said.

"We expect the new policy to have an impact on demand in the medium term, but not to affect our current demand forecasts," the report said.

In the near future, China will also face the dilemma of how and when to release its current reserves, which is estimated to be a third of the annual global consumption, the report said.

A sudden disposal would lead to a collapse in international prices, which could take some time to recover and might not be helpful for the Chinese authorities, the report said.

"We expect that consumption will continue to edge down in the next two years, despite the likely end of the stockpiling programme and the release of cotton reserves," the report said.

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