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Inflation lowest in 25 months

Non-food inflation still a worry

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Inflation extended its downward trend in December, coming down to 6.11 percent -- the lowest in 25 months, mainly due to falling commodity prices on the global markets.

The overall inflation rate, which has been on the decline for the last several months, was 6.21 percent in November.

In October 2012, inflation was 5.86 percent, which rose to 6.55 percent in November the same year.

Planning Minister AHM Mustafa Kamal released the inflation data at the National Economic Council auditorium in Dhaka yesterday.

He said higher supplies than demand also contributed to the decrease in food inflation.

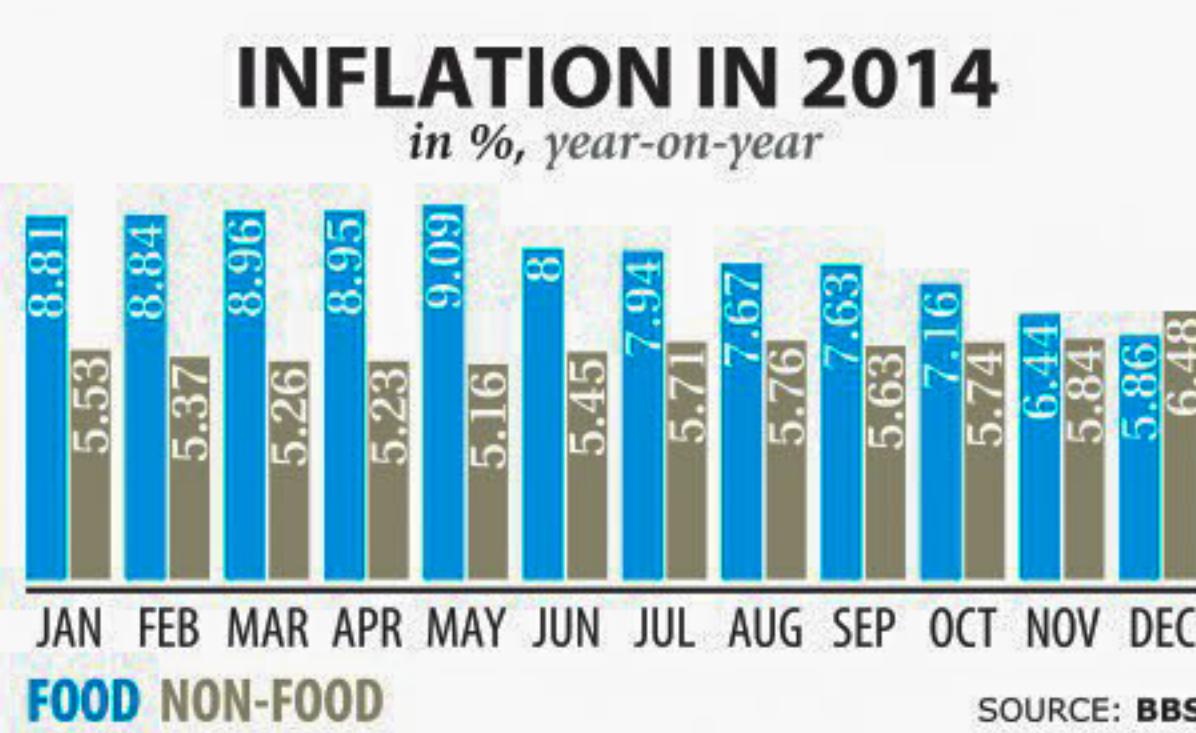
Food inflation was the biggest driver behind the drop in the overall inflation last month, sliding to 5.86 percent from 6.44 percent in November, according to Bangladesh Bureau of Statistics.

However, containing non-food inflation, which has been rising for a long time, will be a major challenge ahead.

The non-food inflation went up to 6.48 percent in December from 5.84 percent a month ago, because of a rise in house rent, transportation costs, education and medical expenses and prices of other non-food items.

Khondaker Golam Moazzem, additional research director of the Centre for Policy Dialogue, said non-food inflation has registered a rise both in urban and rural areas in almost all components.

"Such a rise in non-food inflation would be temporary if Bangladesh Energy Regulatory Commission considers a



downward adjustment of fuel price and consequent downward adjustment of electricity tariff at consumer level," he said.

The economist also said inflation in the next six months is likely to be at a moderate level. The upcoming monetary policy will not require additional measures to contain inflation, he said.

"Rather the policy should take expansionary measures to attract more private investment."

The planning minister said they will look into whether house rent caused the hike in non-food inflation.

In October, non-food inflation went up as two major religious festivals took place at the beginning of the month. People's movement and consumption of non-food items increased ahead of the festivals.

However, though there were no such festivals in December, non-food inflation went up.

Reining in non-food inflation will figure high in the monetary policy that the central bank announces later this month for the second half of the current fiscal year, a BB official said.

On the decline in inflation from the beginning of this fiscal year, the CPD said international prices for almost all commodities experienced a decline in recent past.

The global prices of most commodities such as oil, soybean oil and sugar have been on a long-term, downward trend since the recession of 2007-2009.

The annual average global price in November 2014 was 3.9 percent lower compared to the corresponding month in 2013, a CPD report said last week, citing the International Monetary Fund data.

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Third from right, Atiur Rahman, governor of Bangladesh Bank, launches Payoneer's online payment gateway service through Bank Asia at Purbani Hotel in Dhaka yesterday. A Rouf Chowdhury, chairman of Bank Asia, and Scott H Galit, chief executive of New York-based Payoneer, were also present.

Bank Asia to ease payment channel for IT freelancers

The bank forms partnership with New York-based Payoneer

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Bank Asia has tied up with a New York-based online payment gateway service provider to help Bangladeshi freelancers receive their payments easily.

By opening a free account with Payoneer, the online payment gateway service provider, a freelancer can receive payment for IT services in his or her e-wallet and then transfer the funds to a local bank account for a cash-in.

Bank Asia will receive the transferred fund in its 'Nostro account' from Payoneer and then it will pay the amount to the recipient in Bangladesh.

The bank launched the service at a function in Dhaka yesterday.

An online payment gateway is an e-commerce application service that authorises or arranges the sending and receiving of money online from one place to another.

More than 2.5 lakh Bangladeshi

freelancers directly involved in overseas services earned more than \$214 million last fiscal year through different channels.

Addressing the ceremony, Bangladesh Bank Governor Atiur Rahman said the online payment gateway service plays an important role in bringing a small amount of foreign exchange earned against services provided by the freelancers.

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Garment exports on the mend

REFAYET ULLAH MIRDHA

Despite great odds, garment exports last year rose 5.78 percent year-on-year to \$24.6 billion, by virtue of retailers' increasing willingness to shift orders from China.

Some \$24.6 billion worth of garment products were exported in 2014 in contrast to \$23.5 billion the year before, according to the Export Promotion Bureau.

Furthermore, there appears to be an uptick generated towards the end of 2014: in December, Bangladesh shipped \$2.33 billion of garment items, up from November's \$1.94 billion.

The latest numbers come as a boost for the sector, which in the past couple of years has been subjected to a certain degree of backlash over its working conditions and labour rights following the twin disasters of Tazreen fire and Rana Plaza and subsequently, some order diversions.

However, the recent clean chit given to more than 98 percent of the garment factories by the two foreign inspection agencies -- Alliance and Accord -- have reassured buyers, who appear to be placing orders in bulk once again with confidence.

Many small and medium factories, housed in shared buildings,



are struggling for orders for retailers' new improved criteria for workplace safety.

"We are in the right direction. We are hoping that we will enjoy the benefit of our improved safety measures in 2015," said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

The re-emergence of political turmoil though does not bode well, he said.

"The factories need raw materials from home and abroad, and that supply is being cut off for the non-stop blockade. Our shipments too are affected."

On average, the factories produce Tk 500 crore to Tk 600 crore of garment items a day, he said.

"So, we want cooperation from all sections of the country for smooth running of our businesses," Islam added.

Overall exports grew 4.33 percent to \$2.84 billion in December but it narrowly missed the month's target of \$2.86 billion.

December's takings take the first-half export earnings of fiscal 2014-15 to \$14.91 billion, up 1.56 percent year-on-year. The amount missed the six-month export target of \$15.6 billion.

Govt spends 28pc of ADP outlay in six months

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The government managed to spend 28 percent of the total outlay for annual development programme in the first six months of the current fiscal year, up from 27 percent in the same period a year ago.

However, the spending went up 24 percent year-on-year to Tk 22,443 crore during the July-December period.

The rise, by Tk 4,356 crore, was due to improved capacity of the ministries and divisions, Planning Minister AHM Mustafa Kamal told reporters while releasing the data on ADP implementation at the National Economic Council auditorium in Dhaka yesterday.

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Bangladesh to demand again duty-free access for garments to US

Second Ticfa meeting begins in Washington in May

REFAYET ULLAH MIRDHA

The government will again demand duty-free market access for garments to the US, as Bangladeshi businesses have to pay exorbitant duty for exporting apparel items to America.

The demand will be placed at the second meeting of Ticfa (Trade and Investment Cooperation Forum Agreement) in Washington this May.

The Ticfa, signed in November 2013, is a platform to resolve trade-related disputes between the two countries through discussions.

"We will start preparing our agendas for the meeting from next month. Our aim will be to increase exports to the US," said Hedayetullah Al Mamoon, senior secretary to the commerce ministry.

Among its competitors, Bangladesh is one of the top duty payers for export of garments to the US market.

Bangladeshi exporters now pay 15.61 percent duty to the US for exports of garments that account for 81 percent of the country's total exports and 95 percent of the total exports to America.

China pays 3.08 percent duty to the US for garment exports, while Vietnam pays 8.38 percent, India 2.29 percent, Turkey 3.57 percent and Indonesia 6.30 percent.

Bangladesh had also demanded the duty benefit at the first Ticfa meeting in Dhaka in April last year.

Mamoon said, at the second meeting, the government will also highlight the progress made for ensuring workplace safety that was demanded by the US for restoring generalised system of preferences for Bangladesh.

"We have met most of the conditions of the US. I hope Bangladesh will regain the GSP when it will be reintroduced for all beneficiary countries," Mamoon said.

The GSP scheme has remained suspended for all countries since July last year.

The United States Trade Representative, the chief trade negotiation body of the US, suspended Bangladesh's GSP on June 27 last year, citing serious shortcomings in workplace safety and labour rights.

In fiscal 2013-14, Bangladesh exported goods worth \$5.59 billion to the US and imported products of \$801.10 million, up from \$5.41 billion and \$537.80 million respectively from the previous year, according to the commerce ministry.

Pharma expo takes off amid high hopes

GAZI TOWHID AHMED

Vanrx Pharmsystems, a Canadian manufacturer of pharmaceutical machinery, yesterday displayed its products at a three-day expo, to tap into Bangladesh's pharma market as it has strong interest in new technology, said John Harmer, senior account manager of the company.

"We came to Bangladesh as the market has a strong potential for further growth. We want to expand our business with the growing market," Harmer said. Vanrx makes aseptic filling systems for vials, syringes and cartridges.

Local drug-makers started exporting high-quality medicines to European and Latin American market, which shows the industry's potential, he said.

Pharmaceutical exports rose 15.65 percent year-on-year to Tk 553.3 crore in fiscal 2013-14, riding on the back of growing global demand, high quality products and competitive prices.

Vanrx's aseptic filling workcell is a fully integrated and isolated filling system for sterile injectable medicines, Harmer said.

The machine has a gloveless filling isolator, combining robotic technology with integrated sterilisation system to efficiently fill vials, syringes and cartridges on one platform, he added.

The international expo, Asia Pharma Expo 2015, was organised by Bangladesh Association of Pharmaceutical Industries (BAPI) at Bangabandhu International Conference Centre.

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A microscope of the Italian brand Optika is seen on display at the Asia Pharma Expo organised by the Bangladesh Association of Pharmaceutical Industries at Bangabandhu International Conference Centre in Dhaka yesterday.

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