

BBIN FRAMEWORK

# New effort to bolster regional cooperation

DIPLOMATIC CORRESPONDENT

The joint working group on sub-regional cooperation among four South Asian nations has decided to create a panel of experts to identify projects for cooperation in power trade, inter-grid connectivity and water resources.

The decision was taken at the third meeting of the working group of Bangladesh, Bhutan, India and Nepal (BBIN) on water resources management and power/hydropower and on connectivity and transit, in Dhaka on January 19-20.

The experts will also work on exchanging best practices in water resources management and flood forecasting and other areas of possible cooperation.

The third meeting of the working group, which is a follow-up to the Indian premiers' visit to Bangladesh last June, also discussed specific hydropower projects under the BBIN framework that could be realised on an equitable basis.

During the visit, the prime ministers of Bangladesh and India had agreed that cooperation in power sector, water resources, trade, transit and connectivity should yield

mutual benefits.

"Noting Bangladesh's interest in importing power in the BBIN framework, India has agreed to favourably consider such import subject to grid security, transmission, interconnection and applicable laws, rules and regulations of the respective countries," the Indian High Commission said in a statement yesterday.

The BBIN countries signed a landmark motor vehicle agreement for the regulation of passenger, personnel and cargo vehicular traffic among them in June 2015.

The agreement will allow the four South Asian countries to implement land transport services, enable exchange of traffic rights, and ease cross-border movement of goods, vehicles and people to help expand people-to-people contact, trade and economic exchanges between them.

The working group also reviewed progress of the MVA agreement and made recommendations relevant to the process. The countries also agreed to begin discussions on the possibility of having a BBIN rail agreement based on the draft Saarc regional rail agreement template.

## CBC managing director arrives in Dhaka today



Jegan Durairatnam

STAR BUSINESS DESK

Jegan Durairatnam, managing director and chief executive officer of Commercial Bank of Ceylon, will arrive in Dhaka today on a two-day visit, CBC said in a statement yesterday.

Durairatnam will meet corporate customers of the bank in Chittagong and Sylhet, and also attend the annual staff conference of the bank.



Rupali Chowdhury, managing director of Berger Paints Bangladesh, poses with officials of the company during its annual sales conference in Kuala Lumpur on Friday.

## Kuwait's emir lines up subsidies cut

AFP, Kuwait City

Kuwait's Emir Sheikh Sabah al-Ahmad Al-Sabah said Thursday that the Gulf country plans to cut heavy subsidies on fuel and power in a bid to offset a fall in oil revenues.

"We will lift subsidies and will raise the prices of petrol, electricity and water" and reduce subsidies for other services, the Al-Rai daily quoted the emir as telling editors of Kuwaiti newspapers.

Kuwait is the only member of the six-nation energy-dependent Gulf Cooperation Council (GCC) that has

not hiked the prices of petrol and power after income from oil plunged.

Saudi Arabia, the United Arab Emirates, Qatar, Oman and Bahrain have either hiked or liberalised fuel and power prices, saving billions of dollars.

The emir however did not give any timeframe for the measures.

Last year, Kuwait liberalised the prices of diesel and kerosene. The government has allocated around \$7 billion (6.4 billion euros) in the 2015/2016 budget for fuel and power subsidies. A similar amount is earmarked for other forms of subsidies

and social aid.

The Gulf state has posted a budget surplus in each of the past 16 years, accumulating fiscal reserves in excess of \$600 billion. But Kuwait is projecting a deficit of \$23 billion in this fiscal year, which ends March 31.

The price of oil, which contributes around 94 percent of Kuwait's revenues, has lost three quarters of its value since mid-2014. The price of Kuwaiti oil has slumped to just \$19 a barrel.

The emirate has a native population of 1.3 million and is also home to about 2.9 million foreigners.



Iqbal Ahmed, chairman of NRB Bank, hands over a cheque for Tk 10 lakh to Dhaka North City Corporation Mayor Annisul Huq, as part of the bank's corporate social responsibility, to help the city corporation's CCTV security project.



A business delegation of expatriates meets Rashed Khan Menon, tourism minister, during a visit organised by UK-based Desh Foundation, in Dhaka.

## Muhith ponders over fuel price cut

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It is allowing the country to cut back on huge energy subsidies and recoup losses but is also putting pressure on foreign currency reserves.

On the positive side, the low price of oil will allow the BPC to cut down deficits and open up more opportunities for the government to review its fuel prices, said Mustafizur Rahman, executive director of the Centre for Policy Dialogue.

Although Bangladesh has not adjusted the fuel prices in line with the downward trend, the country is already benefiting from the low rates by way of imports of goods and commodities that rely on energy for production.

At the same time, Rahman also mentioned the risks Bangladesh might face.

Because of the decline, the oil-exporting nations have come under fiscal pressure and are cutting back on development spending. "As a result, the number of Bangladeshi workers going to these countries may decline, meaning we will have less remittance income," he added.

Hossain Zillur Rahman, executive chairman of the Power and Participation Research Centre, a think-tank, said the benefit of low oil price has not been passed on to consumers in Bangladesh. "It is understandable that the government is not cutting the fuel price for allowing the BPC to recoup the huge fiscal backlog created over decades."

At the same time, time is up for the government to take a policy decision on the price adjustment in the local market.

If the fuel price is adjusted, the government has to ensure that the benefits reach the end consumers.

He also said the government needs to review the terms at which it buys oil from the international markets.

Bangladesh procures crude oil from Saudi Arabia and the United Arab Emirates in a government-to-government mechanism at a fixed price in order to avoid any upward price shock.

Since the price is very low now the government can reconsider the current arrangement, said Rahman, a former caretaker government adviser.

In its latest monetary policy for January-June, the Bangladesh Bank said the falling fuel and commodity prices have globally created a low-inflation environment, paving the way for a considerable reduction in policy rates.

Although expectations owing to the global fuel price might have played a positive role in dampening inflationary concerns, the food component, which occupies almost 60 percent of the consumption basket, played the major role in pulling the general inflation downwards.

The central bank also sees a slowdown in the growth rate of foreign exchange reserves in the near future partly because of the slow growth in remittances from the Middle Eastern countries, which are suffering enormous revenue losses for the fuel price decline.

Remittance income makes a large portion of the country's foreign currency reserves -- and a significant portion of it comes from workers living in oil-producing countries.

## DataSoft wins the world's top rating

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The recognition has put Bangladesh on the map of software development world, he said, adding that Bangladeshi companies will be taken more seriously after this.

At present, there are 11 companies on CMMI level-3 in Bangladesh. DataSoft had been a CMMI level 3 firm until 2009.

DataSoft has completed many award-winning and innovative projects in Bangladesh since 1998. They include: Customs House Automation, Chittagong Port IT operation and Jute Genome Sequencing.

It also developed the country's first business-to-business site and business-to-client sites.

Its achievements also include the development of the largest Bangla e-book platform Banglabookhouse, automation of a number of commercial banks and more than 3,000 microfinance branches.

## Customs stations remain open today and tomorrow

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The revenue authority has already installed the software at all customs houses and major land customs stations to offer web-based and paperless services to traders and other stakeholders.

The software allows officials to verify the value of declared goods and curb duty evasion and money laundering through false declaration of imported goods.

## France backs Lagarde for new IMF term

AFP, Davos

French Prime Minister Manuel Valls on Thursday said France will back Christine Lagarde to head the International Monetary Fund for a second five-year term.

"What I can tell you today is that the French authorities support and have great trust in Christine Lagarde," Valls said on the sidelines of the World Economic forum in Davos, Switzerland.

Valls said France's official backing of Lagarde would come later from Finance Minister Michel Sapin.

The IMF on Thursday opened formal nominations for the managing director job, with incumbent Lagarde seen as the leading candidate despite facing a trial in France over her handling of a massive state payout to a French tycoon when she was finance minister.

Nominations for the five-year term to run the global crisis bank beginning in July will close on February 10 after a review of the candidates.

## 86pc of users trust e-commerce: survey

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The survey revealed the strong position of e-space, and the predominance of the affluent class in utilisation of online trade, said Bijon Islam, chief executive officer of LightCastle Partners.

Currently, food delivery service via the internet accounts for about a quarter of e-commerce.

Another 21 percent of the respondents purchase clothes and accessories online, and 32 percent said they are planning to buy clothes and accessories on the internet within the next 12 months.

Just 4 percent of the respondents said they are using online platforms

to buy consumer electronic goods, and 32 percent intend to do so within the next year.

Another important segment is grocery, as 4 percent of the respondents buy those online, and another 28 percent are planning to start.

Grocery and consumer electronics are set to boost e-commerce in the next 12 months, Islam said.

Currently, 7 percent of the people use online platforms to buy beauty products, and the number will jump to 18 percent in the next 12 months, the study predicted.

This is not the scene just for the three big cities of Bangladesh, Nazim Farhan Choudhury, a digi-

tal marketing analyst, said at the launch of the study at EMK Centre in Dhaka.

"There is no doubt about digitisation on the whole, as people are using digital platforms for everything -- from entertainment to purchases and making doctors' appointments across the country," Choudhury said.

Trust is the most important factor for increasing online commerce, as sales do not happen without trust, he said.

Around 51 percent of the respondents were early starters for online purchases, and about 26 percent are from Chittagong while the rest live in Dhaka and Sylhet.

Bangladesh's e-commerce sites are getting increasingly more visitors: Ekhanei.com is the most popular among the service providers, as some 21 percent of respondents use the site, while 17 percent use Bikroy.com.

The majority of e-commerce business in Bangladesh falls under consumer-to-consumer transaction business model, where a consumer sells products to another consumer, while some business to consumer e-commerce sites also operate in the country.

As the research suggests, the majority of about 28 percent digital consumers, spend an average of Tk 1,000 to Tk 10,000, per visit.

## Health, mobile banking pique Norway's interest

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During her two-day visit to Bangladesh, Ayhan met with senior government officials including Foreign Minister Abul Hassan Mahmood Ali.

She also visited the Norwegian companies operating in Bangladesh.

Ayhan, who is the co-founder and former managing director of Alarga, a company established to strengthen competitiveness of Norwegian businesses, said the people in Bangladesh are eager to start new businesses and find new solutions.

"This is the power of this market," she said, while praising the country's young demographic.

"You have a good number of impressive youths. Many countries would be jealous of Bangladesh for this," said Ayhan, also a former managing director of JADE, a European network for young entrepreneurs. Bangladesh's growth figures over the last decade also impressed her.

"You are amassing 6 to 7 percent growth every year -- not many European countries can boast of this level of growth."

She also touched upon Grameenphone, saying that investments to enhance the operator's product offerings will be continuous.

By June, Grameenphone will provide 3G connectivity across the length and breadth of Bangladesh.

"Telenor is doing this for the first time in Asia," she said.

Other than Bangladesh, in Asia Telenor has operations in India, Pakistan, Myanmar, Thailand and Malaysia, but its 3G network in those markets do not cover the entire country.

She said Grameenphone is offering "very cheap" internet in the country, which is contributing to the government's digital Bangladesh vision.

"The politicians here have big vision of a digital economy and the companies too are aligned with that government vision."

Asked about the challenges facing Bangladesh, Ayhan said: "Challenges create opportunities."

She signed off expressing hopes of a stronger bilateral relationship and more investment. "This is the belief."



Brig Gen Sultanuzzaman Md Saleh Uddin, director general of National Identity Registration Wing of the Election Commission; Syed Mohammad Musa, director (operations); and Syed Faridul Islam, deputy managing director of Prime Bank, pose during an agreement signing ceremony. The bank can now access the national database to verify client information.



Abrar A Anwar, chief executive of Standard Chartered Bank Bangladesh, and Supun Weerasinghe, chief executive of Robi, open an ATM of the bank at the mobile operator's head office in Gulshan, Dhaka.