STOCKS

DSEX	CSCX
▲ 0.03%	▼ 0.03%
4,569.28	8,558.64

COMMODITIES

Gold ▲	Oil ▲
$1,350.40 (per ounce)	$45.35 (per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.10%	▼ 0.18%	▲ 0.17%	▼ 0.21%
27,774.88	16,735.12	2,875.57	3,019.29

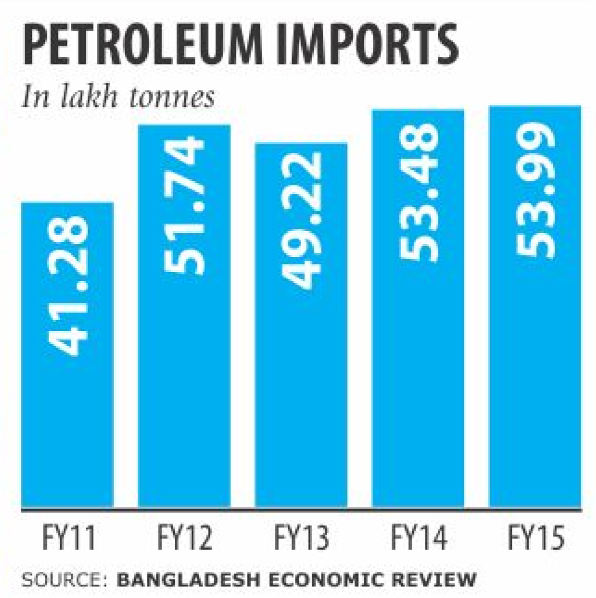
CURRENCIES STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	77.75	85.72	100.53	0.75
SELL TK	78.75	89.12	103.93	0.79

Star BUSINESS

DHAKA THURSDAY AUGUST 11, 2016, *SHRABAN 27, 1423 BS*

Oil import costs to soar under govt-to-govt deals



Rejaul Karim Byron

Bangladesh Petroleum Corporation's cost on premium will escalate by at least 52 percent to 71 percent for importing petroleum products under government-to-government deals instead of open bidding.

The premium, which is the cost of shipping petroleum products and includes freight charges and insurance, was fixed at $4.4 per barrel for gas oil and $5.4 for jet fuel imports during the January-June period under government-to-government agreements.

Under the open tender that took place in April for the first time since 2005, the premium stood at $2.37-$2.57 for gas oil and $3.06-$3.54 for jet fuel per barrel.

The cabinet committee on purchase on Wednesday gave the go-ahead to BPC to import 14.64 lakh tonnes of gas oil and jet fuel under the government-to-government arrangement from nine countries.

The development comes after the purchase committee in December last year decided that BPC will import 50 percent of petroleum products a year through government-to-government deals and the other 50 percent through open tender.

Since the going market rate is used as the price of petroleum, the suppliers in an open tender differentiate themselves with their premium rates.

A BPC official told The Daily Star yesterday that they have been pursuing to fix the premium rate for government to government arrangement on the basis of the rate quoted by bidders in open tender for imports for the July-December period.

For instance, BPC has been negotiating with Kuwait Petroleum Corporation for premium at a rate of $2.3 per barrel, which is lower than the rate received in the open tender.

Asked why Kuwait Petroleum Corporation is offering such a low rate, he said the company produces oil and has its own ship, so they can quote lower rates.

The other countries have not come forward yet with such rates in the neighbourhood of Kuwait Petroleum Corporation's, he said.

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United Group hastily pulls back from Islami Bank board

United booked quick profits by selling the shares

Sajjadur Rahman

Hazrat Shahjalal (RA) Industrial City, a proposed company of power giant United Group, has left the post of directorship of Islami Bank within just one and a half months of assuming the position.

The withdrawal of directorship from the board of Islami Bank by selling off its entire shareholdings so soon has blindsided many, including the group's nominated director.

"I never expected this. It was abnormal and embarrassing for me," said ANM Saidul Haque Khan, who became a director of Islami Bank on June 2 as a nominee of Hazrat Shahjalal (RA) Industrial City.

Khan said he did not know why the owner has sold out their entire shares so quickly.

There are talks in the financial market that United Group has booked quick profits by selling the shares.

The share price of Islami Bank started declining from Tk 27 plus since the turn of the year, according to Dhaka Stock Exchange website. Between February and May, the bank's share price dropped as low as Tk 22 a share.

It started picking up in June and reached a one-year high of Tk 34.4 a share in July, when United Group's sister concern announced sale of its entire holdings of 32,547,335 shares.

Hazrat Shahjalal (RA) Industrial City sold its stocks at Tk 32 a share, an official of Dhaka Stock Exchange said.

If the average buying price of the stocks was Tk 25 a share, the profit was more than Tk 22.78 crore, which is a good sum for a company that is yet to begin operations.

"When we saw the price of the share has gone up, we decided to sell those to book profits," Moinuddin Hasan Rashid, managing director of United Group, told The Daily Star.

Rashid admitted that the buying price of each Islami Bank share was about Tk 25 and the selling price Tk 32.

Other than the lure of quick profits, another factor has motivated them to sell the shares, he said.

"We came on board to add value and contribute to the growth of the bank's business. Later we found we could not do, so we came out," Rashid added.

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Another 4 apparel units complete remediation

Star Business Report

Another four garment factories affiliated with Alliance have implemented their recommended corrective action plans to be fully compliant production units.

The total number of factories that have implemented the action plans now stands at 32, according to a statement by Alliance, a platform of 29 North American retailers and brands working on factory safety upgrades.

"We commend Park (Bangladesh) Company, Olio Apparels, Fountain Garments Manufacturing and Unitex International for their commitment to making their factories models of worker safety," said Alliance Country Director James Moriarty.

"Conversely, our suspension of eight new factories demonstrates that those unwilling or unable to address critical safety issues will no longer be welcome as partners in our supply chain," Moriarty said.

Alliance suspended business ties with the eight factories for their failure to show evidence of remediation progress; the total number of such suspended factories now stands at 91.

To date, more than 57 percent of the remediation works have been completed in the garment factories that the Alliance members, including Walmart and Gap, source from, the statement said.

Engineers of Alliance have been monitoring the progress in remediation on fire, electrical and structural elements after the completion of preliminary inspections in September 2014.

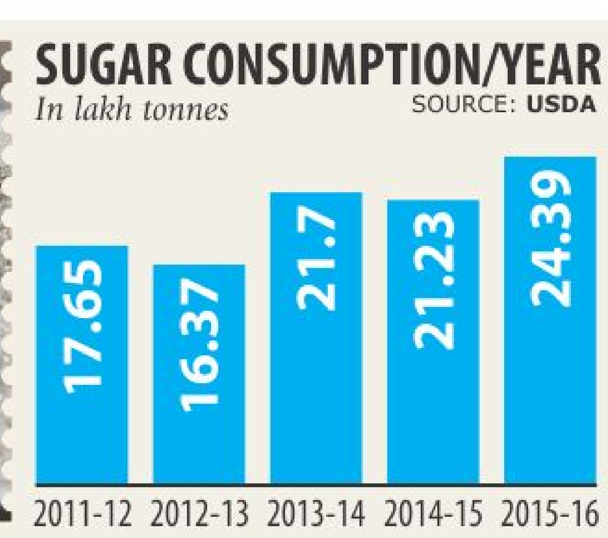
Alliance member factories have already imparted training to 1.2 million workers on fire and building safety and set up hotlines so that workers can complain to government officials if any dispute arises.

Alliance performs independent inspections on the structural, electrical and fire safety of all factories from which its members source.

READ MORE ON B3

Sugar consumption on the rise

Sohel Parvez



Sugar consumption continues to rise in Bangladesh, driven by increased intake of beverages, biscuits, sweets and confectionary items, said industry operators.

Consumption of the sweetener stood at 24.39 lakh tonnes in fiscal 2015-16, up 15 percent year-on-year and the highest in five years, according to a report of the US Department of Agriculture.

The reason for the increased consumption is the burgeoning middle-class, said Golam Mostafa, chairman of Deshbandhu Group that operates a sugar refinery.

Every year, 20 lakh Bangladeshis are joining the ranks of middle- and affluent-class, according to a report released by Boston Consulting Group last year. Households with annual income of $5,000 or more are considered to be middle-class.

Bangladesh has about 12 million of middle- and affluent-class people, accounting for 7 percent of the total population, according to the report.

Operators said consumption of sugar has been rising every year for its increased use as a key ingredient for beverages, bread and biscuits, confectionary, sweets, cakes and pastries -- whose demand is growing too for the steady economic growth.

"Now you will find a lot of sweet stores in the suburbs. More and more people are buying refrigerators and they like to keep sweets and beverages for consumption at home."

Bangladesh has five private refineries that can process up to 34 lakh tonnes of imported raw sugar a year.

The country has to spend more than Tk 5,000 crore a year to import raw sugar and the amount is swelling by the year for increased industrial demand, according to Bangladesh Bank data and refiners.

Raw sugar imports rose 8.5 percent from a year earlier to 21.16 lakh tonnes in fiscal 2015-16, according to data compiled by Bangladesh Sugar & Food Industries Corporation, the state agency that operates state sugar mills.

"The demand for fast food, especially cakes and pastries, is rising. A huge quantity of sugar is needed for the soft drinks industry," said Bishwajit Saha, general manager of City Group that runs the country's biggest sugar refinery.

The refinery processes 10 lakh tonnes of sugar a year. Sugar consumption will rise further in the years to come, he said.

Three-four years ago, per capita consumption of sugar in Bangladesh was 7-8 kilograms a year. It now stands at 11-12 kilograms on an average, Saha said.

"Still we are lagging behind India and Pakistan in terms of per capita intake."

India's per capita sugar consumption averaged at 20 kilograms between 2012 and 2014, according to OECD-FAO Agricultural Outlook 2015.

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Edotco to bring carbon fibre telecom towers

Star Business Report

Edotco Bangladesh plans to install carbon-fibre towers on rooftops in Bangladesh soon, which will be a milestone in the company's pursuit of establishing innovative telecom infrastructure in the region.

Currently, it is installing its first ground-based carbon fibre towers in Taman Tasik Prima, Puchong in Malaysia, which will be the first of its type in Asia.

"We aim to start installing the carbon fibre rooftop structures in Bangladesh in September," said Mohammad Manzoorul Islam, director operations of Edotco Bangladesh, a tower management company.

"This innovation is a great solution to the building constraints here in Bangladesh."

These towers' weight will be 70 percent less than conventional steel structures. It will also reduce the foundation requirements by half, while providing high strength to weight ratio. The company is investing in high quality infrastructure and encouraging tower sharing, where the tenancy ratio has improved to 1:3 now.

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BB sets foreign currency rules for economic zones

Star Business Report

Bangladesh Bank yesterday issued a new notice on foreign exchange regulations for enterprises and developers in planned economic zones as the government seeks to attract more investors.

The foreign exchange regulations applicable for units in the existing export processing zones will also be applicable for entities in EZs, if not otherwise directed by the BB.

The central bank has divided industrial units into three categories: A, B and C.

Type A units are 100 percent foreign-owned, including those owned by Bangladeshi nationals ordinarily resident abroad.

Type B units are joint-venture projects between foreign and local entrepreneurs. Type C units are those fully owned by Bangladeshi entrepreneurs who permanently reside in the country.

The units under the three types will maintain foreign currency accounts with authorised dealers.

The Type A units may open and maintain such accounts with offshore banking units of scheduled banks of Bangladesh.

Proceeds from exports by entities of different types of EZs must be retained and used through the foreign currency accounts.

Besides, equity from foreign shareholders and loan received in foreign currency from authorised sources may be credited in the foreign currency accounts of Type A and Type B units.

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