

Kurdish merchants, Turkish goods take back Mosul food trade

REUTERS, Zakho, Iraq

Iraqi-Kurdish trader Kasim Dilbrin lost everything when Islamic State seized his warehouses in Mosul. Now the militants are retreating, he is back in business, bringing everything from baby food to flour over the border from Turkey.

Fighting is still raging in Iraq's second largest city where Islamic State suicide bombers and snipers are facing off against advancing Iraqi troops and US-led air strikes.

But just a few blocks from the frontline, on the government-controlled, eastern side of the Tigris river, shops and restaurants are springing back into life, alongside a market filled with goods from Dilbrin and his competitors.

"We are selling 50 tonnes of flour to Mosul every week," he said, sitting in his offices in the town of Zakho, 100km (60 miles) further north on the border with Turkey.

That is still a fraction of the 300 tonnes he used to sell to Mosul until Islamic State arrived in June 2014 and shut down his business because he was a Christian.

But things are changing fast. Months after Iraq's government and its allies started an offensive against the militants, Kurdish merchants are pushing on behind them, bringing their Turkish produce back along reinvigorated trade routes.

"Sales have gone up by 30 to 40 per-



A man stands outside a shop in Zakho near the Iraqi-Turkish border in Iraq.

REUTERS

cent," since the offensive started in October, said Mosleh Ismail, a dealer in Turkish honey and jam, also based in Zakho.

He sends a truck to Mosul four times a week, and has secured contracts to supply the nearby Khazer camp, home to about 40,000 displaced people.

Under Islamic State's 2-1/2-year-long

occupation of Mosul, supply routes shifted away from Turkey to Syria - particularly the militants' Syrian stronghold of Raqqa.

Some Turkish goods got through, alongside produce from Syria and Iran. But larger Turkish suppliers pulled out, scared off by the closed routes and heightened security threats.

Some are still wary. "I got arrested twice

by Daesh (Islamic State) ... I won't be going back even if I lose business," said one driver in Zakho who gave his name only as Charib.

And many logistical problems remain. Only one route from Zakho is open - a 200-km roundabout route via the Kurdish town of Kalak. Traders also have to negotiate a series of often costly roadblocks.

A Reuters correspondent saw a truck driver hand over seven bags of pasta to a soldier before he was let through a checkpoint to eastern Mosul.

"I have to pay \$35 dollar a tonne flour at checkpoints," said Dilbrin. "It's not really official but you can't avoid it."

But the return of the Kurdish traders has already proved a boon for Iraqi Kurdistan, an autonomous region in northern Iraq hit by low oil prices and the Baghdad government's decision to cut off funding after the Kurdistan Regional Government started building a crude pipeline to Turkey.

Kurdish telecoms firm Korek has been expanding to eastern Mosul, tapping a market where people have been starved of internet and cell phone subscriptions banned by militants.

And every day, hundreds of lorries cross the Turkish border, pushing to reopen markets in Mosul and beyond.

"Transport costs are driving up prices," said Ismail. "But they will go down as competition is increasing."

BTRC to run cost model analysis for data prices

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After a few years, the BTRC set the ceiling for short message services (SMS) at Tk 0.50 for each local SMS and Tk 2 for international SMS. There is no lower price limit in this segment, said an official of the regulator.

However, value added services in SMS and voice could be priced differently, with prior approval from the regulator.

A senior consultant of the ITU will soon join the BTRC to do the cost modelling analysis, he added.

At present, data service prices are set by the operators, with the regulator having no benchmark to check the rationality of the pricing. "That's why different operators are charging as they wish."

The government reduced the internet bandwidth price to as low as Tk 625 a megabyte last year, which was Tk 72,000 eight years back.

However, there are allegations that data prices did not fall in line with the deduction in bandwidth prices.

"We understand that bandwidth is one of the components of the total cost, but it is a pricey one and there should be some impact at the end user level when we reduce it. But the telecom companies seem to disagree. So we decided to do a cost modelling for that," said Mahmood.

In the meantime, the regulator also organised its first public hearing in November last year on mobile operators' service quality, where users also

raised the issue of both data and voice costs.

The regulator also plans to reset the ceiling and floor price for voice services. Since the BTRC has a cost modelling method for the voice segment, they can change some of the benchmarks and revise the charges from time to time as per demand, said Mahmood.

The meeting also discussed reducing or withdrawing the VAT from internet use, which the regulator will finalise after a meeting with the National Board of Revenue, said a committee member.

Currently, there are 6.67 crore internet users in the country, and of the number, 57 percent are using internet through their mobile phones, according to the BTRC.



Transcom Group Director Atiqur Rahman launches Transtec inverter series air conditioner at a programme. The air conditioner will be available at the outlets of Transcom Digital. Chief Operating Officer Arshad Haque and Head of Business Yeamin Sharif Chowdhury were also present.

Garment makers line up to hit \$500m in exports

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Established in 1984 on a small scale, the company's annual export receipt stood at \$535 million in 2015-16.

"I have a target to reach \$1 billion in annual exports in the next six to seven years," said AK Azad, managing director of Ha-Meem Group. It is not an impracticable target as the future export trend is positive, he said. "All we need is political stability in the country."

To achieve that goal, Azad has been strengthening Ha-Meem's capacity, especially to manufacture the denim and woven products. Currently, Ha-Meem Group has 23 units and employs around 50,000 workers.

Export receipts of less than \$500 million do not mean that the other companies are performing poorly, Nasir said.

"Many companies are performing very well and their turnover will even cross the \$1-billion mark soon," he added. One such company that is on the cusp of hitting the milestone of \$500 million in export receipts is Nassa Group.

"The export growth trend is good. I am very much hopeful that we will reach \$500 million in exports very soon," said Nazrul Islam Mazumder, chairman of Nassa Group.

DBL Group is on the same boat as Nassa. "I hope my group can cross the \$500-million mark next year," said MA Jabbar, managing director of DBL Group.

He went on to state that it will not be long before the other big garment companies hit the milestone like Ha-Meem, as they have the production capacity and the support from international retailers. Bangladesh exported garment items worth \$28.06 billion last fiscal year and is chasing a target of \$30.37 billion this year.

China has a 37.50 percent share of the \$450 billion global apparel trade, followed by Bangladesh that has a 6 percent share.

Citi celebrates successes of small businesses

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"We have selected the winners for their innovative products and branding activities that are really adding value to the country's growth," Mahmud said at the award giving ceremony at the Westin Dhaka hotel.

The winners of the Citi Micro-entrepreneurship Awards launched innovative businesses and branded products in their respective areas very successfully, he said.

The number of such micro-entrepreneurs and their contribution to the economy are growing fast, he said.

The awards were given in the best micro-entrepreneur, best women micro-entrepreneur, best youth micro-entrepreneur and best agriculture micro-entrepreneur categories.

Zillur Rahman Chowdhury from Shaluka in Naogaon won the best micro-entrepreneur of the year award for bird farming. He got Tk 4.50 lakh.

The champions of the rest three categories received Tk 3.5 lakh each.

Ruma Akter from Munshiganj became the best women micro-entrepreneur and Rubel Dewan from

Ashulia in Savar won the best youth micro-entrepreneur award.

Saima Khatun from Shyamnagar in Satkhira won an award in the best micro-entrepreneur in agriculture category.

The runners-up of each category received Tk 1.5 lakh each as prize money while the second runners-up got Tk 1 lakh each.

However, there was no prize money for the winning financial institutions.

People's Oriented Program Implementation or POPI became the best microfinance institution while Village Education Resource Centre (VERC) won the award for the most innovative microfinance institution.

The contribution of SMEs to Bangladesh's GDP is 11 percent, which is very low compared with other countries, including India where the rate stands at 17 percent, said AHM Mustafa Kamal, planning minister.

"We need to increase the participation of this large segment in the economy," he said at the award ceremony as the chief guest.

Palli Karma-Sahayak Foundation has 80 lakh micro borrowers, the

minister said.

The total microcredit of the foundation increased to Tk 10,700 crore in 2014 from Tk 3,700 crore in 2006, he said.

He urged the central bank, SME Federation and non-governmental organisations to work together to promote the sector.

He also emphasised developing an independent research wing for the SMEs.

The Awards ceremony was implemented by Citibank, NA Bangladesh with Sajida Foundation as the local partner and Credit Development Forum (CDF) as the strategic partner.

Channel i and The Daily Star are the media partners of the programme.

MA Mannan, state minister for finance, and SK Sur Chowdhury, deputy governor of Bangladesh Bank, attended the programme.

James Morrow, sub-cluster head of Citi Bangladesh and Sri Lanka; Rashed Maqsood, country officer of Citi Bangladesh; Zahida Fizza Kabir, executive director of Sajida Foundation, and Abdul Awal, executive director of CDF, were also present.

Citi profit beats estimates

REUTERS

Citigroup Inc reported a higher-than-expected quarterly profit as the bank's fixed-income trading was boosted by clients adjusting their positions following rate hikes by the Federal Reserve and changes in the forex and credit markets.

US banks have been benefiting from a jump in markets-related revenue following the rate hikes, as well as elections in Europe and Britain's progress in leaving the European Union.

A surge in trading activity also helped JPMorgan Chase & Co, the biggest US bank by assets, report a nearly 17 percent rise in quarterly profit earlier in the day.

"The momentum we saw across many of our businesses towards the end of last year carried into the first quarter, resulting in significantly better overall performance than a year ago," Citigroup's Chief Executive Michael Corbat said in a statement.

The company reported a 17 percent jump in quarterly profit to \$4.09 billion, or \$1.35 per share, beating analysts' average estimate of \$1.24 per share, according to Thomson Reuters I/B/E/S.

Total revenue rose about 3 percent to \$18.12 billion, topping the average estimate of \$17.76 billion.

Revenue from fixed-income trading rose 19 percent to \$3.62 billion, while the bank's much smaller equities trading saw revenue increase 10 percent to \$769 million. Gains in fixed-income trading came with additional volume in interest rate and credit products, as well as foreign exchange.

Combined, trading revenue jumped about 17 percent, higher than the "low double-digit" rise that Chief Financial Officer John Gerspach projected five weeks ago.

Bond market conditions can have a big impact on Citigroup's bottom line because of its business mix. In 2016, fixed-income trading and debt underwriting together produced nearly \$16 billion of Citigroup's \$70 billion of total revenue.

The ratio of expenses to revenue was about 58 percent, in line with the company's goal for this year. Citigroup said return on tangible equity, a key measure of profitability, was 8.5 percent, up from 7.3 percent a year earlier.

Muhith plans an ambitious budget

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The finance ministry official said they have been trying to keep the growth target for next fiscal year at a realistic level. The GDP growth target for fiscal 2017-18 may be set at 7.4 percent, up from current fiscal year's 7.2 percent.

Muhith on various occasions said the GDP growth this fiscal year will be higher than the target.

However, the World Bank, Asian Development Bank and the IMF have projected that the growth this year would be below 7 percent.

Loss-making exchange houses being turned into agent banks

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Banks are mostly facing setback in London for higher operational cost and strict regulation, said a senior executive of BB.

Of the 10 closed exchange houses, three were in the UK, two in Australia, two in Canada, two in the US and one in Singapore.

The UK is the most competitive market where most Bangladeshi banks are doing business. Alone in London, 10 banks have exchange houses to serve remitters.

The banks are: Bank Asia, Brac, Exim, IFIC, Mercantile, Prime, Pubali, Southeast, Mutual Trust and Standard bank. State-run Sonali Bank also has a company in the UK which runs as a full-fledged bank.

Among the exchange houses, only that of Brac Bank is making profits thanks to its agency arrangement business model. The exchange company logged a profit of Tk 30 lakh in 2016.

The bank formed a company named Brac Saajan Exchange Ltd jointly with local partners. The exchange company provides remittance service to Bangladeshi communities across the country through agents.

The operational expenditure of Brac Bank is low because of the agency agreement, said Hussain. The UK-based partners have equity participation in Brac Saajan and get share of the profit. Brac Bank holds 85 percent share

into the exchange company while the rest is owned by local agents. "This is a cost-effective model, which has made the exchange company profitable," said Hussain.

Hussain said although the agent model poses some challenges including reputational risk but they are manageable.

Banks are incurring losses in the UK as they spent huge amount of money to rent offices from the very beginning of their operation, according to Hussain.

A senior executive of BB said Brac had started the agency agreement model without prior approval from the central bank and later took the post-facto approval. The post-facto approval is taken

after a project has already begun.

Prime Bank's exchange house in the UK only made profit for the first time in 2016. Until last year, it had been incurring losses since its opening in 2010.

The bank has received approval from BB to remodel its business in line with that of Brac Saajan.

Hasanul Zahed, head of the international division for Prime Bank, said Brac Bank's business model has become successful as it has been able to reach the remitters with minimum cost through the agents. "So, we have started to follow the similar model."

Banks however are making good business in Singapore and Malaysia as the countries are rela-

tively small in size, allowing the licences to cover the markets through only one or two branches.

Among all banks, National Bank has the highest number of exchange houses abroad. It has offices in Greece, Oman, South Africa, Singapore, Malaysia, the Maldives and the US. The bank had sought permission from the central bank to shift to the agency agreement model in the UK, but the attempt was unsuccessful.

ASM Bulbul, deputy managing director of National Bank, said the bank wants to roll out the agency agreement model as it is cost-effective. The bank will apply again to the central bank seeking the permission, he said.