

Canada to adopt progressive trade agenda: envoy

STAR BUSINESS REPORT

The Canadian government will soon adopt a progressive trade agenda to help all segments of society around the world, said Benoit-Pierre Laramée, Canadian high commissioner in Dhaka.

The progressive trade agenda will particularly focus on women, indigenous people, youth, and small and medium businesses, Laramée said while addressing a function on the 150th anniversary of the Confederation of Canada at Le Meridien Hotel in Dhaka on Thursday.

Canada-Bangladesh Chamber of Commerce and Industry (CanCham) organised the event.

"It is a pleasure to witness the significant increase in bilateral merchandise trade between Canada and Bangladesh over the past few years, from less than 600 million Canadian dollars in 2005 to around 2.4 billion dollars in 2016," Laramée said.

"The rapid growth in two-way trade between our two countries has contributed to Bangladesh's food security and economic development and to our mutual prosperity," the envoy said.

During this period, Bangladesh has become the second largest source of Canadian merchandise imports from



From left, Masud Rahman, president of CanCham, Benoit-Pierre Laramée, Canadian high commissioner in Dhaka, and Abul Hassan Mahmood Ali, foreign minister of Bangladesh, pose for photographs on the occasion of the 150th founding day of Canada at Le Meridien Hotel in the capital on Thursday.

South Asia, he said. Many Canadian garment retailers source their products from Bangladesh, Laramée said.

CanCham Bangladesh believes that trade

between the two countries could increase to US\$5 billion by 2021, said Masud Rahman, the president of the chamber.

"This needs about 40 percent growth per

annum. For this, Bangladesh should drastically look for export diversification. Canadian exports to Bangladesh should also substantially increase to maintain healthy trade balance," Rahman said.

Bangladesh witnessed over 7 percent GDP growth last year which presents a considerable opportunity for foreign investment, Rahman said.

"There is substantial Canadian investment in Bangladesh. I hope it will increase rapidly as CanCham Bangladesh has established strong networking with Asia Pacific investors through our linkage with Asia Pacific CanChams," Rahman said.

Foreign Minister Abul Hassan Mahmood Ali said: "Our respective Chamber bodies should work closely and exchange more visits to identify mutually beneficial ventures. Taking this opportunity, I urge our Canadian friends for more Canadian investment in Bangladesh and hope that CanCham will also play an enabling role in this regard."

Canadian entrepreneurs may contribute to the economic growth of both the countries by investing in the 100 special economic zones being established all over Bangladesh, especially in power, energy, transportation, ICT, food and agro processing sectors, the minister said.

SBMA elects president

STAR BUSINESS DESK

Abu Noman Howlader, managing director of BBS Ltd, and Rezwanaul Mamun, managing director of Stillmark Buildings Ltd, have been elected president and general secretary of Steel Building Manufacturer's Association of Bangladesh (SBMA).

They were elected for the next two-year tenure, according to a statement.

Dhaka chamber wants VAT at 7pc

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For example, the Indian government imposed the anti-dumping duty on import of jute and jute goods from Bangladesh to protect their domestic industries, he added.

The chamber president also suggested the government introduce a one-stop service centre at the Bangladesh Economic Zone Authority, as the licensees of the special economic zones cannot start operations due to a delay in connections of water, power and gas.

Khan proposed a 15 percent hike in allocation for the power division, 423 percent in energy and mineral resources, 10 percent in railways, 45 percent in roads and highways and 10 percent in the bridge division in the upcoming budget for fiscal 2017-18.

The Dhaka chamber also proposed an allocation of \$320 billion by the end of 2030 to implement the mega infrastructures, on an average of \$22 billion a year.

The chamber felt the need for a project monitoring platform under a public private partnership modality under the name of National Infrastructure Development and Monitoring Advisory Authority, he said.

BB needs long-term policies for forex market: analysts

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The issue of exchange rate came to the fore last week in the wake of continued devaluation of the taka against the dollar.

Data shows, the taka went down 3.49 percent to Tk 83.66 a dollar in just two weeks since April 11.

As a result, a strong dollar has threatened to push up the price of essential commodities ahead of Ramadan. Finally, the BB put a cap on the price of US dollar -- inter-bank exchange rate plus Tk 2 on Wednesday -- to control the market. On the following day, exchange rate came down to Tk 82 a dollar from Tk 84 a day ago.

Ahmed Jamal, executive director of BB, said the central bank is working to find a way to detect the early signs of dollar price mismatch.

"The recent overnight increase in exchange rate was unusual and there might be other reasons than the demand and supply situation in the market," he said. "But we don't have so many instruments to control the price fluctuation," Jamal added.

He asked the commercial banks to

give loans in foreign currency based on their own inflow-outflow position.

He said the local investors who were allowed to invest abroad have failed to bring return to the country. Now the central bank is rigid about allowing more investments abroad. He also said there are many such applications pending with the BB.

On the capital account convertibility, Jamal said the issue has to be decided by the government in consultation with the BB.

Mohammed Nurul Amin, chairman of Bangladesh Foreign Exchange and Dealers' Association, said the recent spike of exchange rate was a reflection of a distorted market.

He said the price shooting up by Tk 3 to Tk 4 in a few days was unusual, but the decline in the rate by Tk 2 in a single day was more unusual that has affected some banks and businesses as well.

Alamgir Morshed, managing director and head of financial market of Standard Chartered Bangladesh, said foreign exchange market has liquidity crisis at the moment.

Moreover, there is no uniform exchange rate among the banks, he said, adding that different banks -- private, foreign and state-owned -- have different buying and selling rates.

He said brokerage houses can play a good role in an emerging market, but in Bangladesh there is no broker to balance the demand and supply.

State banks fix the exchange rate, mainly by giving priority to the importers, as a higher dollar price will affect import-dependent commodity market badly, said Abdus Salam, managing director of Janata Bank.

"But remitters will be discouraged to send money home due to lower exchange rate," he said.

The central bank is still very much conservative in foreign currency payments, said Sadiq Ahmed, vice chairman of Policy Research Institute.

Allowing capital account convertibility may need more time but the central bank needs to be flexible about foreign currency regulation, he said.

Towfiq Ahmed Choudhury, director general of Bangladesh Institute of Bank Management, also spoke.

Fresh spike in rice prices

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At this time of year, stocks from the previous harvest typically begin to dwindle and fresh paddy harvests come in from the haor regions in the northeast, said traders and millers.

But floods in the back swamps have wiped out crops, causing a loss of 4.5 lakh tonnes of cereal, according to the government's primary estimates.

"There is no hope. It would be tough to recover the losses," Ali said.

With farmers struggling to recover a part of their crops in the haor areas, rainfall and floods affected standing boro in some districts in the northwest as well.

The attack of fungal diseases in some fields has worsened the situation, dampening prospects for boro paddy that accounts for about 55 percent of the total annual supply of the staple at 3.47 crore tonnes.

The Department of Agricultural Extension (DAE) earlier projected the production of 1.91 crore tonnes of rice in the current boro season, as part of its goal of bagging 3.51 crore tonnes in fiscal 2016-17. Millers

said farmers in the northwest usually begin harvests at the end of April. But it is yet to start in full swing.

"There is an acute shortage of paddy in the local haats in the growing areas. Wherever there is a supply of fresh harvests, buyers are rushing to the spot. There also are reports of advance selling by some millers," he said.

Abdur Rashid Dawan, proprietor of Matin Rice Agency, a commission agent at the rice wholesale depot of Babubazar in Dhaka, said millers could not supply the required quantity of rice because of inadequate supplies.

He placed orders for 30 tonnes of rice with a miller last week; the miller supplied half the order. "I will contact the mill again tomorrow (today)."

The supply of paddy remains low as many farmers could not harvest the already matured paddy because of bad weather, he said.

"Rainfall has also delayed ripening of the grain. But it appears that supply will rise in a week, if the current

weather continues."

Towfiqul Islam Khan, research fellow of the Centre for Policy Dialogue, said a diminished stock of rice and loss of boro crops are promoting speculation in the rice market.

The rising price of coarse rice is particularly affecting the extreme poor working in the non-farm informal sector, including the urban slum dwellers.

This group spends about 40 percent of their total income on rice, he added. "It is critical to enhance efforts towards country-wide open market sales and relief works in the flood affected haor areas."

Khan said the rising prices may also affect boro season procurement, as the offered price may not appear lucrative. The government must keep a close eye on it and explore import options, he added.

The government aims to buy seven lakh tonnes of paddy and eight lakh tonnes of rice during the harvest of boro at Tk 24 and Tk 34, which is 4 percent and 6 percent higher than last year's.



Syed Mohammad Kamal, country manager of MasterCard Bangladesh, Syed Mahbubur Rahman, managing director of Dhaka Bank, Faisal Ahmed, chief economist of Bangladesh Bank, Mijanur Rahman Joddar, executive director of Bangladesh Bank, and Arfan Ali, president and managing director of Bank Asia, are seen at the first ever Financial Innovation Forum 2017, presented by Standard Chartered Bangladesh, powered by City Bank and initiated by Financial Forum Bangladesh that was formally launched at Le Meridien in Dhaka yesterday.

Telcos blame poor services on low spectrum

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With demand for data and voice traffic expected to rise rapidly in future, operators said it is essential that the government deploy sufficient spectrum for them.

"We can't deliver quality services due to a lack of spectrum," said TIM Nurul Kabir, secretary general of Association of Mobile Telecom Operators of Bangladesh (AMTOB).

Operators have taken all possible measures to improve their service quality, but it did not bring improvements at the expected level because of insufficient spectrum, said Kabir.

Spectrum relates to the radio frequencies allocated to the telecom industry for their services over the airwaves, which also have different bands.

According to a document presented by Md Nasim Parvez, director general of BTRC's spectrum division, at a summit on South Asian Telecommunication Regulators' Council in Dhaka last October, each operator in Bangladesh uses 28.4 Megahertz of spectrum on average. It is 70 to 110 MHz for each operator in a developed country.

In Malaysia, operators are using 56 MHz, while it is 41 MHz in Vietnam.

Meanwhile, operators in Bangladesh are serving more customers than the operators in developed countries, added the document.

The country has a total of 330 MHz of spectrum in six different bands, but the regulator has allocated only 182 MHz. Of the amount, the operators received only 117 MHz.

"Unused spectrum does not bring revenue for the government. Rather, if this spectrum is allocated or sold to the operators at a lower price, it will help improve service quality," said Shahed Alam, executive vice president of Robi, at a pre-budget meeting with National Board of Revenue.

BTRC has even allocated some spectrum to non-mobile phone operators who are not using it, according to BTRC officials.

The government has also allocated a hefty amount of valuable spectrum to some government agencies, but those remain unused for years now.

BTRC Chairman Shahjahan Mahmood has acknowledged the problem and said they are taking measures to allocate more spectrums to the mobile operators.

"We have decided to allocate more spectrums with neutrality services," said Mahmood.

Market leader Grameenphone is using 14.6 MHz of spectrum in the 1,800 band and 7.4 MHz in the 900 band. In 2013, they bought another 10 MHz in the 2,100 band for 3G services. The operator generates 22.25 crore calls a day for its six crore active customers.

Robi had 19.8 MHz in three bands; it got 16.6 MHz of Airtel's spectrum after the merger.

Banglalink has 20 MHz of spectrum in three different bands, while state owned Teletalk has 25.2 MHz. Citycell has 6.5 MHz of spectrum but it is currently out of service.

Operators also discussed high spectrum prices and technological neutrality, which affect service quality.

"Bangladesh may be the only country in the region operating telecom services without technological neutrality," said Kabir of AMTOB.

Technology neutrality means the operators would have the choice to use their spectrum as they see fit. Neighbouring countries like India, Pakistan and Sri Lanka have already introduced it a couple of years ago, which improved service quality in those countries.

In 2013, the regulator assigned per MHz of spectrum in the 2100 band at a charge of \$21 million. It is now recommending the floor price of spectrum at \$25 million in the upcoming auction.

In addition, operators will have to pay a few million extra per MHz for technological neutrality.

As of February, there are around 13.97 crore active SIMs in Bangladesh, with 6.31 crore connected to the internet. Around 3 crore SIMs use 3G services.



Mohammad Zubayer Ershad, head of Consumer Banking Division of Prime Bank, and Imran Mustafiz, vice-chairman of NDE Group, exchange documents after signing an agreement on behalf of their respective organisations recently. Under the payroll agreement, the employees of NDE and its concerns -- NDE Ready Mix and NDE SS -- will enjoy certain privileged services and facilities from Prime Bank. Deputy Managing Director of Prime Bank Touhidul Alam Khan was also present.



Economic Reporters' Forum (ERF) and Chartered Financial Analyst (CFA) Society Bangladesh jointly organised a workshop on "financial analysis for economic reporters" at Sonargaon Hotel in Dhaka yesterday. AB Mirza Azizul Islam, a former caretaker government adviser, attended the workshop as chief guest. IDLC Finance's Managing Director Arif Khan, CFA Society Bangladesh's President Shahidul Islam and ERF General Secretary Ziaur Rahman were also present.