

Cabinet body suggests lending rate cut for all exporters

STAR BUSINESS REPORT

The cabinet committee on export yesterday recommended lowering interest rates to 7-8 per cent for all export sectors with a view to providing the exporters with a competitive edge in the global market.

It is not possible to provide loans at the single digit rate to all export sectors, some thrust sectors having significant contributions in export earning should immediately be granted this facility, the committee suggested.

The thrust sectors include information and communication technology, light engineering, jute goods, fish and chicken feed, poultry, steel and toilet-ries.

Presently, only readymade garment, frozen food, agro-based industries, footwear and leather goods sectors get export credit at seven per cent interest rate.

The cabinet committee meeting chaired by Commerce Minister Amir Khosru Mahmud Chowdhury was attended by Shipping Minister Akbar Hossain, Industries Minister Motiur Rahman Nizami, State Minister for Finance Shah M Abul Hussain, State Minister for Foreign Affairs Reaz Rahman, Chairman of National Board of Revenue Khairuzzaman Chowdhury and Commerce Secretary Suhel Ahmed.

"Interest rate on loans is a big factor in making industries competitive.

Exporters are already facing tough competition in the global market and it is going to be intensified further in the coming days," Khosru told newsmen after the meeting held at this office.

The cabinet committee also recommended setting up of an industrial estate for producing raw materials for pharmaceutical companies. Initially, the estate will accommodate 20 companies for setting up their factories and effluent treatment plants.

The pharmaceutical companies will be allowed to send up to one lakh US dollars annually instead of existing 30,000 dollars through official channel for setting up their offices abroad and for maintenance to promote their

products, it suggested.

In a bid to tap the potential of light engineering sector, the government has prepared a list of 12 local companies to provide them with technical assistance to produce spare parts for foreign automobile companies, the meeting was told.

It was decided that Bangladesh Machine Tools Factory (BMTF) at Gazipur will be the lead industry in the light engineering sector which will open a common facilitation centre for all companies involved in producing auto parts.

Presently, developed and industrialised countries like Japan, Canada and Malaysia are importing automobile parts and taking the opportunity India

and Pakistan have already proved themselves as potential exporters.

Discussion is on with the Malaysian carmaker Proton Saga as it is interested to outsource its spare parts, the commerce minister said.

The meeting was told that all food exporting companies will have to register with the US Food and Drug Administration by December 12, 2003 under the US Bio-terrorism Act, 2002 to be made effective shortly.

The cabinet committee has decided to monitor the registration process and the measures taken following a move to impose anti-dumping and countervailing duties on shrimp exports from Bangladesh to the US.



PHOTO: TMB
Datu' Ezanee Abdul Aziz, managing director of Telecom Malaysia International Bangladesh (TMB) Limited, the service provider of Aktel mobile phone, addresses a press conference yesterday in Dhaka at the launch of 'Aktel Pre-Paid Standard' mobile phone with fixed line connectivity.

Call money rate steady

BSS, Dhaka

The call money rate was steady in interbank money market yesterday as the demand was lower from private sector, fund managers said.

The rate touched its intra-high high at 7.00 percent and in most deals, ranged between 3.00 percent and 6.50 percent, fund managers of leading commercial banks said.

The call money rate remained very low in line with the central bank's monetary policy to force banks to cut their interest rates.

China agrees \$500m credit

line to Pakistan

AFP, Islamabad

China will provide a 500 million dollar credit line to Pakistan for a variety of development projects, Finance Minister Shaukat Aziz said Saturday.

A delegation from Chinese Exim Bank will visit Pakistan next month to finalise a framework for the flow and utilisation of the assistance, he told a news conference after his return from a tour with President Pervez Musharraf to China and South Korea.

Japanese Mazda set to boost European sales

AFP, Tokyo

Japanese carmaker Mazda aims to boost its annual sales in Europe by some 50 per cent in three years to 300,000 units by expanding its network of subsidiaries there, a press report said Sunday.

The leading business daily Nihon Keizai Shimbum said that the targeted sales volume for the year to March 2006 would be up 49 per cent from the level of the previous business year.

Achieve export targets or face recall

Diplomats under fire for failure to meet targets

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As 26 missions abroad could not achieve their respective export targets during July-September period of the current fiscal year, the officials concerned may be recalled if they fail to improve their performances in the coming months.

According to a performance review, only 20 out of 46 Bangladesh diplomatic missions have achieved their export targets.

"We are not happy with the performances of most counsellors posted in different missions. They did not face any evaluation in the last 30 years," Commerce Minister Amir Khosru Mahmud Chowdhury yesterday said.

Talking to newsmen after an evaluation meeting held at his office the minister said, "We will review their performances in two meetings in next four months. If they fail to achieve targets, it will be difficult for them to continue in the service abroad."

The unsuccessful missions are Berlin, The Hague, Madrid, Ottawa, Islamabad, Dubai, Ankara, Bangkok, Warsaw, Beijing, Riyadh, Hanoi, Pretoria, Nairobi, Yangon, Manila, Rabat, Colombo, Muscat and Kuwait.

The unsuccessful missions are Washington, London, Paris, Rome, Brussels, Stockholm, Tokyo, Hong Kong, Tehran, New Delhi, Cairo, Canberra, Singapore, Seoul, Moscow,

Kuala Lumpur, Brasilia, Jakarta, Tashkent, Doha, Manama, Tripoli, Kathmandu, Amman, Thimpu and Brunei Darussalam.

Earlier, the government used to set the export targets on sectoral basis after consulting with the private sector entrepreneurs. But from the last financial year, the government started fixing country-wise export targets and the foreign missions were asked to take necessary measures to achieve the targets.

Export target for the current fiscal was set at \$7,439 million. The target for the July-September period was fixed at \$1937 million and the earning was 1.97 per cent behind the target.



PHOTO: STAR
Md Shafiuddin Ahmed, general secretary of Bangladesh Re-rolling Mills Association, speaks at a press conference in Dhaka yesterday. Ali Hussain, chairman of the association, is also seen.

Dollar strong against taka

BSS, Dhaka

The US dollar remained strong against the Bangladesh taka in thin inter-bank trade yesterday due to Eid shopping, now picking up day by day throughout the country. Traders are importing huge foreign goods spending US currencies amid optimism of dollar's gain in term, dealers said.

The dollar today touched its high at 58.4800 taka per unit slightly lower than previous day's high at 58.4850 taka but in most deals traded between 58.4750 taka and 58.4875 taka, dealers of different commercial banks said.

Dealers said traders are now importing foreign fashionable goods including cloths, ornaments and other essential items from neighbouring countries through dollar to meet growing customers demand on the occasion of holy Eid festival.

Eurozone eyes fragile recovery, watches US and euro

AFP, Brussels

The 12-country eurozone is seeing the first signs of fragile recovery after a prolonged slowdown, fueled by the US upturn but remaining highly dependent on the euro, analysts say.

New European Central Bank (ECB) chief Jean-Claude Trichet arrived in his Frankfurt office this month amid cautious sightings of light at the end of the tunnel after a downturn which has seriously stretched the zone's budget rules.

"In the eurozone indicators are increasingly pointing towards a certain improvement in activity in the second quarter of this year," said the Frenchman in his first ECB press conference on Thursday.

'Harassment' by taxmen hurts re-rolling industry

Mill owners say

STAR BUSINESS REPORT

'Harassment' by tax officials, hike in VAT, gas and electricity bills are making re-rolling and steel mills non-competitive and leading many of them to closure, owners said yesterday.

Erratic power supply and low gas pressure are also exacerbating the situation, Chairman of Bangladesh Re-rolling Mills Association Ali Hussain said at a press conference.

"VAT officials charge us 'higher' to meet their yearly target. High VAT also makes production cost high," he said urging the National Board of Revenue (NBR) to revise the tariff structure in consultation with them.

He said NBR set the VAT without any consultation with industry people. "Due to erratic power supply melted scraps has to be re-melted which

increases production cost making it hard for local products compete with imports," Hussain said.

He demanded re-rolling and steel mills be given electricity at Rural Electrification Board rate to compensate the loss. He also demanded monthly minimum charge for gas be reduced which has been increased from 50 per cent to 75 per cent.

As Bangladesh does not have steel ore mine, steel scraps from ship breaking, which is re-rolled and supplied to steel mills, is the prime source of steel for construction, Hussain added.

"If local re-rolling and steel industry collapses, it will affect the country's booming construction industry," Hussain apprehended.

About two dozens of re-rolling factories out of a total of 300 have

already closed down due to the problems, he said.

Mill owners submitted memorandums to prime minister, finance minister and industries minister yesterday to take immediate action for rescuing the industry from devastation, he said.

He said if their demands are not met, they would organise protest rally and observe token strike. They would go for tougher movement after that.

Md Shafiuddin Ahmed, general secretary of Bangladesh Re-rolling Mills Association, Badiul Alam, president, and Sheikh Mashadul Alam, secretary general of Bangladesh Steel Mill Owners Association, were also present at the press conference held at National Press Club.

Global ship-breaking in 'ghost fleet' controversy

AFP, London

Every year hundreds of ships, many rusting and contaminated with toxic materials, criss-cross the world's oceans to be broken up, but few attract so much interest as the "ghost ships" heading for Britain.

The departure of four decrepit, chemical-laced former US Navy vessels from the US East Coast last month to northeast England has re-ignited the row over the multi-million dollar global ship-breaking industry.

A coalition of environmental groups and local residents last week won a legal ruling temporarily blocking any work on dismantling the ships, as they

approached Britain after the 4,000-mile (6,400-kilometre) journey.

But, ironically, environmentalists' usual complaint about ships being broken up is that they are mainly sent to third-world countries, mostly in Asia, to be recycled in often hazardous conditions.

Anywhere between 600 and 700 large ships are broken up each year, about 95 per cent of which are sent to India, China, Pakistan or Bangladesh, said Paul Bailey, an expert on ship-breaking at the International Labour Office in Geneva.

This number was only likely to grow after the European Union banned

single-hulled vessels from entering its waters, meaning that a lot of ships that were relatively new would now have to be scrapped, he said.

Many of the vessels are ramshackle and contaminated with chemicals including asbestos, heavy diesel and Polychlorinated Biphenyls (PCBs), a now-banned type of chemical compound once used for insulation and electrical equipment.

For workers in the third world where ships are often just dismantled on a beach, occupational hazards included explosions, falling chunks of steel and the inhalation of toxic substances, said Bailey.

Central bankers' meet begins in Bangkok

REUTERS, Bangkok

Central bankers from around the world are meeting on Sunday and Monday in Bangkok, where they are expected to discuss perhaps the best set of global economic conditions since before the technology bubble burst in 2000.

The Bank of Thailand is hosting the Bank of International settlement's bi-monthly meeting. It has tried to keep the event low-key, releasing no details of the agenda.

Jean-Claude Trichet, European Central Bank president and chairman of the Group of 10 central bankers, will hold a news briefing on Monday, but the BIS said it would issue no statement on the results of the G10 meeting.

The G10 actually numbers 11: the Netherlands, Belgium, Switzerland and Sweden plus the G7 countries -- the United States, Japan, Germany, Britain, France, Italy and Canada.

Asian central banks attending in Bangkok include those of China, India, the Philippines and Singapore. Apart from the scheduled meetings, they are

expected to hold a series of informal bilateral meetings with other central banks to discuss burgeoning evidence of global recovery.

That evidence has included a second successive month of job growth in the United States and the strongest quarterly economic expansion in almost 20 years, growth in Asia, signs of upturn in Japan and Europe, and interest rate rises in Britain and Australia last week.

Central bankers in both Australia and Britain share worries about the threats posed to their economies by property bubbles and rising consumer debt.

Their rate rises are not expected to spark a sudden round of global rate rises, given the persisting worries about deflation in many economies, but they are seen as a sign that a cycle of tighter monetary policy has begun.

"I think we are in the early stages of that, but I think the big players will be last," Morgan Stanley chief economist Stephen Roach said in Singapore last week.

"What we'll see is a bunch of small economies raising rates. The US will possibly be the last central bank to raise rates."

Host Thailand is one country where evidence of economic expansion is unambiguous. The country has one of the most outstanding economies of Asia.

It is growing strongly -- the central bank expects growth could be as strong as 6.25 per cent this year -- and is enjoying stronger domestic demand than some of its neighbours, who are more reliant on exports.

But the strong growth and a surging stock market has also attracted a flood of capital -- too much for the Bank of Thailand, which has imposed capital controls and limited the ability of foreigners to speculate on the baht.

Another issue likely to arise at the G10 meeting is the dissatisfaction of most of its members with the levels of Asian currencies, whose weakness they say is promoting exports at the expense of developed countries.