Star Business

DHAKA MONDAY MAY 22, 2006 E-mail: business@thedailystar.net

RUN-UP TO BUDGET FY07

RMG makers for continuation of tax holiday, cash incentives

STAR BUSINESS REPORT

The country's apparel exporters yesterday urged the government to continue tax holiday and cash incentives facilities for the sector to help boost exports.

They said apparel sector is passing the post-MFA period and it is still growing day by day. So, this is not the right time to withdraw the facilities like tax holiday and cash incentives, they added.

The export-oriented apparel factories enjoy a five per cent cash subsidy. The provision of this facility will expire by June 30 this year, while tax holiday by June 2008.

They said the government should continue offering the facilities to the sector as other countries are giving similar facilities to their factories.

The apparel exporters raised the issue in their pre-budget proposals for 2006-2007 fiscal year submitted to National Board of Revenue (NBR).

Leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) separately met NBR Chairman Khairuzzaman Chowdhury to place their budget proposals.

Abdus Salam Murshedy, acting president of BGMEA, and Fazlul Haque, president of BKMEA, placed the proposals on behalf of their organisations.

BGMEA leaders demanded extensions of bonding period to 24 months from existing 15 months.

At present, the importers enjoy 15-month bonding period with the facilities of extension in individual cases for three months while NBR can extend it for another three months.

After the meeting with NBR chairman, the BGMEA acting president said, "Extending the bonding period is required to clear backlog and stock-lot. Because exporters at times fail to ship within the LC (Letter of Credit) validity for various reasons, such as the late clearance, port problems, load-shedding and political disturbance."

The BGMEA proposed duty-free import of some 37 machinery items and 15 chemical items.

BGMEA leaders also demanded 100 percent VAT (Value added tax) exemption from utilities such as electricity, gas and water.

They said consumption of electricity, gas and water in the factory is the basic need for the production of exportable goods.

The woven garment is losing its market and unable to maintain competitiveness in the global market due to high utility taxes, they added.

In their proposals BKMEA leaders demanded 48 items for duty-free import.

"In terms of our national contribution, our demands are not irrational," said the BKMEA president.

In their budget proposals BKMEA leaders also sought duty-free import of the spare parts of capital machinery and budgetary allocation for setting up central affluent-treatment plants and knitwear villages.

He said, "We are doing business not only for our own interest but also doing something for the country. Global market remains very competitive. So, we need support from the government and I hope government will consider our proposals."

Health info service soon for GP subscribers

The country's leading mobile phone operator GrameenPhone (GP) Ltd will soon introduce 'Health Information Service' (HIS) for its subscribers.

GP subscribers will get medical information through HIS programme from medical call centres, which will house licensed physicians along with nurses and pharmacists on 24-hour basis, says a press release.

In addition to responding to emergency medical calls, the call centres will offer medical advice to non-emergency medical needs of GP subscribers over mobile phone, keep electronic medical record and provide medical advice for rural population.

The centres will also have pharmacy (drugs), laboratory, physician and medical facility database and provide pathology report delivery service through SMS (short message service).

GP's nationwide telecommunication network will help people, medical professionals and facilities from all areas of Bangladesh to have access to quality medical infrastructure, information and services, the release added.

Industrial parks for textile mills needed to ensure power, gas supply

Says minister

STAR BUSINESS REPORT

Separate industrial parks for textile mills will help the government ensure smooth supply of utility services to the factories, LGRD and Cooperatives Minister Abdul Mannan Bhuiyan said yesterday.

He said, "It will be easier for the government to ensure uninterrupted supply of power and gas to the textile units if those are located in a particular area."

Besides, unplanned industrial growth is shrinking the country's farmland, the minister said.

The minister was addressing the closing ceremony of the four-day textile fair styled 'Tex-Bangla Exposition 2006' at Bangladesh-China Friendship Conference Centre in Dhaka. Bangladesh Textile Mills Association (BTMA) organised the annual fair.

Bhuiyan also called for settling the disputes between textile millers and garment factory owners.

He said, "Textile and garment factory owners should resolve problems for the greater interest of the country."

He also said industrialists should also take initiatives to reduce environmental degradation. Citing an example of river pollution by some dyeing factories in Narshingdi and Narayanganj areas, the minister urged the factory owners to set up waste treatment plants.

BTMA President Abdul Awal said textile millers have absorbed the post-MFA fear. "But the textile sector still needs government support as our rivals in other countries are getting state support," he added

He said, "At present, local textile millers supply 80 to 90 percent yarn to the export-oriented knitwear industry, although we have the capacity to meet 100 percent demand." At present, Bangladesh has 230 spinning mills.

A total of 39 organisations of the textile sector took part in the textile exposition that began on May 18.

Vietnam aims for world's no1 rice exporter

ANN/VIET NAM NEWS

Thai exporters are keeping a close watch on Vietnam's rice production amid concerns their Vietnamese counterparts could emerge as the world's leading supplier in the near future.

Vietnam is projected to export 5 million tonnes of rice this year, about 2.5 million tonnes less than Thailand. However, with an expected rice production of 38 to 39 million tonnes - 15 to 18 per cent higher than last year's harvest - Vietnam is catching up quickly.

Price hikes on Thai rice last year pushed several customers including Iran, Uruguay, Syria and Nigeria to look to Vietnam thanks to the country's more competitive prices.

Thai rice exporters expressed concerns that Vietnam would not only maintain a firm foothold in the global market but also expand its market share by boosting exports to Japan, South Korea and Australia, all of which buy rice from Thailand.

The Vietnamese Ministry of Agriculture and Rural Development's new five-year development strategy set out targets to maintain an annual yield of 36 million tonnes of rice with a minimum 4 million tonnes earmarked for export.

To meet the target, the nation is investing in irrigation projects and storage facilities, and encouraging farmers to adopt more efficient production methods to increase crop yields.

Carton exporters want change to customs act

BDNEWS, *Dhaka*

Bangladesh Corrugated Carton and Accessories Manufacturers' and Exporters Association (BCCAMEA) has demanded amendment to the Customs Act 1969 to legalise selling of carton and accessories from bonded to non-bonded enterprises to facilitate exports.

The BCCAMEA also demanded extension of bonding time for imported raw materials of 100 percent export-oriented carton and accessories industry from current one year to two years and the validity of the bond license to three years from one year.

"Non-bonded export industries such as fish, handicrafts, ceramics, pharmaceuticals and vegetables have to bear additional cost for purchasing carton and accessories from non-bonded enterprises due to the legal barrier," Safiullah Chowdhury, president of the BCCAMEA told the news agency.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) also included the BCCAMEA's proposal regarding amendment to the customs act in its budget recommendations for the fiscal 2006-07.

"The federation has also proposed amendment to the Customs Act 1969 in the budget recommendations to provide carton and accessories from bonded house for non-bonded export industry," the FBCCI said.

Fish export, which does not have bonded facility, is facing serious setback due to rise in production costs for purchasing carton and accessories from non-bonded houses, exporters said.

"The existing customs act permits supply of packaging and accessories items within the bond license holders... Non-bonded export industries have to buy these from outside at 1.5 percent higher rate than that of the bonded enterprises," an executive of Patriot International, a leading manufacturer of carton and accessories, told the news agency.

He said the legal restriction is creating bottlenecks in diversification of the country's export baskets.

"We have proposed amendment to the Customs Act 1969 to sell packaging items to non-bonded export industry so that country's export items can be competitive in the world market," the BCCAMEA president said.

Extension of bonding period for the imported raw materials of carton and accessories industry from one year to two years is very essential because of the growing taxes and freight charges.

The BCCAMEA also demanded extension of the validity of the bond license from one year to three years to avoid administrative complexities every year.

Discounts on hi-end Philips TVs

Transcom Electronics Ltd has offered discounts from minimum Tk 25,000 to maximum Tk 1,00,000 on purchase of any Philips hi-end television sets.

Customers will get cash discount or different gifts if they buy selected Philips brand Plasma and LCD TVs from Transcom premium showrooms throughout the country, says a press release.

Philips is an official partner of FIFA World Cup 2006 beginning next month.

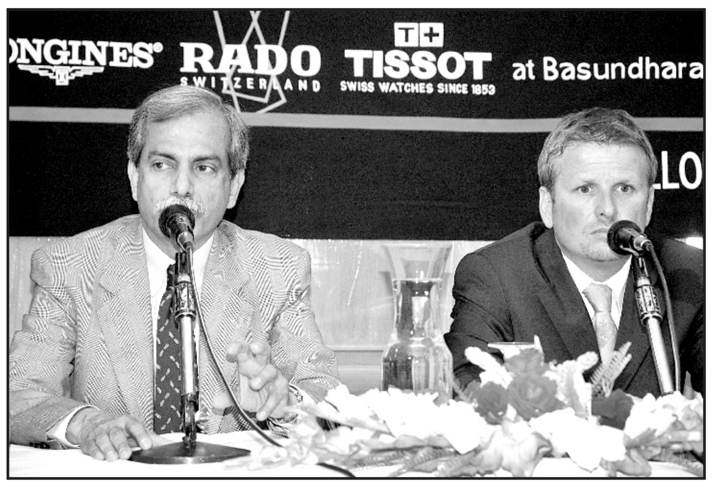

PHOTO: STAR

Christian Leiggener (R), regional sales manager of Rado Watch Co Ltd, speaks at a press conference organised to announce the inauguration of Kallol Group's new showroom for Swiss brand watches in Dhaka yesterday. Ghulam Mostafa, managing director of Kallol Group of Companies, distributor of different renowned watch brands, is also seen.

Kallol Group opens showroom for Swiss brand watches

STAR BUSINESS REPORT

Kallol Group of Companies, distributor of different renowned watch brands, opened a new showroom -- Time Zone-- at Bashundhara City shopping mall in Dhaka yesterday.

At the showroom wristwatches of world famous Swiss brands such as Rado, Longines and Tissot will be available.

Customers will be able to buy watches at fixed price and get after-sales service as well as international warranty with every purchase from Time Zone.

The company organised a press conference yesterday to announce the inauguration of the new showroom.

Managing Director of Kallol Group Ghulam Mostafa and Regional Sales Manager of Rado Watch Co Ltd Christian Leiggener were present at the press conference.

Mostafa said the company, which has 22 showrooms now, will open another 28 showrooms across the country by the end of this year.

5th raffle draw of 'Coca-Cola Fun Island' programme held

The fifth raffle draw of 'Coca-Cola Fun Island' under the 'Crown Program 2006' was held Saturday in Dhaka under the aegis of Bangladesh Muktijoddha Kalyan Trust.

David Renz, chief commercial officer of US embassy in Dhaka, Saumindra Bhattacharya, country manager of Coca-Cola Far East Ltd, ASM Mainuddin Monem, deputy managing director of Abdul Monem Ltd, the authorised bottler of Coca-Cola, Fanta and Sprite in Bangladesh, and SM Yasin Ali, general manager of Tabani Beverage Company Ltd, among others, were present at the function, says a press release.

The seven winners of the raffle draw will get the chance to travel Pattaya, Thailand for three nights and four days with one person each as accompaniment.

As part of the programme, Shahed Uddin Ahmed, executive (Finance) of Coca-Cola Far East Ltd, handed over a cheque for Tk 50,000 for the welfare fund of Bangladesh Muktijoddha Kalyan Trust to Wahidur Rahman, general manager of the Trust.

The Coca-Cola Company started the programme from April 10, 2006 and it will continue until June 10, 2006.

ROK warns of economic uncertainties

ANN/THE KOREA HERALD

The South Korean government has cautioned that the economy is facing growing uncertainties, triggered by a strengthening of the local currency and persistently high oil prices.

In its weekly economic coordination meeting Friday (May 19), the Finance Ministry said the business downside risk is growing so fast that the economic recovery might slow down in the second half of the year.

"Corporate profitability is threatened because the strengthening Korean won could affect exports," the ministry said in a statement.

"If the crude oil price remains high, the deteriorating trade circumstances might dampen the buying power of consumers and shrink local demand and investment."

A trade survey released Thursday by the central bank clearly demonstrated the impact of soaring petroleum costs.

The net terms-of-trade index, a barometer of international trade conditions, posted 75.1 in the first quarter, the lowest figure ever.

The index, which was benchmarked at 100 in the year 2000, is calculated by dividing the export price index by the import price index.

"Though the ongoing economic recovery is not likely to abruptly slow down, the oil price and strengthening currency could have a negative impact over the longer-term period," the Finance Ministry said.

The central bank's calculations showed just how big an impact this could be for Asia's third-largest economy.

A 10 per cent increase in oil prices shaves 0.2 percentage point off the economic growth rate and pushes up the inflation rate by the same amount, according to the report.

If the local currency appreciates 5 per cent against the US dollar, the bank said the growth rate will slow by 0.3 percentage point with a reduction of US$2.7 billion in the current account balance surplus.

The Finance Ministry also pointed to the recent pickup in household debt.

Despite the current recovery in private consumption, which along with exports, has been fueling the economy since last year, the ministry expressed concern over the rising household debt.

Islamic Finance & Investment okays 5pc stock, 10pc cash dividends

Islamic Finance and Investment Ltd has declared a five per cent stock dividend and a 10 per cent cash dividend for its shareholders for the year 2005.

The dividends were approved at the fifth annual general meeting (AGM) of the company held on Thursday in Dhaka, says a press release.

Chairman of the company Shibbir Mahmud presided over the AGM, which was attended, among others, by Vice chairmen Anwar Hossain Chowdhury and Rezakul Haider, directors and Managing Director M Rabiul Islam.

PHOTO: ISLAMIC FINANCE AND INVESTMENT

The fifth annual general meeting (AGM) of Islamic Finance and Investment Ltd was held on Thursday in Dhaka. Chairman of the company Shibbir Mahmud presided over the AGM, which was attended, among others, by Vice chairmen Anwar Hossain Chowdhury and Rezakul Haider, directors and Managing Director M Rabiul Islam.

Asian markets prop up struggling GM, Ford

AFP, *Detroit, Michigan*

As they struggle to reignite their ailing North America operations, both General Motors Corp. and Ford Motor Co. are depending on profits from operations in new markets across Asia to keep them afloat.

David Cole, head of the Center for Automotive Research, said it is "extremely important" for both American automakers to do well in countries such as China and India.

"This is not an option. You have to do it. The long-range implications for both are huge. You can't not do it," he told AFP. "You've got to be serious about it."

The successes in China to date have also helped both companies shore up their reputations, battered in their home market.

GM, for example, recently began running a series of print advertisements touting the fact that on the globe's most level playing field -- China -- GM does just fine, thank you very much. In fact, GM is No. 1, the ad notes.

Where GM does not have to worry about legacy costs, health-care bills and competitors' efforts to manipulate the currency values, it says.

Ford's chief executive and chairman, William Clay Ford, also played the China card last week at the company's annual meeting in Wilmington, Delaware, where he was faced some hostile questions about the company's drift and direction.

Thai medical tourism business drives profits

ANN/THE NATION

Medical tourism in Thailand is projected to earn the country Bt36.4 billion (US$952 million) this year as 1.4 million foreign patients, especially well-heeled ones from the West, Middle East and elsewhere in Asia, check in at private hospitals in Bangkok and other tourist destinations.

The medical-tourism business took off more than four years ago, with Bangkok's Bumrungrad Hospital among the pioneers, Kasikorn Research Centre (KResearch) said in a recent study.

Over the past years, the annual growth rate has averaged 14 per cent, said Dr Prapha Wongphaet, president of the Thai Private Hospitals Association.

While the tourism sector is happy to see business booming, critics have raised concerns over the potential negative consequences to the country's medical-care system.

For instance, more and more physicians will be drawn by higher financial rewards to work for private hospitals, especially those catering to foreign patients, leaving state or lower-end private hospitals understaffed.

"There will be a brain drain due to the fact that doctors treating foreigners will get more money than those treating Thais. Unless we have effective measures to manage this problem, there will soon be a shortage of doctors at hospitals serving only the locals," said Dr Damras Tresukosol of state-owned Siriraj Hospital.

"Don't forget that the cost of educating and training each Thai doctor is very high and it's all financed by taxpayers' money," he said.

Prapha's perspective is rather different.

"The type of service that we provide for foreign patients and tourists is not exactly the same type of service for the majority of Thais because the former is more costly. So they're different groups of patients," she said.

"As it is, only 33 of the 218 private hospitals grouped under our association target foreigners. The rest are still serving Thais as usual."

Medical tourism is unlikely to hurt the national healthcare system since most Thais, 47.5 million, are covered by the Bt30-per-visit universal healthcare programme, she said.

Of the others, 8.5 million rely on the social-security system, while 4.2 million are covered by the government's own funds.

"In this sense, private hospitals target Thais who are willing to pay more for better service," Prapha said.

However, Saree Ongsomwand, president of the Consumer Foundation, said the number of doctors compared to the entire population was not high, maybe even lower than the world standard.

Total inks deal to build oil refinery in Saudi Arabia

AFP, *Riyadh*

France's Total inked a deal on Sunday to build an oil refinery in Saudi Arabia at an estimated cost of six billion dollars in a joint venture with state oil conglomerate Saudi Aramco.

The refinery, with a capacity of 400,000 barrels per day (bpd), will be built in Jubail in the oil-rich Eastern Province and come on stream in 2011, said a statement issued after the signing ceremony at Aramco headquarters in Dhahran.

The statement did not give the value of the planned refinery, but a Total spokesperson in Paris told AFP that it would be "in the range of six billion dollars."

The French oil giant's chairman Thierry Desmarest had said while accompanying French President Jacques Chirac on a visit to Saudi Arabia in March that such ventures usually do not cost less than five billion dollars.

PHOTO: UNITREND

The fifth raffle draw of 'Coca-Cola Fun Island' under the 'Crown Program 2006' was held Saturday in Dhaka under the aegis of Bangladesh Muktijoddha Kalyan Trust. David Renz, chief commercial officer of US embassy in Dhaka, Saumindra Bhattacharya, country manager of Coca-Cola Far East Ltd, ASM Mainuddin Monem, deputy managing director of Abdul Monem Ltd, the authorised bottler of Coca-Cola, Fanta and Sprite in Bangladesh, and SM Yasin Ali, general manager of Tabani Beverage Company Ltd, among others, were present at the function.