Star BUSINESS

E-mail: business@thedailystar.net

Bangladesh RMG yet to get duty-free access to India

JASIM UDDIN KHAN

Although India offered a duty free access of Bangladeshi ready-made garments to its market one year ago, it is yet to be implemented.

The Indian government is learnt to have linked the duty free access of RMG products to lifting total ban on yarn import through land ports.

The Bangladesh government has repeatedly requested the Indian government through its high commission to allow the Bangladeshi RMG a duty free access, a high official of the National Board of Revenue (NBR) said.

"But New Delhi wants total withdrawal of ban on yarn import through land ports," the official said, adding that the Indian government is yet to notify its customs department to free Bangladeshi RMG products from duty.

Bangladesh is seeking the facility to minimise huge trade gap with her neighbour and improve bilateral trade relationship, a high official of the Ministry of Foreign Affairs said.

The Indian officials assured Bangladesh of giving its RMG products a duty-free access on the sidelines of the 12th meeting of the committee of experts on Safta, which was held in Kathmandu on November 29 -December 1 last year.

India agreed to give duty-free access up to six million pieces of RMG products from Bangladesh every year. But, of the total quantity, Bangladesh will have to outsource the required fabrics for 3 million RMG products from India.

For the remaining 3 million RMG pieces, fabrics should be of either Bangladesh or India origin.

The country's readymade garment (RMG) exporters earlier urged the Indian authorities to allow duty-free access for apparel items to their market in the interest of reducing the existing huge trade gap between the two countries.

Benapole land port was opened for yarn import from December 15, 2005 as the government eventually lifted a longstanding ban on it "in the interest of knitwear export".

Yarn import has been opened for 100 per cent export-oriented knitwear-manufacturing firms having customs bond licenses," an official announcement said.

Land ports were closed for import of yarn following allegations of influx of the knitting thread by way of false declaration at the customs stations.

Bangladesh Textile Mills Association (BTMA) has opposed the re-opening of the land ports for import of yarn before evolving effective mechanism to check smuggling.

The government imposed a ban on import of yarn and some other products through the land ports on March 9, 2002 because of infrastructure weakness, smuggling and tax evasion at the ports by the traders in connivance with some dishonest government officials.

Meanwhile, exports to India marked a rise by 68 percent, fetching $241.96 million in the 2005-06 fiscal. In the preceding year, the earning from exports to that country stood at $143.66 million only.

On the other hand, imports from India dropped by around 8 percent, totalling $1,868 million in the last financial year from $2,025.78 million in FY 2004-05, according to the Export Promotion Bureau (EPB).

The trade deficit with the neighbouring country ballooned to a record $2,003 million in FY 2003-04. However, it came down to $1,882 million the following year and $1,626 million in FY 05-06.

EXPO BANGLADESH

Time extended for applications to participate

STAR BUSINESS REPORT

The deadline for submitting application to participate in the 'Expo Bangladesh -2006' has been extended until November 7 due to political unrest in the country.

The four-day single country fair is scheduled to be held at The Truman Berry in London from November 29.

Exporters, entrepreneurs as well as small and medium enterprises can take part in the fair.

PHOTO: STAR

The Sonali Bank principal office at Motijheel in Dhaka looks almost vacant during the countrywide siege programme enforced by 14-party combine yesterday.

Foreign firms bow to Bolivia energy nationalisation

REUTERS, *La Paz*

Bolivia's leftist president, Evo Morales, took a key step forward in his bold plan to nationalize the country's gas and oil industries on Sunday after foreign energy companies agreed to operate in the country under state control.

Major energy firms including Petrobras and Repsol YPF ended months of talks with the government with last-minute agreements before a deadline set for midnight Saturday, agreeing to new contracts handing over a larger share of their profits to the Bolivian state.

The deals amounted to a political boost for Morales, the country's first indigenous leader, who has faced criticism from months that the process had been slow-moving and clouded with uncertainty.

"With these new contracts we want to generate more economic resources to solve the economic and social problems of our country. That's our great wish," Morales said during a signing ceremony attended by company executives.

A nationalization decree issued by Morales on May 1 gave foreign companies six months to negotiate new contracts handing over a majority stake in their Bolivian operations or abandon the country.

Brazil's Petrobras and Spain's Repsol YPF are the biggest investors in Bolivia's oil and gas industry, controlling 47.3 percent and 26.7 percent of the proven and probable natural gas reserves in the country.

Petrobras, Brazil's state-owned oil company, also pledged to invest $1.5 billion in Bolivia's energy industry after agreeing to operate in the country under state control, Juan Carlos Ortiz, the head of Bolivia's state-owned energy company YPFB, told Reuters.

On Friday night, France's Total and U.S-based Vintage became the first companies to comply with the nationalization.

China, Asean summit today

Creation of free trade zone high on agenda

ANN/ CHINA DAILY

China and Asean leaders are gathering in Nanning, southern China for a high-level summit today, with the aim to pursue regional free trade and enhance political mutual trust.

Chinese experts on international studies believe that the summit to mark the 15th China-Asean Dialogue Relations will push the China-Asean strategic partnership to a new level.

Six of the 10 Asean-country leaders have already flown to the city by the press time for the summit including prime ministers of Cambodian, Singapore, the Laos, Myanmar, Malaysia and president of the Philippines. Leaders of the remaining Asean members are expected to arrive here late Sunday or Monday.

This is the first time leaders from China and the ten Asean member countries to convene in China. They are widely expected to chart a future direction of China-Asean relations in the coming years.

Chinese Premier Wen Jiabao will hold bilateral meetings with the Asean countries leaders respectively on the sidelines of the summit.

The third China-Asean Expo and China-Asean Business and Investment Summit are to kick off on Tuesday.

By 1991, China established diplomatic ties with all members of Asean. It became Asean's all-around dialogue-partnership country in 1996. Currently, China and Asean are bent on cementing the "strategic partnership oriented to peace and prosperity".

According to Chinese statistics, China-Asean bilateral trade grew 20 percent annually over the past 15 years, reaching 130 billion US dollars last year, 15 times the figure in 1991. China is now Asean's fourth largest trading partner and Asean is China's fourth largest as well.

The trade volume is expected to reach 200 billion US dollars by 2008, two years ahead of schedule, as construction of the China-Asean free trade area is surging ahead.

Under a free trade framework agreement, by 2010, China and six old Asean member nations -- Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand -- will impose zero tariffs on most normal products, while China and the other four new Asean members -- Cambodia, Laos, Myanmar and Vietnam -- will do the same in 2015.

The World Bank has predicted that China-Asean free trade area, upon completion, will turn to be one of the most influential powers in the Asia-Pacific economic rim.

AFP adds: Chinese and Southeast Asian leaders will underline their commitment to creating a giant free trade zone by 2010 at a summit here, according to a draft statement seen here Sunday.

Indonesia, China sign MoU on energy cooperation

ANN/ CHINA DAILY

China and Indonesia signed a memorandum of understanding (MoU) on Saturday concerning cooperation in the energy and mineral resources sectors.

Chinese Vice Premier Huang Ju and visiting Indonesian President Susilo Bambang Yudhoyono attended the signing ceremony held at the second Sino-Indonesian energy forum, which opened in Shanghai on Saturday.

Huang said the forum will create a favorable environment for strengthening bilateral energy cooperation and the improved dialogue mechanism will help deepen mutual understanding and expand cooperation.

Win-win economic cooperation is the foundation of the strategic partnership between China and Indonesia, he said.

Both China and Indonesia have made remarkable achievements in the energy sector since the first energy forum was held in Bali on September 25, 2002, the vice premier added.

Huang said the Chinese and Indonesian peoples have a long history of friendly relations. Bilateral ties have progressed remarkably since the two countries established diplomatic relations 56 years ago.

PHOTO: FICCI

Dr Stefan Frowein (2-L), ambassador and head of delegation of European Commission in Bangladesh, speaks at the monthly luncheon meeting of Foreign Investors' Chamber of Commerce & Industry (Ficci) yesterday in Dhaka. Masih Ul Karim (2-R), Ficci president, Peter A May (L), vice president, and MA Matin, chamber secretary, are also seen.

'Bank for the poor' now in Niger

AFP, *Niger*

Tucked inside a nook in the capital city's bustling Grand Marche, Niger Mutual Credit (CMI) opened its doors a little over a week ago to a clientele that other banks turn away: the very poor.

Under the auspices of the Niger Finance Ministry, CMI is the latest of several similar institutions throughout the world that seek to alleviate poverty via small, low-interest loans.

With microcredit, a concept pioneered in Bangladesh by economist Muhammad Yunus, entrepreneurs too poor to qualify for traditional bank loans are provided very small sums to start their own enterprises.

Yunus was awarded the Nobel Peace Prize earlier this month for his work throughout the impoverished South Asian country.

Here in Niger CMI relies on financial backing from the French Ministry of Foreign Affairs and Cooperation and receives additional support from the International Mutual Credit Center (CICM).

Created in 1979 with the goal of promoting banking services for people in developing countries, the CICM has more than 17 mutual credit federations operating in central and west Africa including Sengal, Mali and Cameroon.

According to Patricia Lavocat, who is in charge of CICM's operations, their objective is simple: to allow the poor to borrow.

"We are not capitalists, we make banking human," the president of CICM, Georges Coudray, who came to Niger for the opening of the bank, told AFP.

It will cost around 3,000 CFA francs (4.50 euros) to open a bank account at one of CMI's new branches, and all banking operations, such as deposits and withdrawals are free.

After three months of regular deposits, a client will be able to obtain a 12-month loan with an interest rate of less than 2.0 percent per month.

"It is not unusual to see a woman deposit 500 CFA francs (.80 euros) each day," said Antoine Didonna, the director of the project in Niamey.

"Dealing with someone who comes to deposit even 1,000 FCA per day is very expensive at a regular bank," he said. "We offer them good quality banking services at a very small cost and little by little, people build up savings."

According to Didonna, "the object of the loan is verfied beforehand to be sure that, for example, the borrower does not buy a motorcycle instead of a water pump."

All the loans, said Coudray, "are to be approved by volunteer elected officials seated on the credit committee of each agency. With this system, everyone knows everyone else, and the loans are allocated by consensus."

Coudray said the poor are good at honoring their debts, with less than 1.0 percent of loans allotted by Senegal's Mutual Credit having resulted in litigation.

CMI hopes to open four additional branches in Niamey, as well as one in the small city of Dogondoutchi in southern Niger.

In the meantime, Niger's new bank could face an uphill climb.

Despite the presence of NGO-supported microcredit programs, individual savings rates in Niger are five time lower than in other countries in the region, according to the Central Bank of West African States (BCEAO).

Georges Coudray expressed confidence, however.

"Each time that we have arrived in a country, they told us that people do not save (their money), and each time we end up with records showing savings rates in our branches."

Located on the southwestern edge of the Sahara Desert, Niger is one of the poorest countries in the world. Two thirds of its 12.5-million-strong population live below the poverty line, according to the International Monetary Fund, and another third qualify as extremely poor.

Thai customs, Citibank sign MoU

The Royal Thai Customs and Citibank Thailand signed a memorandum of understanding (MoU) for electronic customs tax payment services on Thursday, says a press release.

CustomsConnect, the electronic customs tax payment services, facilitates the importers and exporters to easily handle customs tax payments with ultimate convenience via Internet. The service will be resulting in overall cost saving of the importers' and exporters' business operation and increase the business efficiency.

"Through our partnership with Citigroup and our adoption of CustomsConnect, the Customs Department will substantially enhance the operation, particularly in regards to the e-customs initiative and the e-government policy of the Thai government," said Dr. Sathit Limpongpan, Director General, Royal Thai Customs.

CustomsConnect contains several features to support varieties of importers' and exporters' customs related payments 24 hours a day and 7 days a week including invoice details and importer-exporter documentation. The service allows flexibility to adjust the payment approval criteria and the payment authority level of the authorised payment approvers.