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BFLLEA's pre-budget suggestions to govt

Lift advance income tax, development surcharge

By Monjur Mahmud

Bangladesh Finished Leather and Leather Goods Exporters' Association (BFLLEA) has proposed to the government to withdraw advance income tax (AIT) and development sur-charge (DSC) for reducing the cost of production and increasing competitive edge of leather and leather goods in the international market.

Export earnings from the sector have stagnated as the production cost of Bangladeshi goods is comparatively higher because of different taxes, BFL-LEA said in its suggestions to the government ahead of the budget for the next fiscal.

The association said that India and Pakistan were the main competitors of Bangladeshi exporters, but they do not have to pay any kind of advance income tax or devel-

opment surcharge on their exports and imports. Suggesting withdrawal of tax at source on imports, it said

that by raising production costs, it (the tax) was decreasing the competitive edge of the Bangladeshi products in the global market.

Demanding withdrawal of the provision of collecting advance income tax at source on exports. BFLLEA said that it would encourage leather exporters to help boost export income of the country.

At present, 0.25 per cent advance income tax is collected at source on exports. As a result, the government owes the exporters crores of taka in this connection.

On the other hand, importers have to pay 3 per cent advance income tax and 2.5 per

cent development surcharge on imports of chemicals, machinery and other industrial inputs which increase the cost of pro-duction of the locally produced

Besides, BFLLEA said higher peak-hour electricity bills also take toll on the overall profit-making of an industry. Because of this, the production cost of exportable goods remains very high, the association said in its

"Besides our budget proposal, we have appealed to the government to provide a 25 per cent alternative benefit to explore the potential of the sector and a five-year moratorium on previous working capital limit of different tanneries with three per cent interest rate to save them," said M A Sattar Bhuiyan, Chairman of BFLLEA.

As the value addition in the sector is more than 85 per cent incentive will help increase export of leather and leather goods substantially, he said, adding that it was possible to earn nearly forty billion taka in foreign exchange from this thrust sector's annual exports.

The government's plan to ban export of crust leather by the year 2000 will again hit the sector hard, Bhuiyan said.

He said that a government ban on export of wet-blue leather without formulating any policy for the existing tanneries and exporters was very much damaging to the sector.

A number of tannery units engaged in the production and export of wet-blue leather were closed down because of this ban slapped on July 1, 1990. he



SARAQALA (Afghanistan): An unidentified Afghan farmer stands in his opium crop field which is ready for harvesting in Saraqala, some 180 kilometers (miles) southwest of the Pakistani border, Saturday. The farmers are proud of this year's poppies, which have flowered into a sea of red, purple and white.

-AFP photo

Fujio Cho named new Toyota president

TOKYO, Apr : An executive who ran the US production of Toyota Motor Corp was named automotion's new president

coday in a move that was likely to further the strategy of the predecessor, says AP. The new president, Fujio

Cho, served as president of Toyota Motor Manufacturing, Kentucky Inc. in the United States for six years until 1994. Cho, 62, now executive vice

president, replaces Hiroshi Okuda, who took over as president of the top Japanese au-tomaker in 1995 with an aggressive plan to turn Toyota into a global automaker and expand world market share. The long rumoured executive

changes were unlikely to bring about broad changes at Toyota, as Cho is expected to continue to carry out Okuda's basic plans, said Peter Boardman, auto analyst at Warburg Dillon Read in

"The company has a strategy set up, and now it's a matter of implementing the strategy," Boardman said.

Okuda, 66, will take over as replacing chairman. Schoichiro Toyoda, who will become honorary chairman. The changes will become official at a board meeting in June. Toyota said.

Acer chip-making unit in Taiwan recovering

TAIPEI. Apr 13: Acer Inc's microchip unit, running at full steam and easing its dependence on the out-throat memory-chip market, said yesterday that it expects to make a profit for 1999 despite a first-quarter lose, reports Reuter.

Chairman Stan Shih said Acer Semiconductor Manufacturing turned an unspecified profit in March and was on track to meet its full-year profit target of dollar 1 billion Taiwanese dollars (US dollars 30.2 million).

"After 33 consecutive months of losses, we finally saw a turnaround in March. "Shih said at a news briefing. "This is a significant improvement and we should be able to reach our 1 billion Taiwanese dollars profit target for this

Shih said Acer Semicon's mascent recovery enable Acer Inc to set a 1999 sales target of Tdollar 120 billion (3.6 billion US dollars), up from Tdollar 98 billion in 1998. He gave no profit forecast. Acer netted Tdollar 2.492 billion in 1998 down 33 per cent from 1997.

Acer semiconductor fared poorly in 1998, losing over dollar 5 billion as prices for dynamic random-access memory chips, its main product, had yet to stabilise after years of free fall, executives have said.

Japan plans to dissolve failed Kokumin Bank

TOKYO, Apr 13 Japanese financial regulators plan to dissolve a regional bank swamped with debt as part of a massive clean-up of the banking industry, news reports said Thursday, reports AP.

Agency has found that the Tokyo-based Kokumin Bank has a capital deficit of 50 billion yen (\$412 million), Kyodo News Service reported, quoting agency sources.

A capital debt is the depletion of a bank's capital resources to the point where its liabilities eclipse its assets.

with funds from affiliated firms, the FSA and the Financial Reconstruction Commission, another bank regulator, will take action, the reports

Tea growers on full alert to tackle post-drought situation

From Nurul Alam

CHITTAGONG, Apr 13: around 20 per cent crop loss. Bangladesh tea growers are on full alert to tackle the postdrought situation in their gardensandcheck further losses, growers sources said. According to Tea Producers'

Association, the drought that hit 156 gardens, most of them Sylhet, last month, may cause

We are now trying to concentrate on producing better quality tea recoup the losses in terms of revenue," said Qamrul Islam Chowdhury, Chairman of Bangladesh Tea Producers' Association (Bangladeshiya Cha Sangsad).

"We can make up the losses

BGMEA hails new Industrial Policy

Bangladesh Garments Manufacturers and Exporters Association (BGMEA) has lauded the new Industrial Policy saying that it will help accelerate the pace of local and foreign investment in the country, reports APB.

BGMEA President Anisur Rahman Sinha termed the industrial policy as 'timely' and said the business community would now be able to take planned decision due to the recently-announced long-term policy projection.

Sinha, in his reaction Monday, urged the government to take necessary steps for the proper implementation of the policy. He also underlined the need for maintaining its consistency and continuity.

He said, that private sector would be infused with dynamism and domestic and foreign investment would increase if the policy was implemented properly and in right earnest.

Referring to the optimism contribution of the industrial sector to the country's GDP will jump to 25 per cent in the next 10 years, Sinha said necessary backward linkage industries will have to be set in the RMG sector to attain the projected

Some Tk 4,500 crore would be needed in setting up the required number of backwardlinkage industries to support the garment sector in the quota-

free global market after 2005. He noted that the RMG sector would have to face tough competition as all kinds of quota facilities would be withdrawn after 2005 under the Multi Fibre

Arrangement. He sought allout cooperation from the government in this re-

He, however, observed that there is no guideline in the new National Industrial Policy about the survival of the RMG sector in the free market.

in terms of quantity by selling better-quality tea at higher price" he said. "In this connection, all tea producers must be on their toes to tackle any postdrought management failures in terms of spraying the plants and taking other emergency cares," Qamrul said.

Qamrul, who is also the General Manager of the British owned James Finlay Ltd, said "though the drought is over in Sylhet following recent rainfall, its fall out continues to delay the usual plucking time".

Normally we were supposed to start plucking of tea by the end of March, but now we expect to go for it by the end of this month," he added. However, due to lack of rain-

fall, drought persists in Chittagong where 23 tea gardens are located, Association sources Former Chairman of

Chittagong unit of the Tea Producers' Association Nasiruddin Bahadur informed that in addition to the drought, a tornado also hit the tea gardens in Chittagong, on Friday even leaving the 'shade-trees' damaged.

Association sources said the production target set at 56 million kgs this year might not be achieved.

Last year the sector witnessed a bumper crop producing 55 million kgs of tea, up 4 million from that of 97.

Meanwhile, in a bid to compete in the global market in the next millennium, the country's tea industries have set the target to produce 85 million kgs of tea by the year 2015.

Tea is now exported to 25 countries of the world.

Five professionals awarded scholarships

Textile minister calls for Italian investment

Star Business Report

State Minister for Textile AKM Jahangir Hossain yesterday urged the Italian entrepreneurs to invest in the country's textile sector and relocate their industries in Bangladesh.

"Appropriate textile technology may help the sector to improve, expand and minimise the cost of products in order to sharpen their competitive edge in the world market," he said.

The minister was speaking at the scholarship awarding ceremony on textile technology. jointly sponsored by the Italian Trade Commission, Italian Association of Textile Machinery Products (ACIMIT) and Italian Embassy in Dhaka.

The ceremony was attended, among others, by Raffaele Miniero. Ambassador of Italy. Alessandra Marcarino, representative of the Italian Institute for Foreign Trade, and NC Sutradhar, Principal of the College of Textile Technology.

Five scholarships have been awarded on textile training project this time.

The scholarships will offer chances to the local teachers and technicians to visit Italian textile mills with a view to get a deeper knowledge of Italian textile technology, the minister

"We need to invent new research facilities to develop and disseminate designs and fashions for fabrics and readymade garments if we want to maintain the promising export trend that the country has been witnessing over the last two

For this, the government has a plan to upgrade the Textile Industry Development Centre (TIDC) at Savar into a National Institute of Textile Training Research and Design (NITTRD) but the plan is yet to be implemented due to paucity of fund Hossain said.

He urged the Italian government to provide project, and technical assistance to finance the implementation of NITTRD for improving the designs of fabrics and readymade gar-

Since RMG export is largely dependent on imported yarn and fabrics. Bangladesh has no other alternative but to make allout efforts for immediate establishment of backward-linkage industries for the exportoriented industry, he observed.

He said that for doing this, at least 148 additional spinning mills, each with 25,000 spindles, and 295 weaving and 280 dyeing cum finishing units. each with a per annum production capacity of 10,000 million meter, have to be set up.

Speaking at the function, Alessandra Marcarino said that the textile sector of Bangladesh had emerged as a pivotal sector of the country's economy and it could play a prominent role in the its industrialisation process.

"In fact, the country with its intrinsic advantages of homegrown cotton and jute, skilled and cheap labour, is committed to improving its competitiveness by taking to technological upgradation so that it can successfully get its access to the in-

ternational arena," she added. "In order to develop the existing cooperation between Bangladeshi and Italian enterprises, we have established an Italian Trade Commission office in Dhaka," she said, adding that Bangladeshi companies could refer to this office and get

ian goods and companies. Ambassador Raffaele Miniero said textile and leather are two of the most important fields which represent the driving force of the Bangladesh economy. He also said that Italy was a world leader as far as expertise, technology and know-

required information on Ital-

how were concerned, "These awards represent only the first phase of activities that the Embassy of Italy and the Italian Trade Commission intend to carry out in the near future, he said, adding "we are concentrating mainly on these two fields this year.'

NC Sutradhar said that an expansion and modernisation programme was being implemented at the college.

He said that college needed technical assistance in the form of textile machinery with latest technology and fellowships for teachers.

Those who have been awarded the scholarships are: Md Mostafizur Rahman, Directorate of Technical Education, Dhaka, Md Ashraful Islam, Mohammad Aminul Igram, Md Mahmudul Hossain Akonda and Shaikh Md Mominul Alam of the College of Textile Tech-

Alitalia starts flights to

ROME, Apr 13: Following the suspension of a seven-year UN air embargo on Libya, the Italian carrier Alitalia has announced it is resuming regular flights to the North African country, reports AP.

A plane carrying a group of Italian businessmen will fly to Tripoli, Libya's capital, on Wednesday, while regular flights will be resumed starting May 1.

Two flights a week will take off from Rome's Leonardo da Vinci airport and three from Milan's Malpensa airport, the company said.

The United Nations lifted sanctions on Libya earlier this month, after the handover of

Egypt, Tunisia, Syria, Jordan, Malta and Britain, which have all announced plans to resume

OPEC oil price rises 20 pc in March

NICOSIA, Apr 13: The average cost of a barrel of OPEC oil rose 20 per cent in March to reach 12.36 dollars after producers agreed to cut output, the specialist Middle East Economic Survey reported today. says AFP.

The Nicosia-based survey said the OPEC basket average had crept up over the month, to end at 14.42 dollars, putting the monthly average eight cents above that of March last year, and the quarterly average up 15

The basket includes seven different crudes.

In a series of agreements last

MEES said that two OPEC members - Iran and Venezuela - whose compliance with the agreed cuts had been in doubt. had given assurances that they fully intended to reduce their

dipped below 10 dollars a barrel at the end of 1998, slashed the revenues of OPEC states by 35

Viagra sale

DOHA. Apr 13: Qatar's Health Ministry authorised the sale of the anti-impotence drug ports AFP.

The blue pill will only be available by prescription, with four pills retailing at around 50 dollars, QNA said

Most other Gulf states have already authorised the sale of the pill.

younger woman.

Peng, former Prime Minister of China and Chairman of Chinese National People's Congress, was accorded a red carpet reception by Eldridge J Mac Ewan, General Manager of the Pan Pacific Sonargaon Hotel, upon his arrival Monday. Li, who was on a two-day official visit to Bangladesh, headed a 77-member delegation. -Sonargaon Hotel photo

India set to post 4.8pc growth

NEW DELHI, Apr 13: India is set to post 4.8 per cent growth in Gross Domestic Product (GDP) in the year to March 2000 against 1.5 per cent in other developing countries, the World Bank said here, reports AFP.

It warned, however, a slowdown in India's 1991 market reforms would effect growth. "The GDP growth in India is likely to reach 4.8 per cent in 1999-2000, based on a rebound in fixed capital formation and an acceleration in industrial

production," a World Bank re-

port on global finances said. "Economic reforms needed to revitalise the economy as a whole are proceeding slowly," it said adding that "restrictive trade policies and a high public sector deficit will constrain growth over the seven per cent

rate required for poverty reduc-

The World Bank said foreign direct investments to South Asia totalled 4.4 billion dollars in 1998, down from 4.7 billion in 1997, of which India got the lion's share.

"India received 80 per cent of the region's Foreign Direct Investment (FDI) flows in 1998," said bank official Ashoka "India's creaky infrastruc-

ture - lack of roads, airports, power and telecommunication services - is what holds it back from becoming a FDI destination," Mody said. Red tape and a lack of transparent policies were also keep-

ing foreign investors away, she

Foreign Direct Investment

flows to India declined to 880 million dollars in the first nine months of 1998, compared to 4.3 billion dollars in the same period the previous year.

The World Bank said New Delhi should step up efforts to woo investment from expatriate Indians as it had successfully done in the past through attractive bonds and global depository receipts. "In spite of the economic sanctions that followed the nu-

clear tests in May 1998 and the deterioration of market sentiment, India successfully launched a resurgent India bond scheme in August 1998," the report said. The five-year resurgent India bond scheme attracted more than four billion dollars from

overseas Indians.

China leading Asia-Pacific IT sector growth: Analysts

SINGAPORE, Apr 13: China is leading the Asia-Pacific region in growth of the information technology industry, analysts said Tuesday, reports AP.

Though affected by a deep economic crisis, Asia's computer related industries and services grew in 1998 at a rate of 15 per cent. China led its neighbours with 27 per cent growth in the industry, compared to a 10 per cent world average, said Dennis Philbin, regional managing director at International

Data Corp. The findings exclude Japan, which already has 70 per cent of the information technology market in Asia. Of the remaining 30 per cent, China has cornered about 35 per cent of the market, while Australia and New Zealand together cover about 33 per cent.

"China is like Asia before the crisis," Philbin said. Philbin was speaking at a regional information technology conference organized by IDC, the industry's leading provider of analysis and advi-

sory services. The economic crisis has slowed Asia's cyber growth from \$48 billion in 1997 to \$41 billion in 1998, IDC said. But by 2003 the industry should double to \$84 million,

the company predicted. Despite the region's fast savings rose to 35.3 per cent of growth in recent years, Asia its gross domestic product in still lags behind the developed economies in the use of information technology There are only 13 million

This is well below 1 per cent of the population, and well below north America and western Europe," he added.

Internet users in Asia, with the

exception of Japan, Philbin

Changing the industry's structure is one of Asia's biggest challenges, Philbin said.

"About 66 per cent of spending in Asia is still on hardware. while in developed economies more than 40 per cent is spent on services and then another big chunk on software," he said. "The mindshift into solutionbased buying has not happened vet here.'

Big international companies also have to compete with much cheaper local vendors, Philbin

"The big question in China is corporations," he said.

who is going to own the market. If you want to compete in China, you have to compete in the price part," he said.

Asia is still 10 to 14 years behind the developed economies in doing business through the Internet. Philbin said. He cited cultural and educa-

of readiness for electronic "This is still a 'touch and feel' buying market, even in big

tional reasons to explain lack

Asians saving more despite crisis

SINGAPORE, Apr 13: Asians have been saving more money despite the economic crisis battering the region, a Singapore newspaper reported Sunday, says AP.

Analysts attributed the trend to the unpopularity of credit cards in Asia and to strong family support networks that help members through hard times. South Korea's gross national

1998, up from 33.1 per cent in 1997. The Straits Times newspaper said In Thailand, where devaluation of the baht currency is blamed for triggering the crisis in July 1997, the savings rate climbed to 34 per cent last year

from 33 per cent in 1997. Malaysia's savings rate jumped to 41.2 per cent last year

from 39.4 per cent in 1997. The newspaper quoted official government data and the International Monetary Fund as sources of the statistics. JP Morgan chief economist

Bernhard Eschweiler attributed the increased savings to Asia's low rate of credit card use. "Asia is more of a stockholder society, and in hard times, this means raising savings," he reportedly told The

Straits Times. Eschweiler said Asia's family-oriented culture also allowed for more savings. "In most of Asia, the family social net is still functioning

better than in may Western developed economies," he said. The economist added that most of Asia has not seen a huge rise in unemployment rates that would force people to eat into their savings.

two suspects in the 1988 Pan Am bombing over Lockerbie that killed 270 people. Alitalia joins airlines from

Italy is heavily dependent on Libyan petroleum and gas, and relations between the two counties, while tested at times, have

month to shore up plummeting oil prices, oil exporters inside and outside OPEC agreed to cut overall production by 2.1 million barrels per day from April 1 for a period of one year.

The collapse of prices, which

Qatar okays

Viagra in the Emirate, the official on news agency said, re-

Earlier this month, a Saudi woman sued Viagra's distributor in the kingdom, claiming that the drug had caused her husband to want to marry a

Flowers sacrificed at the altar of Israeli tariff

EREZ BORDER CROSSING. Gaza Strip. Apr 13: Palestinian farmers dumped 10 truckloads of carnations at this border crossing Monday to protest higher Israeli-imposed fees, reports AP.

The flowers were to be brought to Israel's international airport and put on flights to Holland. The growers dumped them on the Palestinian side of the border instead, saying the new fees have crippled them financially. Hassan Hijazi, chairman of

the Palestinian federation of

flower merchants, said that Is-

rael had tripled the tariff rate taken at the border in recent "This is a big loss for us and we can't accept it," Hijazi said. Shlomo Dror, spokesman for the Israeli military authorities, said fees at Erez had been substantially lower than at the rest of Israel's ports and crossings. The new fees of \$ 150 for large trucks, up from about \$40.

as agreed with Palestinian offi-

cials, matches the charges at all other Israeli crossings. China to cut 7m jobs in state factories

this year BEIJING, Apr 13: Seven million Chinese workers will lose their jobs in state factories as China pushes ahead with reforms of the debt-ridden government-run industrial sector. a Chinese newspaper reported Tuesday, says AP.

Vice Minister of Labour and Social Security Wang Jianlun said the government would limit layoffs to 7 million, or 1 million people fewer than last year, the China Daily said.

The Financial Supervisory

Unless the bank can come up