Star Business

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Give textile sector Tk 100cr cash incentives urgently

Saifur asks central bank

RAZIUR RAHMAN

Finance Minister M Saifur Rahman yesterday asked the central bank authorities to disburse Tk one hundred crore in cash incentives to the textile sector immediately.

An amount of around Tk 450 crore cash incentives has been pending at this moment, according to official sources.

The instruction of the finance minister came when a joint delegation of the BGMEA, BKMEA, BTTLMEA met him at the ministry. Saifur also assured the delegation of disbursing the rest amount as early as possible.

Earlier, the apparel exporters announced to observe a token hunger strike on June 3 and also to form a human chain on June 5 in protest of 'the government's indifferent attitude' to their demand for export support.

The six-point demand of the apparel exporters includes 15 per cent cash incentive for woven, knit and terry towel items. They said the incentive could be eliminated in three years with five per cent reduction every year.

Their demands also include disbursement of all pending cash incentives by May 30 and disbursement of cash incentive in the future within 15 days of repatriation of export proceeds.

Saifur also told the delegation that in future government would try to disburse cash incentive within one month of repatriation of export proceeds.

Leaders of the three associations, however, said the announcement would not bring any change in their scheduled programmes at this moment.

Businessmen, bureaucrats lock horns over FDI policy

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A debate sparked off at the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) yesterday over whether the government should continue with its liberal policy on foreign direct investment.

Local entrepreneurs and government officials participated in the debate while attending a seminar on Foreign Investment and Local Industry at the FBCCI auditorium.

The businessmen said though foreign direct investment (FDI) was necessary for the country but that should not be at the cost of local mills and factories.

They urged the government to be cautious on permitting foreign investment and sought some protection for local industries for their survival.

Government officials, however, said there should not be restrictions on investment as it would give a wrong signals abroad.

They also opposed the idea of protectionism that they said was contrary to the idea of free market policy.

Some local entrepreneurs said the country has attained self-sufficiency in some sectors where strict policies should be followed for safeguarding the local companies.

Minister of Commerce Amir Khasru Mahmud Chowdhury attended the seminar as chief guest which was presided over by FBCCI President Yussuf Abdullah Harun.

Board of Investment (BOI) Executive Chairman Mahmudur Rahman, Foreign Investors Chamber of Commerce and Industry (FICCI) President Wali Bhuiyan, local entrepreneurs Abdul Matlub Ahmed, Niaz Rahim, Abdul Khaleq, Delwar Hossain, Shamsul Alam and Rouf Chowdhury took part in the discussion.

Quazi Hamid Uddin, director of Export Promotion Bureau (EPB), presented the key-note paper.

The businessmen observed that the government should not allow any further foreign investment in a number of manufacturing sector like battery, pen, cement, carton and light engineering.

Commerce Minister Amir Khasru Mahmud Chowdhury said the country needs FDI for foreign currency and technology transfer but not at the cost of local industries.

The minister admitted despite adopting liberal investment policies, the flow of FDI was not at the desired level.

"Putting restriction on foreign investment in any sector would not send right signal to the world. Rather we should identify the sectors where the country has enough potentiality," the minister said.

He underscored the need for creating a level-playing filed for all investors.

BOI Executive Chairman Mahmudur Rahman observed the lack of infrastructure was the biggest problem in the country. Giving example, he said inefficiency of the Chittagong port is increasing the cost of business in Bangladesh.

"We should not open everything in the name of free economy" said Yussuf Abdullah Harun. "There should be some protection but that should not give any wrong signal."

Niaz Rahim alleged India has been ruthlessly dumping their products in Bangladesh to hamper industrial development here.

Abdul Matlub Ahmed demanded the opening of the gas sector for local investment. "The government is only encouraging foreign investors in natural gas sector but there should be some legal support so that local investors can participate in drilling natural gas," he said.

Rouf Chowdhury said the way government is looking for FDI is not correct. "The FDI should come through private sector people, he added.

Asian Leasing Assoc elects 2 Bangladeshis


A Quadir Chy


Mafizuddin Sarker

A Quadir Choudhury, managing director of Phoenix Leasing Company Limited and vice-chairman of Bangladesh Leasing & Finance Companies Association (BLFCA), and Mafizuddin Sarker, managing director of International Leasing And Financial Services Limited, have been elected Vice-President and Second Representative of the Asian Leasing Association (ALA) respectively from Bangladesh, says a press release.

The elections were held at the 42nd Governing Council meeting & 19th General Assembly meeting and seminar of ALA held recently in Yogyakarta, Indonesia.

Representatives from several countries attended the meeting and seminar.

BTMA against central bonded warehouse

Further leakage of duty-free goods in domestic market feared

STAR BUSINESS REPORT

Alleging leakage from existing 3000 bonded warehouses, the textile owners yesterday urged government not to allow any central bonded warehouse apprehending further leakage.

At a press conference in the city, Bangladesh Textile Mills Association (BTMA) said such large-scale leakage of duty free fabrics is hurting the local business as the leaked items are sold at very cheap price in the domestic market.

"Authorities concerned are miserably failing in controlling and managing the existing 3000 bonded warehouses, resulting in the leakage of duty exempted fabrics. A large-scale central bonded warehouse will simply increase flow of duty-free fabrics in local market," said A Matin Chowdhury, chairman of BTMA, at a press conference at the National Press Club in the city yesterday.

Readymade garment manufacturers are presently allowed to import finished fabrics on back to back letter of credit (L/C) and grey fabrics for four months' requirement without back to back L/C, he said reiterating that only 1.5 million metres of fabrics were imported legally last year for commercial purposes. This quantity is equivalent to 15 days' production of a large mill, he said.

The BTMA chairman said the RMG units get orders detailing the nature of fabrics, colour requirement on case to case basis.

"No advanced products can be brought in to reduce the lead time. Also current policy allows import of grey fabric, so there will be no incremental benefit for the central bonded warehouse," he said adding it can only be used as a dumping ground for smuggled fabric.

If establishment of central bond is considered then licences of 3,000 individual bonded warehouses should be cancelled and the central bond must be supervised closely by the authorities concerned, went on. "The government is losing huge revenue due to leakage of imported fabrics from these bonded warehouses."

Tapan Chowdhury, president of Metropolitan Chamber of Commerce and Industries (MCCI), Shahzada Miah, president of Bangladesh Specialised Textile Mills and Powerloom Industries Association (BSTMPIA), Dr Mustafizur Rahman, president of Institute of Textile Engineers & Technologists, Jahangir Alam, president of Bangladesh Yarn Merchant Association, Anisul Islam Mahmud, Abul Kashem Haidar, MA Awal and other leaders of BTMA were also present on the occasion.

Shahzada Miah said around 1100 small and medium units are the members of the BSTMPIA, of which 80 per cent are now closed because of smuggling of cloths. Non-payment of cash incentive is also taking toll on these units, he added.

Anisul Islam Mahmud said if the textile sector cannot survive, there is no hope for Bangladesh. Knitwear sector had phenomenal growth because of the current strength of the spinning sub-sector.

A high-powered government committee headed by textiles minister has recommended for not allowing a central bonded warehouse and was against implementation of SAARC cumulation because these do not protect the interest of the country's backward linkage industries. The recommendations, however, are yet to be made public.

Replying to a question, Matin Chowdhury admitted there had been some incidents regarding misuse of cash incentive but the association is now issuing certificates and trying to stop such malpractice.

The BTMA chairman also urged the government to continue 25 per cent cash assistance till 2004 and release funds for meeting all pending dues immediately.

Deals signed to develop land ports at Teknaf, Banglabandha

The Infrastructure Investment Facilitation Centre (IIFC) and Bangladesh Land Port Authority (BLPA) under the Ministry of Shipping have signed two development services agreements for development of land ports at Banglabandha and Teknaf, says a press release.

The ports will facilitate the flow of goods between Bangladesh and Nepal and Bangladesh-Myanmar.

BLPA has already acquired land for projects.

The ministry and BLPA intend to award contracts to private sector on build-operate-and-transfer (BOT) basis through a competitive bid process. The agreements set out the terms of references upon which IIFC will carry out pre-feasibility studies and assist in the development and implementation of Banglabandha and Teknaf port projects.

IIFC is a company with objectives to introduce, promote, encourage and assist all forms of private sector participation in development and improvement of infrastructure in Bangladesh.

Shariff Atiqur Rahman, chairman (Current Charge) of BLPA and Nazrul Islam, executive director and CEO of IIFC, signed the agreements on behalf of their respective organisations recently.

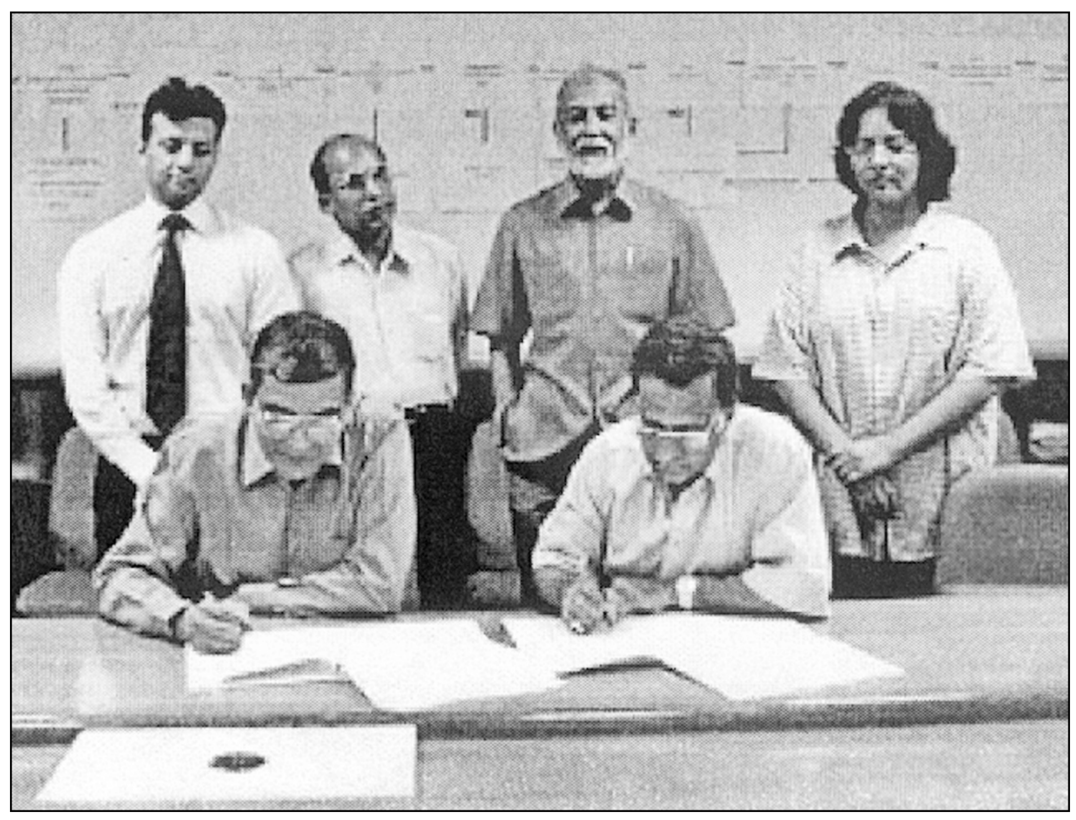

PHOTO: IIFC

Shariff Atiqur Rahman, chairman (Current Charge) of BLPA, and Nazrul Islam, executive director and CEO of IIFC, recently signed two development services agreements for development of land ports at Banglabandha and Teknaf on behalf of their respective organisations.

MIDAS training course ends

A week-long training course on "Start Your Own Business" concluded recently at MIDAS head office in Dhaka, says a press release.

The course was designed on a German model called Competency-based Economies through Formation of Enterprise (CEFE) successfully implemented in more than 50 countries in Asia, Africa, South America and Europe.

The course will enable the participants to identify and select viable business projects, prepare bankable business plans covering management, marketing and production aspects, analyse profit and loss and set up/ and or expand business ventures.

A total of 18 potential or existing entrepreneurs of different background participated in the training course and prepared individual business plans on their selected business matching their personal ability and expertise.

Abdul Karim, Managing Director of MIDAS, was present on the closing ceremony and distributed certificates among the participants.

Md Shafiqur Rahman, General Manager (Programmes), and Mohammad Alauddin, Assistant General Manager, MIDAS, were also present.

PHOTO: MIDAS

Abdul Karim, managing director of MIDAS, distributes certificates among the participants at the closing ceremony of a training course on 'Start Your Own Business.' Md Shafiqur Rahman, general manager (Programmes) (1st from right), Mohammad Alauddin, assistant general manager (3rd from right), and Arghya Sarathi Sikder, assistant manager (4th from right) of MIDAS, are also seen in the picture.

Doha round to touch raw nerves of protectionism

Incoming WTO head outlines new talks agenda

AFP, *Hong Kong*

The Doha round of world trade negotiations launched last November promises to expose the "raw nerves" of protectionism in services, agriculture and textiles, the incoming head of the WTO said Tuesday.

"We're not touching the simple things like market access and tariff reductions," said Thailand's Supachai Panitchpakdi, who takes over as director general of the World Trade Organisation in September.

Rather, under the Doha round the WTO will be "touching on the raw nerves of participating countries," said the former deputy prime minister of Thailand, speaking at Hong Kong University to outline the agenda for the round, slated to last until 2005.

His comments came as new farm subsidies and steel tariffs in the US threatened to derail attempts to further open world markets.

Supachai focussed on the booming service industries, which account for two thirds of gross domestic product in many developed countries.

Services industries have few of the tariffs that protect traditional industries in the rich countries. Instead, the liberalization of services will involve looking at the rules and regulations at the core of many societies.

"So within the services negotiations, how are we going to liberalize health insurance for example," he said, raising as an example a person from a rich country who goes to a lower-cost country for an operation and than claims the costs in their home country.

In health care, education and many other services, the discussions will get into the sovereign rights of countries.

Supachai also acknowledged that the agricultural sector is treated under an entirely different set of rules than many other industries.

"When you deal with industry there is no so-called cultural diversity factor - for industry we have opened up every bit and piece of the sector with the exception of textiles," he said.

But in agriculture, the trade body has to deal with so-called non-trade concerns because agriculture is perceived to be at the cultural core of many of member countries.

Sun Microsystems plans business expansion in Bangladesh

STAR BUSINESS REPORT

Sun Microsystems, a leading hardware, software and support solution provider, intends to expand its business operation in Bangladesh with state-of-the art technologies and services.

This was disclosed by Sun Microsystems Managing Director for Philippines, Indonesia, Indo-China, Sri-Lanka, Brunei and Bangladesh Gan Boon San at a press conference in the city yesterday.

Speaking on success in Sri Lanka, Gan Boon San said his company hopes to apply similar strategies in Bangladesh.

"Our solutions are being used successfully in Srilankan Airlines, Sri Lankan stock market, and Sampath Bank -- one of the largest banks in Sri Lanka," the MD said.

He said the company has engaged Texas Electronics and Techvalley Ltd to market its products in Bangladesh.

He said some Bangladeshi companies like Gononet, Grameen Phone, Grameen Cybernet, Aftab IT, Proshikanet, ICDDR-B, Sparso, and some multinational companies like Shell, Unocal are already using Sun system.

Peter D'Almeida, director of Millennium Information Technologies -- Sun's Sri Lankan partner company -- also was present on the occasion.

Sun Microsystems has several technologies, including the Java and Jini platforms, Jiro technology, Solaris operating environment, Sun Open Net Environment (Sun ONE), Star Office software, Sun StorEdge products, Cobalt server appliances and Sun Fire servers.

NIIT launches CareerEdge course

Global IT education centre NIIT has introduced CareerEdge, a course that will provide basic working knowledge about computers, says a press release.

"This is a perfect solution for students and professionals who do not want to pursue a career in information technology but need basic working knowledge about computers to get the jobs they want," the release said.

Aptech holds seminar

The Dhanmondi Centre of Aptech organised a seminar on 'J2EE and .NET: The Future of IT' recently, says a press release.

Aptech 2nd year and 2nd semester students along with the faculties took part in the seminar.

Xane Alam Raabid, Head-Training of Aptech Worldwide-Bangladesh, discussed the comparison between the J2EE and .NET frameworks.

War fears rip into Indian, Pakistani markets

REUTERS, *Bombay/Karachi*

Pakistan stocks suffered their second-largest fall Monday and the Indian rupee fell close to a record low as tensions between the countries threatened to escalate into war following a guerilla assault on an Indian army camp last week.

Shares tumbled over seven per cent on Pakistan's Karachi Stock Exchange .KSE to end at a 14-week low as the two countries' armies, locked in a five-month face-off after an attack on India's parliament in December, exchanged fire for a fourth day.

In India, shares ended near five-month lows, the rupee eased near its lifetime bottom against the dollar and government bond yields held close to five-month highs.

Global rating agency Standard & Poor's warned that the sovereign ratings of both countries could be affected if the tensions persisted and hurt public finances.

The nuclear-capable South Asian neighbours moved closer to war last week after a bloody guerilla attack on an Indian army camp in disputed Kashmir.

The Indian government blames the attack and the assault on parliament on Pakistan-backed Islamic extremists. It vowed "appropriate action" after last Tuesday's strike left 34 people dead, including the three attackers.

So far, India has not specified what form that action could take, but over the weekend it expelled Pakistan's chief envoy and streamlined its armed forces, bringing paramilitary troops at the border under the army's control and the coastguard under the navy's command.

Equity traders said there was no panic selling as yet but the uncertainty had unnerved investors.

"The recent events have shifted investor focus from themes such as earnings or economic recovery," said Bahrain-based Hemant Kulkarni, who helps manages $80 million in India equities for Taib Bank.

"As things stand now, we think there is a greater downside risk, and if there is a war, then the markets will surely tank."

The benchmark Bombay exchange index ended down 1.53 per cent at 3,282.81 points, its lowest close since January 2.

At its close, the index had lost 4.6 per cent since Tuesday's attack but was up a marginal 0.6 per cent since January, driven by a series of privatisations by the government.

PHOTO: IDCOL

The certificate awarding ceremony of the fourth training course on project finance organised by Infrastructure Development Company Ltd (IDCOL) was held on Monday in the city. Azad Ruhul Amin, secretary of Ministry of Land and director of IDCOl, and Ghulam Rahman, secretary of Ministry of Shipping, Dr M Fouzul Kabir Khan, ECO of IDCOL, Robert S Parra, course director, Amer Alam Chowdhury of Credit Agricole Indosuez, and Nusrat Sharmin Huq of DFID are seen with the participants at the ceremony.