

Govt may cut import duty on plastic luggage raw materials

Khosru tells VIP-Nitol Industries inauguration

STAR BUSINESS REPORT

As plastic luggage is now becoming an export item, the government will consider reducing duties on import of raw materials, Commerce Minister Amir Khosru Mahmud Chowdhury said on Thursday.

The minister was speaking at the inauguration of VIP-Nitol Industries Limited at a city hotel.

VIP-Nitol Industries, a joint venture between India's VIP Group and Bangladesh's Nitol Group, is located at Konabari in Gazipur. The company will produce four lakh luggage and two and a half lakh chairs annually.

The commerce minister said luggage tops the list of new export items for Bangladesh.

The country imports luggage and spends substantial foreign currency for this but now it will earn by exporting the product, he added.

In his speech as special guest, Indian High Commissioner in Dhaka ML Tripathi said the newly established project reflects that both the countries hold vast potential and can do many things for the mutual benefits.

The envoy termed the joint venture project a very positive and encouraging sign for economic co-operations between Bangladesh and India.

Dilip G Piramal, chairman of VIP Group of Industries, said VIP is the largest luggage manufacturer in Asia and second largest in the world.

The north-eastern states of India and

some other Asian countries will be the prospective markets for the VIP-Nitol products, he added.

Mahmudur Rahman, executive chairman of the Board of Investment (BOI), said the project has been implemented in a very short period as it got registered with the BOI in January this year and started production in August.

Investment went up by 22 per cent in the last nine months, although foreign direct investment (FDI) declined by 40 per cent last year, the BOI chairman mentioned. Import of all products has dipped in the recent times but the capital machinery import has increased, he added.

Abu Saleh, vice-chairman of Export

Promotion Bureau (EPB), said VIP is an established luggage brand in Bangladesh and the luggage items not only help meet local demand but also earn foreign exchange for the country.

Abdul Matlub Ahmad, chairman of Nitol Group, said VIP-Nitol is the first world class luggage industries in the country.

Termining luggage a prospective export item, he said meeting local demand apart, the company's products will be exported to different countries.

The plastic moulded luggage will cost only Tk 750 and chairs at Tk 350 a piece. Another category of luggage will be produced very soon, which will cost Tk 450 a piece.



PHOTO: CEMS

Commerce Minister Amir Khosru Mahmud Chowdhury cuts ribbon to inaugurate the three-day 3rd Tex-Tech 2002 at the Pan Pacific Sonargaon Hotel yesterday. State Minister for Commerce Barkat Ullah Bulu, Conference and Exhibition Management Services (CEMS) Managing Director Meherun N Islam and CEMS Director Shahed Sarwar are also seen in the picture. Twenty-two local and foreign garment machinery and accessory manufacturing companies are taking part in the CEMS-sponsored exhibition that concludes Sunday.

IMF cuts '03 global GDP growth forecast

AFP, Frankfurt

The International Monetary Fund has lowered its 2003 world economic growth outlook to 3.7 per cent, from 4.0 per cent, the German newspaper Handelsblatt reported Thursday in its Friday edition, citing an IMF report.

However, the IMF maintained its 2002 forecast of 2.8 per cent growth in world gross domestic product, the newspaper said.

GDP forecasts for the euro zone were revised lower for both years. The economy of the 12-state European single currency was expected to expand by 1.1 per cent in 2002, instead of the 1.4 per cent previously forecast, and by 2.5 per cent in 2003, instead of 2.9 per cent.

US weekly jobless claims fall 2,000

AFP, Washington

The number of people filing new claims for US jobless benefits fell 2,000 to a seasonally adjusted 389,000 last week, the government said Thursday.

The decline for the week that ended August 17 was roughly in line with Wall Street economists' expectations.

A four-week moving average of initial unemployment claims rose 5,750 to 388,250, the Labor Department said.

In raw figures, new claims tumbled 23,003 to 309,448. There were 317,046 claims in the comparable week last year.

The number of people in the existing jobless pool — those claiming benefits for two weeks or more — eased 3,000 to 3.52 million in the week to August 10, the latest date for which those figures are available.

Initial jobless claims for the week ended August 10 amounted to 391,000, revised data showed, up from the first estimate of 388,000.

Siemens says next year will be harder than current one

AFP, Munich, Germany

The German electronics giant Siemens expects its next business year, which starts on October 1, to be even tougher than the current one, chief financial officer Heinz-Joachim Neubuerger warned Thursday.

Siemens' in-house magazine, SiemensWelt, quoted Neubuerger as telling a workshop for top managers that the upcoming business year would be "even tougher than the current one".

"We're facing weaker demand in many of our key markets," Neubuerger said. "The global economy is in a deep and lasting recession," he added.

Siemens, which runs its business year from October to September, sustained a 20-per cent drop in orders in the third quarter.

It predicted in July that the fourth quarter would be difficult and earnings in the period from July to September would fall short of levels attained in the preceding three months.

The group has so far not made any forecasts for the new business year.

Siemens is cutting 30,000 jobs, most of which will be in its fixed telecom networks business.

Japan regional banks in danger: Moody's

AFP, Tokyo

Japan's regional banks remain in danger as the economy stutters and people shift money to larger lenders after Tokyo lifted a guarantee on certain deposits, Moody's Investors Service said Friday.

"The franchise value of the regional banks is being seriously eroded across the board because of the 'hard economic realities' affecting Japan's regional economies," the global risk evaluator said in a statement.

Banks were also suffering after the government implemented a 10 million yen (83,000 dollar) cap for time deposits on April 1, taking away full protection.

"Trends indicate that money is gradually shifting away from weaker, smaller entities to the stronger, larger regional and city banks, and or is shifting from time deposits to still fully protected ordinary deposits," Moody's said.

Tokyo was planning to put a similar ceiling on ordinary deposits, checking accounts and other liquid bank accounts from April 1 next year to encourage consolidation in the financial sector.

But the government's Financial Services Agency (FSA) indicated Thursday it may leave ordinary deposits protected amid concerns over the stability of the financial sector and possible collapse of feeble banks.

"Although the removal of weak institutions would be a long-term positive for the sector, introducing market discipline to a weak banking system entails risk, and may be unduly disruptive to the confidence in the system," Moody's said.

The Moody's rating outlook for Japan's regional banking system is negative, with six of the 30 banks it rates under review for a possible downgrade, while the rating outlook for nine others is negative.

Signs the FSA supports regional banks and is encouraging integration in the sector were positive, said the ratings agency, but the future of the sector remained bleak as Japan's economy continues to falter.

Lexco Limited declares 5pc dividend

Lexco Limited has recommended a 5 per cent dividend for the shareholders for the year 2001.

The dividend was approved at the 22nd annual general meeting of the company held in the city on Thursday, says a press release.

The dividend has been given from the profit of the current year. The meeting also approved the annual report along with audited accounts of the company.

Abdul Mateen, chairman of the company, told the meeting that the company achieved a very marginal profit of Tk 22.97 lakh after tax during the year 2001, which is Tk. 14.45 lakh less than that of last year's profit after tax.

Koreas exchange lists of delegates to trade talks

AFP, Seoul

South and North Korea on Friday exchanged their lists of negotiators for the economic cooperation talks to resume here next week, the South's unification ministry said.

The four-day meeting was rearranged to start on Tuesday, a day later than set earlier, due to changed "flight schedules" of the North's team.

The ministry said the two sides decided to send a five-strong delegation each to the talks focusing on reconnecting the cross-border railways and roads which have been cut off since the 1950-53 Korean War.

Other issues would include the South's offer to build an industrial complex in the North and joint anti-flood efforts along the border, it said.

Analysts say negotiators may also discuss the South's food aid for the North.

The ministry said Yoon Jin-Shik, vice finance and economy minister, would represent the South, while Park Chang-Ryon, deputy chairman of the national planning committee, would lead the North's team.

The two Koreas agreed to resume the economic talks during a ministerial meeting last week which put their rapprochement back on track.

The pending round would be the second of its kind. The first talks were held in Pyongyang in December 2000.

Vietnam trade deficit hits \$1.67b

AFP, Hanoi

Vietnam's trade deficit hit 1.67 billion dollars in the first eight months due to a sharp increase in imports, preliminary figures showed on Friday.

Exports of 10.31 billion dollars failed to keep pace with an import bill of 11.99 billion dollars, leaving Vietnam with a hefty trade deficit, according to the preliminary figures from the General Statistics Department.

Imports grew 15 per cent during the first eight months with the sharpest increase was seen in imports of fabrics which rose 370 per cent and pesticides, machinery and equipment imports which increased by 43.7 per cent and 33.8 per cent respectively.

Auto imports registered a rise of 34.5 per cent while chemical product imports grew 34.1 per cent.

Exports during the first eight months of the year fell 1.2 per cent with exports of crude oil, Vietnam's top foreign exchange earner, fell 17.2 per cent and computer and electronics goods slumped 34.7 per cent.

Tex-Tech '02 opens

UNB, Dhaka

Local and foreign manufacturers of textile machinery and accessories have put a wide range of products at a fair in the capital to help garment industry choose the best ones and update.

State Minister for Commerce Barkatullah Bulu was also present. Going round the stalls, Khosru was impressed by the array of latest technology in textile sector and said the garment sector is no longer a tailoring business here, it has become a high-tech industry.

A total of 22 companies from home and abroad are displaying latest developments and innovations in textile machinery, accessories and related services.

China, Russia sign trade agreements

AFP, Shanghai

Russia hopes to supply greatly increased amounts of oil and gas to its energy-hungry neighbour China, the country's Prime Minister Mikhail Kasyanov said in Shanghai on Thursday.

After meeting his Chinese counterpart Zhu Rongji for a round of trade-centred talks in the eastern port city, Kasyanov said Moscow and Beijing hoped to increase trade volumes, with much of this coming through exports of Russian oil and natural gas.

"Russia has much oil and can satisfy China's huge demand for oil and its huge demand for natural gas," Kasyanov told reporters.

According to Zhu, the two sides also agreed Thursday to speed up the construction of an oil pipeline stretching from the Siberian region of Irkutsk to China's northeastern oil centre of Daqing.

It was hoped the 2,400-kilometer (1,440-mile) pipeline, due to be completed in 2005, would bring 20-30 million tonnes of Russian oil into China each year, he said.

The two countries also signed a series of cooperation and bilateral trade deals following the talks, on the second day of Kasyanov's three-day visit to China.

He was due to fly to Beijing later Thursday for talks with President Jiang Zemin Friday.

"In this seventh meeting, we have undergone a very constructive

and successful meeting. We discussed agreement in keeping a good neighbourly relationship and further expanding cooperation," said Zhu.

"Despite some individual problems, we have produced a series of important documents and important projects," Kasyanov added, not specifying what the problems were.

The prime ministers signed a cooperation memorandum and agreed to meet again next year.

In addition, the countries agreed two new bilateral trade deals to boost exports and imports between the giant neighbours.

Under one agreement, their central banks agreed to allow commercial banks to conduct trade clearance in each others' national currencies.

The deal simplifies trade transactions between merchants doing business between the two countries by allowing the direct conversion of the Chinese yuan and the Russian rouble.

Until now the US dollar has served as proxy currency for business transactions between the nations.

In addition, the Industrial Commercial Bank of China agreed to extend Russia's Bank for Foreign Trade, Vneshtorgbank, a 200 million dollar credit line to finance the purchase of Chinese exports goods, Vneshtorgbank said in a press release.

The report also said several WTO rules existed that lowered the price of normally expensive medicines, including a measure that cuts customs tax on mosquito repellent to fight malaria, rampant in many countries across Africa.

"We feel that it is of course a decision of the recipient government in the area," Vaneck said.

"But we think that it is unlikely that the consumption of GM food causes a risk to human health and we think that the environmental risks are manageable," he added.

In the 18-month study, WHO listed eight health concerns, including the fight against infectious diseases, smoking, and access to medicine.

The study expressed support for the controversial WTO measure governing patents, Trade-Related Intellectual Property Rights, known as TRIPS. The measure has come under attack as preventing developing countries from developing cheaper generic medicines to combat epidemics such as AIDS.

The report also said several WTO rules existed that lowered the price of normally expensive medicines, including a measure that cuts customs tax on mosquito repellent to fight malaria, rampant in many countries across Africa.

Relations between Iraq and Syria, which are ruled by rival wings of the Baath party and severed ties in the 1980s, have been on the mend since 1997, fueled mainly by trade links.

Zaim presented feasibility studies for two glass factories in Syria, a chemical fertilizer factory in Iraq, and a joint industrial holdings company.

Saleh, also met with Economic Minister Ghassan Rifai to discuss the "difficulties hindering the application of a free trade area," following the accord their two countries signed in January 2001.

Relations between Iraq and Syria, which are ruled by rival wings of the Baath party and severed ties in the 1980s, have been on the mend since 1997, fueled mainly by trade links.

US online sales jumps 24pc

AFP, San Francisco

Online sales jumped 24.2 per cent in the second quarter of 2002, the US Department of Commerce said Thursday.

According to the agency, online retail sales for the second quarter of this year totaled 10.2 billion dollars, a 24.2 per cent jump over the same quarter last year. Those figures were not corrected to take into account seasonal jumps such as holidays, the bureau stated.

The agency found that e-commerce sales increased 3.7 per cent from the first quarter of this year.

That 10.2 billion dollar figure, however, still pales in comparison with overall US retailing numbers. The agency said total retailing for the second quarter was 825.5 billion dollars, a 2.5 per cent increase from the same period a year ago.

Citibank to leave housing loan business in Japan

AFP, Tokyo

Citibank will pull out of the consumer housing loan business in Japan by the end of September and sell its loan portfolio to UFJ Bank, a unit of UFJ Holdings Inc., a spokeswoman said Friday.

"We thought we should focus our activities on areas where we can better utilize our strengths," said consumer banking spokeswoman Akiko Nakagawa.

Citibank said would not disclose the aggregate amount of the portfolio, which also includes other individual real-estate backed loans.

The US-based bank believes intensifying competition among major banks to slash interest rates makes the business unprofitable, despite holding several hundreds of billion yen in the portfolio, the Nihon Keizai Shimbun reported.

Citibank said however, it would continue providing such housing loans to affluent clients as part of its "private banking" service.

Syrian PM meets Iraqi trade minister

AFP, Damascus

Syrian Prime Minister Mustafa Miro held talks Thursday with visiting Iraqi Trade Minister Mohammed Mehdi Saleh on "strengthening economic, trade and industrial co-operation" between their two countries, the SANA news agency said.

The two reviewed the agenda for the upcoming meeting in Damascus of a Syrian-Iraqi trade and economic committee, to be chaired by Miro and Iraq's Vice President Taha Yassin Ramadan.

The Iraqi minister discussed ways of raising agricultural cooperation and said that his country had "lifted all the barriers to the entry of Syrian citrus fruits."

On Wednesday, Saleh held talks with Syria's Industry Minister Issam Zaim.

Zaim presented feasibility studies for two glass factories in Syria, a chemical fertilizer factory in Iraq, and a joint industrial holdings company.

Saleh, also met with Economic Minister Ghassan Rifai to discuss the "difficulties hindering the application of a free trade area," following the accord their two countries signed in January 2001.

Relations between Iraq and Syria, which are ruled by rival wings of the Baath party and severed ties in the 1980s, have been on the mend since 1997, fueled mainly by trade links.



PHOTO: LEXCO LTD

The 22nd annual general meeting of Lexco Limited was held at the company's head office in the city on Thursday.

US to reschedule \$3b Pak debt

REUTERS, Islamabad

The United States signed an agreement in Islamabad Friday for the consolidation and restructuring of \$3 billion in debt owed by Pakistan, a key ally in its war against terror.

The agreement with the Pakistan government was signed on the American side by US Ambassador to Pakistan Nancy Powell and covers debt outstanding as of the end of November last year, including arrears and accrued interest.

The debt included loans from USAID, the US Eximbank and agriculture and Department of Defence programmes, a statement issued to reporters at the signing ceremony said.

In addition, it said, Pakistan would work closely with the US administration to secure cancellation of \$1 billion of US debt under a commitment made by President

George W Bush during a visit to Washington by Pakistan's President Pervez Musharraf in February.

Friday's signing was witnessed by Pakistan's Finance Minister Shaukat Aziz.

"This agreement augers well for Pakistan," he told reporters. "It will help reduce debt and gives us space to spend money on poverty reduction."

Powell said the United States agreed to provide the relief because of the strong economic reforms pursued by Musharraf's government.

The statement said \$2.3 billion of consolidated official development assistance (ODA) debt would be repayable over a period of 38 years, including a 15-year grace period starting from May 31, 2017.

Consolidated non-ODA debt of \$0.7 billion would be repayable over 23 years, including five years' grace,

starting from May 31, 2007.

The statement said interest rates on ODA debt would be at the average of regional concessional rates, while those of non-ODA debt would be according to market rates.

Heavily-indebted Pakistan secured pledges of aid and debt relief from the West by abandoning its support for the ultra Islamist Taliban regime in neighbouring Afghanistan after the September 11 attacks on the United States and by siding with the US-led war on terror.

Last November, the United States released \$600 million in aid to Pakistan, which was followed by a \$1.3 billion IMF poverty reduction programme and a \$12.5 billion debt restructuring from the Paris Club of donor countries.

Pakistan's foreign debt is currently estimated at around \$36 billion.

EU urges Earth summit not to ignore trade

AFP, Paris

European trade commissioner Pascal Lamy warned Thursday it would be wrong for the UN Earth summit to focus on environmental and development issues and ignore the crucial role of trade in improving the lot of poor countries.

"I hope (the Johannesburg summit) will provide the opportunity to focus on the role international trade can play in advancing the cause of sustainable development," Lamy wrote in French newspaper Liberation.

"To confine this meeting to issues of the environment and development -- as fundamental as they are -- would be an error," he

said. "We must make clear that development will only be sustainable if the developing world is integrated in a fair and effective manner in the global economy."

Delegates to the Earth Summit being held in Johannesburg from August 26 to September 4 are expected to issue a declaration renewing a political commitment to sustainable development and to adopt a plan to meet goals of preserving the environment and erasing poverty.

"Globalisation, the source of wealth creation and development, is too often a source of inequality between nations and left to its own devices, it could have harmful implications for the environment

and society," Lamy wrote.

He urged world leaders to build on a World Trade Organisation initiative launched at Doha last year for industrialised countries to eventually phase out food export subsidies, which do enormous damage to farmers in poor countries.

"This would allow the full integration of developing countries into the world trade system," he added.

Lamy also pushed for more bilateral or regional trade accords to boost international cooperation and reduce the reliance on development aid to poorer countries, and for the launch of private-public partnerships.