

Bangladesh set to lose 8.23pc quota in one apparel category

Dhaka accepts US proposal for 5pc special carry forward

SHAHRIAR KARIM and MONJUR MAHMUD

Bangladesh will lose 8.23 per cent of its quota in one apparel category for the next year in the US market for over shipment of the product beyond the limit in July this year.

As huge quantities of Bangladesh-made apparels under category 347/348 (trouser), which surpassed the limit, were awaiting the US port clearance, the Bangladesh government made a request to the US administration to accept those with a special carry forward facility up to 10 per cent. The government also expressed its willingness to accept 'a penalty in exchange for this flexibility'.

The US administration had offered five per cent special carry forward with a provision of penalty that spells for each piece of trouser (category 347/348) to be deducted of three trousers from the next year quota. The US textile negotiator recently informed Bangladesh commercial counselor in Washington DC in a letter.

The government accepted the proposal and communicated the decision to US administration yesterday night.

"It was our proposal and we are glad that the US government accepted it. Otherwise, it would have had a long time to do our export," Commerce Minister Amir Khosru Mahmud Chowdhury told The Daily Star.

If the Bangladesh's request was not accepted, it might have left a negative impact on Bangladeshi business as US importers made substantial investment for these products, the minister said, adding that they (US importers) might also become victims and shift to other countries.

According to sources, Bangladesh government had to

accept the offer by today and inform the United States Trade Representative (USTR) of its decision.

"Failure to respond to the proposal within this time limit would have led to the withdrawal of the offer," said a source of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The US government also warned Bangladesh that "US is disinclined to any nation for further flexibility due to over shipment till 2005."

"This offer is not negotiable and is valid until close of business on Friday (today). If I do not receive a response from Bangladesh government by 5:00pm on September 27, this offer will be withdrawn and the United States will not extend a second offer of flexibility," said David M Spooner, special textile negotiator of the USTR, in the letter.

"Bangladesh must take measures to ensure that it stays within its limits under the WTO so that this type of situation can be avoided in future," he noted. "Although this arrangement includes a penalty, we are disinclined to any nation for further flexibility with or without penalty provisions due to over shipment between now and 2005."

While the US prepares to integrate its textile and apparel sector at the end of 2004, it expects other nations to abide by their responsibilities under Article 4 of the agreement on textiles and clothing (ATC), which requires exporting countries to manage their textile quotas, the USTR negotiator said.

Bangladesh earlier requested the US government for special carry forward of 10 per cent for category 347/348 in quota year 2002 and expressed its willingness to accept a penalty in exchange for the additional flexibility.

When contacted, Kutubuddin Ahmed, BGMEA president, said the country had no option but to accept the offer.

According to sources, the acceptance of the proposal will not be as severe as it apparently appeared since Bangladesh's loss of actual shippable quantity will not be 10 per cent (3:1 ratio), but 5.43 per cent of the maximum adjustable limit of 2003.

"Around 175,230 dozens are already used in 2002 as special carry forward, and the actual penalty deductible from 2003 limit is 350,460 dozens only. So, the net loss is 350,460 dozens, which is equivalent to 8.23 per cent of the 2003 adjustable quota limit (4260,394)," a source said.

Given the negative impacts of other factors like US-TDA 2000, the global recession and September 11 incident on Bangladesh's striving garment sector, and the 347/348 over shipment stalemate, acceptance of the proposal will benefit both the exporters and importers, sources said.

Although the proposal is unusually arduous, the positive response will definitely help repair the damages already done by the over shipment impasse and enhance business credibility of Bangladesh exporters. This is also important from long run point of view, particularly at a time when competition is becoming severe. Major importers and their associates are also favouring this, they mentioned.

Earlier, the commerce minister said that US buyers shifted their orders to Bangladesh due to political crisis in Madagascar that created panic among Bangladeshi manufacturers which was the main reason for crossing the quota limit this year.



PHOTO: JANATA BANK
Finance and Planning Minister M Saifur Rahman and Janata Bank Managing Director Murshid Kuli Khan are seen at the formal launching ceremony of Janata Exchange Company (JEC), a hundred per cent subsidiary of Janata Bank, in Rome recently.

NBR extends tax return submission date

STAR BUSINESS REPORT

National Board of Revenue (NBR) has extended income tax return submission date by one month.

As per the new schedule, the last date for submission of individual tax return has been extended till October 31. Every year NBR generally accepted income tax return by September 30.

NBR officials said this year time has been extended following requests from different quarters and organisations.

An NBR press release yesterday said the new deadline would also be applicable for submission of income tax returns through self-assessment procedure.

This year, income tax exemption limit for individuals has been reduced to Tk 75,000 from Tk one lakh.

The maximum tax rate of 25 per cent for individuals remained unchanged. The four-tier income tax structure has been increased to a five-tier one this year.

Tax rate for the year 2002-2003

is fully exempted on income up to Tk. 75,000. Tax will be applicable at 10 per cent for income range up to Tk1,50,000, 15 per cent for Tk 150,000, and 20 per cent for Tk 2,50,000. The maximum tax rate for individuals is 25 per cent.

The minimum tax for individuals has been fixed at Tk 2400.

The corporate tax rate for listed companies has been fixed at 30 per cent. The minimum tax ceiling for a private limited company is Tk 50,000.

China keen to invest in telecom sector

China is keen to invest and co-operate in the development of telecom sector of Bangladesh.

This was stated by the Chinese Minister for Information and Industries, Wu Ji Chuan, during a meeting with the Secretary of Post and Telecommunications Faruq Ahmed Siddiqui in the Moroccan city of Marrakech recently, says a press release.

The two were attending the ITU Plenipotentiary Conference there.

During the meeting Chuan reassured Chinese all-out cooperation in the development of Bangladesh's telecom sector and wished to be the development partner of Bangladesh.

He also recalled the recent visit of Barrister Md Aminul Haque, Minister of Post and Telecommunications, to China.

Uzbek airline to launch sales promotion with Agora

Uzbekistan Airways, the national flag carrier of the Republic of Uzbekistan, and Agora Superstore, a leading retail outlet of the country, will launch a month-long joint promotion to encourage travel to the enchanting Central Asian country from October 1, 2002, says a press release.

Any one purchasing over Tk 1,000 worth of merchandise at Agora Superstore from October 1 to October 31, 2002 will be able to win a trip to Uzbekistan.

While completing their purchases they are to procure coupons which are to be dropped at the designated box of the superstore as they come out.

First prize is a four-night five-day trip to Uzbekistan, second prize is Dhaka-Tashkent-Dhaka air ticket while the third prize is Dhaka-Cox's Bazar-Dhaka air ticket.

Credit Agricole Indosuez holds seminar on role of new products

Credit Agricole Indosuez, Dhaka organised a daylong workshop recently on "Role of new products in the development of the financial market in Bangladesh," says a press release.

Objective of the workshop was to highlight the importance of new products with special reference to Repo, commercial paper and foreign exchange hedging for further development of financial market in Bangladesh.

Gerard Marchand, country manager of the bank, inaugurated the workshop.

Marc Mouscadet, regional manager treasury of Credit Agricole Indosuez, Paris was on a 3-day visit to Dhaka on the occasion.

Commercial Paper and FX Hedging sessions were conducted by Dr Toufic A. Choudhury, director of BIBM.

Bangladeshi company signs deal to make animation film

\$4.7m contract to produce 26-episode 'MR Koko'

ZAHIDUL HAQUE

A local animation company recently entered into a US\$4.7 million contract with a Canadian firm to produce 26-episode cartoon film titled 'Mr Koko'.

The company -- Greenfield Toons, animation wing of the Decode BD Ltd, has been awarded the contract under which it will receive one hundred dollars per second. The duration of each episode will be 30 of minutes.

Animation Supervisor of the company Mustafa Jamil Akbar Shamim disclosed this at the company's stall at the just concluded small and medium enterprise (SME) fair 2002.

He said the company is also in talks with another company and a couple of TV channels for producing 2-D animation films.

"We are expecting to sign a deal soon with an Indian company who has been awarded job to produce cartoons for a 24-hour cartoon TV channel," said Shamim.

Without naming the TV channels, he said, two renowned cartoon channels have also contacted them for the same purpose.



He said his company will use 'US Animation Software' as platform to produce 'Mr Koko'.

The company's first production, five-minute 2-D cartoon film 'Ant and the Dove', was produced in August 2001 by using CTP software. The

strength of the company was only eight animators at that time.

At present, the company employs more than one hundred animators and supporting artists, most of them from the Institute of Fine Arts, University of Dhaka.

Greenfield Toons now boasts with its full-fledged international studio with state-of-the-art technologies just like any other advanced studio in the world.

He said success of such animating companies lies in delivering quality products for which the firms have to arrange a number of training programmes.

Shamim said although animation film is very expensive, it has a huge market in the US. "Our neighbouring India has also engaged itself in this field. But unfortunately we are lagging behind."

Greenfield Toons is now working on a new 2-D animation film titled 'BugaBuga'. Noted writer of juvenilia Muhammad Zafar Iqbal is the author of the story.

The film is a story of a little ghost who befriended a young boy named Sagar. The film is of 70 episodes. Duration of each episode is five minutes. The company has already completed four episodes.

The soap opera was scheduled to be aired on now off the air Ekushey Television.

Contract signed for US\$5 lakh ADB TA grant

STAR BUSINESS REPORT

Asian Development Bank (ADB) yesterday signed an agreement with the government to provide US\$ 5,00,000 technical assistance (TA) grant.

The signing took place at the Economic Relations Division (ERD). The fund will be given under a project aimed at supporting rural women by promoting livestock production in Bangladesh.

ADB Country Director Toru Shibuichi and ERD Joint Secretary

AMM Nasir Uddin signed the agreement on behalf of the respective sides.

The amount of technical assistance grant will be funded from ADB's Japan Special Fund (JSF), which is financed by Japanese government.

ERD officials said the project will focus on improving the livelihood of poor rural women and making them self-reliant through introduction of small-scale livestock production. The project will also involve private sector in producing and marketing

livestock and related products.

According to an ADB press statement, nearly half of Bangladeshi families living in the countryside are either landless or own less than 0.2 hectare of land.

The other components of the project will cover the improvement of breeds and animal health, research, livestock and poultry husbandry, livestock produce processing and environmental management, an ADB press statement said.

US consumer gloom poses no immediate threat to Asia

REUTERS, Singapore

Asian exporters should not take fright at the latest news of declining US consumer confidence, analysts said Wednesday, noting that spending in American shops was holding up well.

The US Federal Reserve's decision on Tuesday not to lower interest rates was another sign that the outlook for the United States, a key Asian export market, was not one of recession, they said.

US consumer confidence fell for a fourth straight month in September, to 93.3 points, a 10-month low. The index is down 17

points since March, but is still above recessionary levels.

The US economy is still growing - and their despite waning confidence, consumers are still spending -- which should support Asian exports into the end of the year at least.

"We prefer to watch what consumers are doing, rather than what they are saying, and (US) consumer spending is still growing," said Steve Brice, chief economist for Southeast Asia at Standard Chartered Bank.

"It's not storming ahead, but it is still consistent with our central scenario for moderate growth going forward for the US economy."

US retail sales rose 0.8 per cent in August, and grew by over one per cent in both July and June, official data showed.

The confidence index showed consumers' attitudes to the state of the US economy and their finances at an eight-year low. They are cutting back on plans to buy big ticket items, such as cars, home appliances and vacations, over the next six months, the data showed.

"Consumer confidence has been weak for some time, but actual consumption has remained reasonably strong," P K Basu, regional economist at Credit Suisse First Boston, said.

IBBL opens Majidee Court branch in Noakhali

The Majidee Court Branch of Islamic Bank Bangladesh Limited (IBBL) was inaugurated yesterday in Noakhali, says a press release.

Barrister Moudud Ahmed, minister for Law, Justice and Parliamentary Affairs, inaugurated the branch as the chief guest.

Mohammad Mosharrif Hossain, MP, director of the bank, Mohammad Shahjahan, MP, Abul Hashem, MP and Fazlul Azim, MP, were also present at the function.

Presided over by Prof Md Fazle Azim, director of the bank, the function was addressed, among others, by Abdur Raquib, executive president, and Mohammad Shahjahan, executive vice president and incharge, Comilla Zone of the bank.

It is the 123rd branch of the bank.

Earlier a seminar on "Islamic economics and banking" was held on the occasion of opening the Majidee Court Branch on Wednesday at the auditorium of Noakhali Municipality. Mohammad Shahjahan, MP, was present at the function as the chief guest.

Presided over by Abdur Raquib, executive president of the bank, the function was attended by Abdur Rahman Manju, chairman of Noakhali Municipality as the special guest.

IMF sees higher growth in South Asian economies

AFP, Washington

South Asian economies are set for growth of 5.5 per cent next year but India and Pakistan are at risk from the regional security situation, the IMF said Wednesday.

South Asian economies were set to grow 4.8 per cent this year, accelerating to 5.5 per cent in 2003, the International Monetary Fund said in its twice-yearly World Economic Outlook report.

India is expected to grow 5.0 per cent this year and 5.7 per cent

next year, Pakistan 4.6 per cent this year and 5.0 per cent next year, and Bangladesh 4.0 per cent both this year and next, it forecast.

"In India, a cyclical recovery is now under way, although agriculture has been negatively affected by a poor monsoon," it said.

"The regional security situation and higher oil prices are sources of risk."

Although Indian inflation was moderate and its economic position with the rest of the world was sound, the trend of its economic

growth had declined since the mid 1990s as the benefits of earlier reforms faded, the IMF said.

"With the fiscal deficit among the highest in the world, fiscal consolidation has become urgent and pending fiscal responsibility legislation offers an opportunity to set out a clear and explicit medium term fiscal consolidation path."

India had taken significant reform steps, including privatizing state companies, allowing petroleum products to be priced more by the markets and liberalizing interest rates, the IMF said.



PHOTO: REPUBLIC INS
The second annual general meeting (AGM) of Republic Insurance Company Ltd (RICL) was held at HR Bhaban in the city recently. All the shareholders present in the AGM participated in the discussions and adopted the accounts for the year 2001. A S M Nayeem, chairman of the executive committee (centre) of the company, chaired the meeting in absence of chairman of the company Hedayet Hossain Chowdhury.