

Rise in import duties to stall industrialisation

Manufacturers warn

Nazmul Ahsan

The pace of industrialisation will run into trouble if the government goes ahead with its plan to up import duties to 10 per cent from existing 7.5 per cent, manufacturers feared yesterday.

They said the cost of raw materials and intermediary goods will be higher if the move is materialised in the next budget.

The comments came following a government move to increase the import duties in the next national budget for 2003-04.

"The decision will encourage import of finished goods," said a leading manufacturer.

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Yussuf Abdullah Harun said the business community will oppose any such

move of reshaping the import duties.

He said the prospect of industrialisation will be hit hard once the lowest import duty slab is upped to 10 percent in the next fiscal year.

"The pace of industrialisation will certainly be halted and the industrialists will be discouraged once the lowest import duty is fixed at 10 per cent," Harun said.

Bangladesh Textile Mills Association (BTMA) President M A Awal said the import duty on necessary spare parts and accessories used in the textile industries should be brought down to nil instead of existing 7.50 percent.

"The country's textile sector will be jeopardised if the existing lowest import duty is enhanced," BTMA president said.

Earlier, business communities at a pre-budget discussion

demanded introduction of four-tier import duty structure with five per cent lowest slab and 30 percent highest.

But Finance and Planning Minister M Saifur Rahman rejected outright the plea and asserted on introducing three tiers of import duties. He said the government will enhance the existing lowest slab and slash the highest slab in the next fiscal.

Meanwhile, independent think tank Centre for Policy Dialogue (CPD) proposed 10 per cent maximum import duty for importing capital machinery, primary commodity, parts and appliances in the upcoming budget.

The CPD also suggested the government for introducing 20 per cent import duty for intermediary goods and 30 per cent for finished products.

In the budgetary suggestions,

the CPD urged the government to eliminate eight types of non-tariff duties in the import labels, such as supplementary duty, infrastructure development, regulating duty, advance income tax etc.

The budget proposals of the CPD were made on April 27 during an FBCCI discussion titled 'Stimulating Growth and National Budget FY 2004'.

Executive Director of the CPD Debapriya Bhattacharya delivered the keynote presentation.

When asked, Debapriya Bhattacharya said with a view to keeping conformity with the global and regional competitive rate of import duty, the import slabs should be 10 per cent, 20 per cent and 30 percent in the next budget.

Bhattacharya urged the government to eliminate non-tariff duties in the upcoming budget to protect emerging local industries.



PHOTO: STAR
People sit in front of a closed market compound in Dhaka as English Road Iron and Steel Merchants' Association went on an indefinite strike yesterday demanding withdrawal of VAT on retail sales. Some 700 steel traders kept their shops shut in support of the strike at the old part of the capital.

Collateral-free loan ceiling up

STAR BUSINESS REPORT

The government has increased the ceiling for collateral-free loan from nationalised commercial banks (NCBs) to Tk 10,000.

Industries Minister MK Anwar disclosed this yesterday. The minister said such finances will be extended to small and medium enterprises (SMEs) where the ceiling was Tk 5,000 earlier. The minister assured the limit will be raised to Tk 50,000 in future.

If a project is deemed viable, Employment Bank and Ansar-VDP Bank offer Tk 50,000 loan without collateral for SMEs, the minister said, hinting that the loan volume will be further increased to help grow the sector.

"As a traditionally agricultural country, Bangladesh should keep promoting small industries to create a solid footing for adopting high technology-based industries," he said while addressing the

inauguration of a traditional food festival at the FBCCI conference room in Dhaka.

Though Bangladesh produces surplus agro-products, Anwar said, a large part of it goes rotten due to inadequate preserving and processing facilities.

"Why should we import American tomato ketchup and Malaysian parata (loaf) when we have autarky in agro produce," he questioned.

The bureaucrat-turned politician urged local entrepreneurs to invest in agro-processing sector which has almost 100 per cent value addition.

A appreciating Women Entrepreneurs Cell of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) for organising the food festival, the minister said the country cannot see economic emancipation if women, who constitute half of its

population, remain confined to household work.

"We must encourage women to do business and groom female entrepreneurship to uplift their fate," he went on.

Weighing the importance of food industry, the minister said Bangladesh can earn billions of dollars by exporting food items if modern processing and preserving plants are set up.

Citing the success story of McDonalds chain shop, he said local entrepreneurs should follow this path and develop chain shops to market Bangladeshi food abroad.

In order to popularise Bangladeshi food abroad, State Minister for Commerce Barkat Ullah Bulu proposed that traditional local cuisine may be served to foreign guests at state dinners. FBCCI President Yussuf Abdullah Harun said since local

RMG industries cannot survive for long banking only on cheap labour, investors should move quickly to diversify the export basket.

If given proper support, food sector can emerge as an export-oriented sector expanding the country's limited export basket.

Some 62 women entrepreneurs from nine districts took part in the daylong event. A total of 30 mouthwatering traditional food items, including homemade cake, pickle, sweetmeat, fish and rice, were displayed at the first ever exclusively women-sponsored food festival.

Prof Monsur Musa, director general of Bangla Academy, Mohammad Ali, vice-president of FBCCI, Prof Masuda M Rashid Chowdhury, director of FBCCI, and Nasreen Awal Mintoo, director of FBCCI, spoke at the inaugural ceremony.



Former chief justice Mustafa Kamal (3rd from left) speaks at the monthly luncheon meeting of American Chamber of Commerce in Bangladesh (AmCham) in Dhaka yesterday. Yussuf Abdullah Harun, president of the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), Mary Ann Peters, US ambassador in Dhaka, Aftab ul Islam, president of AmCham, Christopher Webster, deputy chief of mission, US Embassy, and A Gafur, executive director of AmCham, were also present.

US officials happy with dollar fall

REUTERS, New York

Officials at the US Treasury Department are happy to see the dollar's gradual decline, but hope to keep market guessing about its policy so as to prevent a disruptive plunge, macro-political advisory group Medley Global Advisors said.

The Medley report, seen by market sources on Tuesday, said US officials plan to counter any complaints at a G7 meeting this weekend with calls for Europe to cut interest rates and for Japan to undertake structural reform.

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In the past, Bangladeshis have mostly imported reconditioned cars, particularly from Japan, rather than buying new vehicles from abroad.

Citing environmental concerns, the government last year banned the import of reconditioned vehicles, although under pressure from the industry allowed the trade to

continue for another three years.

G.M. Nawsher, who imports cars from Italy, said the auto show hoped to show Bangladeshi that new cars were within their price range, thanks in part to government initiatives such as lower import duties and other taxes. "It is a beautiful sporty car," he said as he showed off an Alfa Romeo. The price of the luxury car has not been set, but he said it would cost around 2.2 million taka (38,000 dollars).

Italian automaker Fiat's Indian

arm recently said it would aggressively target the market in Bangladesh after receiving the first orders there for its Palio, priced at more than 600,000 Taka (10,345 dollars).

Nawsher said Palios were mostly used in Bangladesh by taxi operators.

The auto show will also feature models from Mercedes Benz, Toyota, Nissan, Volvo and India-based Maruti-Suzuki and Tata.

opening May 21 in the capital Dhaka, aimed to raise public awareness about the new-car market besides showcasing particular makes.

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mostly imported reconditioned cars, particularly from Japan, rather than buying new vehicles from abroad.

The show will bring about 18 brands of vehicles from across the world," M. Salahuddin, general secretary of the Bangladesh Automobile Distributors Association, told AFP.

He said the five-day show,

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