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Plastic industry cries for govt support

Manufacturers demand reduction of import duties on raw materials

SARWAR A CHOWDHURY

The plastic goods manufacturers have sought government support to help flourish the sector which earns some Tk 600 crore in foreign exchanges a year through direct and indirect exports.

Plastic industry is growing rapidly and contributing to the national economy but the government's attitude to this promising sector is not positive, Yusuf Ashraf, president of Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA), told The Daily Star in an interview recently.

BPGMEA is organising an international exposition -- Plastic Fair-2003 -- at the China-Bangladesh Friendship Conference Centre in Dhaka with a view to expanding export market for Bangladeshi plastic products. The four-day fair ends today.

"To promote plastic industry in Bangladesh the government should reduce import duties on raw materials, set up a separate industrial zone and testing laboratory and withdraw bank guarantee system," Ashraf said.

Businessmen involved in the sector have not been able to improve goodwill of the sector and also have failed to inform the policymakers of the positive sides of the industry as their attitude is negative about this sector which employs about one lakh people, he said.

There are about 3,000 plastic industrial units in Bangladesh of which 80 per cent are located in the old part of Dhaka. Of the total units, 30 are engaged in direct export, 300 in indirect export and rests serve the domestic market of Tk 800 crore.

The plastic products include tooth brush, ball point pen body, overhead tank, shopping bag, garbage bag, garbage bin, crockeries, plastic furniture, toys, garment accessories, household items, sanitary fittings, spare parts of textile and jute mills and packaging items.

The high duty on raw materials is pushing the price of locally manufactured plastic goods higher. So, the products are struggling to compete with the cheap Chinese and Indian imports, Ashraf said.

He demanded the import duty on raw materials be slashed to 7.5 per cent from present 15 per cent to keep the foreign imports at bay.

The government should also withdraw the condition of showing 25 per cent bank guarantee to the customs department for importing raw materials, he said.

"For this, we are failing to provide goods with a competitive price to the customers," he mentioned.

Deemed exporters are also failing to provide plastic products like polybag and hanger, which are used by the garment industry, in a competitive price. Of the total export, direct exports earn Tk 100 crore while indirect exports by deemed exporters fetch Tk 500 crore, Ashraf added.

Not having any separate industrial plots for plastic manufacturers, the factories are scattered at different places that hinder immediate consultation exchange on technical and other related matters. High concentration of factories in the old part of Dhaka also creates traffic jam, he said.

"So, the government should take initiative to set up a separate industrial estate for the burgeoning industry," he said.

Meanwhile, Commerce Minister Amir Khosru Mahmud Chowdhury assured the association of providing financial support to set up a separate industrial estate while inaugurating the four-day international plastic fair in Dhaka on Wednesday.

The minister also advised the association leaders to look for a suitable site of 100-200 acres of land for developing the proposed plastic industry zone. The association president appreciated the minister's pledge and said they would find a site for the industrial zone.

For the quality control and maintaining the product standard a testing lab is essential, BPGMEA General Secretary KM Iqbal Hossain said.

Criticising the ban on polypropylene products measuring below 100 micron, Hossain said the government should withdraw the restriction especially on the plastic products manufactured for export or used for packing export items.

PHOTO: STAR

Women crowd a stall at the four-day Plastic Fair-2003 at the China-Bangladesh Friendship Conference Centre in Dhaka yesterday. The exposition ends today.

Fantasy Kingdom, Rangs Ltd team up for promotion

Fantasy Kingdom and Rangs Ltd signed an agreement on Thursday to join hands in promotional programmes of the two companies.

Under the deal, theme park Fantasy Kingdom and Rangs Ltd, an automobile sales and distribution company, will undertake certain promotional events jointly.

Rangs will organise new automobile launch, car fair and other special events in the park. Rangs will also display cars at Fantasy Kingdom and offer discount prices.

Shahriar Kamal, director of Concord Entertainment Co Ltd, the owning company of Fantasy Kingdom, and Romo Rouf Choudhury, managing director of Rangs Ltd, signed the agreement, says a press release.

China signs free trade deal with Macau

AFP, *Hong Kong*

China and Macau signed a deal Friday that will grant the Chinese territory more favourable trade terms with the mainland, a Macau government spokesman said.

Chinese Vice President Zeng Qinghong officiated at the signing of the trade deal, known as a Closer Economic Partnership Arrangement (CEPA), that will see China and Macau forge stronger ties in three major areas -- goods, services and trade and investment facilitation.

Zeng, who arrived on Friday for a two-day visit to the former Portuguese enclave of Macau, is in charge of Hong Kong and Macau affairs.

The deal was signed by Chinese Vice Minister of Commerce An Min and Macau Secretary of Economy and Finance Francis Tam.

In an interview with the official Chinese news agency Xinhua, An said the "win-win" deal will give Macau a stronger platform to plan its long-term economic development.

"The trade pact will be a milestone to mark a new stage of economic integration between the mainland and Macau over 20 years," An said.

Macau reverted to Chinese sovereignty in 1999 after some 400 years as a Portuguese colony.

The Macau free trade deal is modeled on a similar pact signed between China and Hong Kong on June 30, which comes into effect on January 1, 2004.

WTO needs vigilant eye on rise in bilateral accords: Supachai

AFP, *Paris*

The World Trade Organisation (WTO) has to be "very vigilant" over the increasing number of bilateral accords between countries that threaten poorer states, the body's director general, Supachai Panitchpakdi, told the Thursday edition of a French newspaper.

"We have to be very vigilant in the face of increasingly powerful bilateral accords. The weakest have everything to lose in a struggle between two countries outside international rules," he told the daily Liberation.

The WTO chief added that the failure of the trade talks in Cancun, Mexico last month and in Seattle in 1999 meant many countries were eager to return to the table to resolve outstanding issues.

"International trade is all about cycles. For 20 years, there have been 10 cycles of negotiations started, of which five were failures. Don't forget that we had a good agreement on access to medicines 15 days before Cancun," he said.

Supachai said the world's richer countries had perhaps underestimated the determination of developing nations to avoid negotiating on the issues of investment, competition, public markets and customs until differences on farming -- particularly rich-country subsidies -- were solved.

"Those with the least had a real feeling of giving a lot and receiving not very much in return. And the various special treatments that they achieved afterwards will not be enough," he said.

The WTO talks in Cancun broke down last month because of a fierce row between rich and poor nations over agricultural subsidies and proposals to extend the mandate of the WTO to cross-border investment.

Observers say that failure meant more countries would likely now turn to more localised free trade agreements (FTAs), with a corresponding risk to the establishment of common rules worldwide that would spur development and trade.

Bush vows to seek 'level playing field' in Asia trade

REUTERS, *San Bernardino, Calif*

President George W Bush left for Asia Thursday promising to increase pressure on US trading partners to create a "level playing field" for American exporters, a critical base of support for Bush in the run-up to next year's election.

Bush will prod the leaders of Japan and China to left the market determine the value of their currencies, and vowed to expedite bilateral free-trade negotiations with Australia, Thailand and other "friends" after World Trade Organisation talks derailed last month.

While he expressed optimism that the US economy is "coming around," Bush said: "We need a level playing field when it comes for trade and a level playing field will help us create jobs here in America."

"Free trade must be two ways," Bush added in San Bernardino, California, before departing for Japan to meet Prime Minister Junichiro Koizumi. He will later travel on to Bangkok for the Oct. 20-21 annual summit of the Asia Pacific Economic Cooperation forum, where he will meet with Chinese President Hu Jintao.

The administration wants Beijing to loosen up its currency regime, in which the Chinese yuan is pegged to the dollar. US officials argue that the fixed peg renders Chinese exports cheaper, making it hard for American companies to compete.

Japan's currency floats freely but its central bank intervenes in the foreign exchange market. Bush has made clear his preference for less intervention by Japanese authorities to weaken the yen against the dollar, telling Asian journalists in an interview earlier this week that "markets ought to be determining respective currencies."

But, at the same time, Bush restated the US policy of wanting a strong dollar -- a policy many investors see as hollow given the administration's tolerance of the dollar's slide, most recently to three-year lows against the yen.

In the interview, the full transcript of which was released by the White House on Thursday, Bush said he hoped to revive global trade negotiations. "I wouldn't condemn the WTO (Doha) round to failure yet," he said.

"The sense I get is a lot of countries feel this was a missed opportunity" and that US trade negotiators believe "there is a framework to get the process restarted and moved forward," Bush added.

In the meantime, Bush said he would seek bilateral free-trade agreements, including one with Thailand. Asked if a deal could be signed during his state visit in Bangkok. Bush said: "I don't know. We'll see."

Bush said he also hoped to complete a free-trade pact with Australia before the end of the year.

Bush is under mounting pressure from US manufacturers and lawmakers to confront China.

Senate Minority leader Tom Daschle, a South Dakota Democrat, has urged the administration to start a probe of China's actions under the World Trade Organisation, and a small group of lawmakers proposed legislation to repeal China's trade privileges in the United States.

But some of Bush's economic advisers are wary of pushing Beijing too hard, warning that a sudden revaluation of the yuan currency could trigger a banking crisis.

Thailand, Peru edge closer to free trade deal

AFP, *Bangkok*

Thailand and Peru moved a step closer to a free trade agreement on Friday, inking a deal on closer economic relations that is the first of its kind between Thailand and a Latin American country.

The framework deal, signed by Thai Prime Minister Thaksin Shinawatra and Peru's President Alejandro Toledo ahead of next week's Asia-Pacific Economic Cooperation (APEC) summit, provides for negotiations on tariff reductions between the two countries to begin no later than next January.

Under the framework, those negotiations must be concluded by 2005 in order to establish a free trade area in goods by 2015. Negotiations on services and investment must also be concluded by 2005 with no deadline for implementation.

EU leaders give initial nod to plan to boost growth

REUTERS, *Brussels*

European Union leaders gave a tentative nod Thursday, to an initiative to revive Europe's sluggish growth by investing in transport and research but asked the executive European Commission to focus on fewer projects.

Commission President Romano Prodi said he would draw up a shortlist of priority transport and research projects of true pan-European interest that could be started rapidly.

He pledged five billion euros ($5.8 billion) per year in EU and European Investment Bank money towards financing them.

This "quick start" list will be put to leaders of the 25 current and future EU states for decision at a December summit.

"This initiative was met with broad support and great enthusiasm," Italy's Prime Minister Silvio Berlusconi told a news conference after chairing the Brussels summit.

Building on a similar mid-1990s plan by former Commission President Jacques Delors, the EU executive has earmarked 29 transport projects, ranging from a high-speed rail link across the Pyrenees to a bridge over the Messina Strait to Sicily.

To complete the projects, the EU needs to raise 220 billion euros of private and public funds between now and 2020.

The plan has been reshaped towards promoting innovation and research after pressure from northern European states, which feared the initiative would overshadow a previous pledge to raise Europe's competitiveness by 2010.

"We need to be more precise. It's important to focus on one or two projects," said Belgian Finance Minister Didier Reynders.

Economists have expressed scepticism at the plan, saying the economic benefits would be small, while big public spending risked straining the bloc's finances beyond the deficit limits set by the EU's Stability and Growth Pact.

"Given the scale of the EU, the overall impact of the initiative is totally insignificant," said Daniel Gros, director at the Brussels-based the Centre for European Policy Research.

Gros, drafting a report on the initiative for the European Parliament, estimated the additional investment volume in transport would be a mere 0.1 per cent of EU output.

Other EU critics feared the words would not be matched by deeds, as in the case of the commitments to competitiveness made in Lisbon in 2000, now much behind schedule.

"So much of the wonderful conclusions (the EU agrees on) are good in themselves. But where is the beef?" European Parliament President Pat Cox told a news conference. "We need to move from a platitude agenda to an attitude agenda."

GP annual distribution confce held

The sixth annual distribution conference of GrameenPhone Ltd was held in Cox's Bazar yesterday.

GrameenPhone Limited Managing Director Ola Ree inaugurated the conference.

Dealers, agent outlets, individual agents were awarded for their performance in 2002 at the conference.

Mobile Mart was recognised the best dealer, Telesens the best agent outlet and MA Razzak the individual agent of Dhaka, says a press release.

The best performing regional and divisional outlets, outlet agents, individual agents and Easy Pre-paid scratch card distributors from each division were also awarded in the conference.

Director (Sales and Marketing) of the company Mehboob Chowdhury and Additional General Manager of Distribution Department Mahboob Hossain also spoke at the inaugural session.

HSBC to cut 4,000 jobs in England, Wales

AFP, *London*

British banking group HSBC said Thursday it would slash 4,000 jobs in England and Wales over the next three years, adding that the mainly call-centre positions would be transferred to its centres across Asia.

Service centres in Birmingham, Brentwood, Sheffield and Swansea would be closed by the end of 2005, a company spokesman said.

Compulsory redundancies could not be ruled out but would be kept to a minimum, he added.

The jobs, mainly processing and call-centre roles, would gradually be transferred to centres in India, Malaysia and China starting from next January.

"We are an international business and we are unable to control this phenomenon of global resourcing," the spokesman said.

"But we have to be part of it, regrettable as that is, otherwise we risk becoming uncompetitive and suffering even worse consequences in the future."

The announcement comes just three months after the banking group said it would shed 1,400 jobs in Britain by the end of the year, blaming the move on tough economic conditions.

New chairman of TCB

Md Shah Jahan, additional secretary, has joined Trading Corporation of Bangladesh (TCB) as its new chairman.

He took over the new position recently, says a press release.

Prior to his joining the TCB, he was a member of the Privatization Commission.

Shah Jahan joined the government service in 1970 as a member of the erstwhile EPCS. Later he joined the BCS (Trade) Cadre and worked as joint secretary in the Ministries of Food and Finance.

Federal Ins chairman re-elected

Md Abdul Khaleque has been re-elected chairman of the Federal Insurance Company Ltd.

The election was held in a board meeting of the company recently in Dhaka, says a press release.

Khaleque is also the chairman and managing director of RNSCO Sweaters Ltd, Chittagong Agency Ltd & RNSCO Fashion Ltd.