

Soaring prices of scrap vessels dent ship-breaking industry

NURUL ALAM, Ctg

The ship-breaking industry has run into trouble due to soaring prices of old scrap vessels, industry people said.

"The prices of scrap ship in the international market now rose to \$350 per ton which was \$200 five months ago. So, the price is beyond our reach," said Jafor Alam, president of Bangladesh Ship Breakers Association (BSBA).

"Out of a total of 32 ship-breaking yards at Sitakundu coast here only four are somehow engaged in scrapping vessels imported long before. The rest have no ships for

dismantling," added BSBA chief. If the scenario persists Bangladesh will be forced out of ship-breaking business shortly, he feared.

According to the BSBA, in the first seven months of current fiscal year, ships imported in the country for scrapping totalled 4.3 lakh metric tons as against 12 lakh metric tons in the corresponding period of the previous fiscal year.

Shipping circle and industry sources said China was buying more scrap ships for its construction works for the Olympic Games to be held next year which also caused a shortfall of scrap ships in the inter-

national market.

"Moreover, with the rise in freight charges across the globe most of the shipping companies are now pressing their old vessels into the commercial operation after repairing them, causing shortage of scrap vessels in the world market," said Captain Habibur Rahman, chief nautical surveyor of state-owned Mercantile Marine Department.

The country's ship-breaking industry, run without the use of any modern technology, meets 90 percent of the raw material requirement in local re-rolling mills producing corrugated iron sheets, MS rods and other construction materials.

The steel and re-rolling mills are facing closure due to shortage of raw materials triggering price hike of MS rods and steel products in local market. Real estate and construction industry is suffering from the price hike of iron rods. Many real estate companies have stopped their projects because of high rod prices.

MS (mild steel) rod price has shot up by 50 to 80 percent in the last one year. Price of each ton of 60 grade MS rod was Tk 21,500 while 40 grade MS rod price was Tk 23,500 in January 2003. Now, the prices are Tk 35,500 and Tk 42,000 respectively, construction market sources said.

American Week in Rajshahi from Sunday

UNB, Dhaka

A 4-day American Week, organised by the US Embassy in Bangladesh, begins Sunday in Rajshahi.

The week, to be inaugurated by US Ambassador Harry K Thomas, will feature programmes designed to showcase American cooperation with Bangladesh in a number of areas, including the work of US Trade Centre and USAID. Elements of the US Embassy, including American Centre, USAID, the US Trade Centre and the Peace Corps, will take part in the events, said a media release.

The United States Trade Centre will hold a catalogue show during the week at the Parjatan Motel, which will be open to the public from 12 noon to 7:30 pm daily. Various entities of the US government, NGOs and private companies will participate in the programmes, with many activities to be conducted at the Parjatan Motel. Ambassador Thomas will inaugurate another 2-day conference of Bangladesh Association of American Studies (BAAS) on March 3.

Ambassador Thomas and USAID Mission Director Gene George will open an anti-trafficking film festival at the Zilla Parishad auditorium at 10 am on March 3.



PHOTO: STAR

Dr Kamal Uddin Siddiqui, principal secretary to the prime minister, speaks as chief guest at the seminar on "Follow-up of Saarc Summit decisions concerning the report of the Independent South Asian Commission on Poverty Alleviation (ISACPA)" at Brac Centre in Dhaka yesterday. Professor Muchkund Dubey, former Indian foreign secretary, and Professor Rehman Sobhan, CPD chairman and executive director of South Asia Centre for Policy Studies (SACEPS), are also seen.

Platform for businesspeople decries strike, law and order

STAR BUSINESS REPORT

Strike and deteriorating law and order exact hefty toll on the country's businesses, said leaders of a recently floated platform for businesspeople yesterday.

The leaders of the Bangladesh Business Forum (BBF) at a press conference said the business community and thus the economy is today faced with a bleak future due to repeated general strikes and persisting political chaos.

Haider Ahmed Khan, convenor of the BBF, said although strike is a democratic right, it has now become a 'curse' for the business community.

"In this world of globalisation we are already facing setbacks with our products and the strikes are making the situation worse," said Khan.

Also present at the conference at the Jatiya Press Club, among others, was Joint Convenor of BBF Sarder Mahtab Uddin.

Discussion on Castrol brand lubricant

A business discussion on Castrol brand lubricant in Bangladesh was held on Tuesday in Dhaka.

Jeremy Bowen, chief representative and general manager of Castrol Middle East, and HBM Iqbal, chairman of Ben Lub Pte Ltd, sole distributor of Castrol Lubricants in Bangladesh, and BH Haroon, managing director of the company, were present in the meeting.

The main focus of the meeting was on the international price hike for the cost components of lubricant, says a press release.

Regarding high prices of Castrol products in Bangladesh, Jeremy Bowen said Castrol never compromises with its quality and as such the prices of Castrol products are always higher than any other lubricant not only in Bangladesh but also elsewhere in the world.

Among others, Wasimuddin JJ, country manager of BP Middle East, Nurul Amin, general manager of Ben Lub Pte Ltd, Habibur Rahman Chowdhury, marketing manager, and Sumon Bhattacharjee, assistant sales manager, participated in the discussion.

ADB promises financial support for Indian Kashmir

AFP, Srinagar, India

Revolt-racked Indian Kashmir will receive "liberal financial support" for modernisation projects from the Asian Development Bank (ADB), the government said Thursday.

A visiting trio of the bank's top executives gave the assurance at a meeting Wednesday night with Deputy Chief Minister Mangat Ram Sharma, the Indian Kashmir government said in a statement.

"The areas where the ADB funding would be required include modernisation and overhauling of power supply systems, sewerage and drainage in the two capital cities of Srinagar and Jammu, besides other towns," the statement said.

The statement did not say how much money the government needed.

Srinagar and Jammu serve as state capitals for six months each during summers and winters respectively.

Bangladesh can be a new place for industry relocation

South Koreans tell FBCCI delegation

UNB, Seoul

Calling Dhaka's macro economy as sound and investment policy open-door, the South Korean government and private sector leaders yesterday said Bangladesh having cheap workforce can be a good destination for investment by shifting the sunset industries.

"Many of our companies had moved to China due to high labour cost here. Now, China has also become costly and the investors are moving to Vietnam and Bangladesh can be another option," said Bong-Kyu Park, Korean deputy minister for Trade and Investment.

Talking to a visiting FBCCI delegation, he, however, said: "It is very important that Bangladesh government holds more interaction with us and encourage the entrepreneurs to go to Dhaka and make investment." On the Korean investors already in Bangladesh, the minister said generally the Korean entrepreneurs over there are satisfied. But some of them are arguing over the regulation in Bangladesh.

"I know you have already deregulated some things. But I will call upon you to initiate steps to remove the unnecessary regulations and ensure a business environment for the sake of foreign investment, particularly from Korea," he said. Since mid 80s, about 70 Korean companies -- mainly fabric sewing clusters -- have moved into Bangladesh, pushing the total

amount of investment to 305 million US dollars and creating employment for some 100,000 Bangladeshi workers.

With Korea ranking the highest in EPZs, occupying 34 percent of market share among 21 countries, FBCCI President Abdul Awal Mintoo urged the minister as well as local chamber leaders to encourage more Korean entrepreneurs to invest in Bangladesh.

Elaborating on various reform measures and incentives for the foreign investors, he said that since 1999, the Korean investment to Bangladesh marked a downturn due to Asian economic crisis. Since the crisis is over now we expect more investment from you," Mintoo added.

The chief of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), who is leading a 45-member business delegation, also urged the Korean minister and government leaders to increase loan from Seoul for Dhaka, particularly for infrastructure development.

Bangladesh Ambassador-designate to Korea Mahmuduzzaman Chowdhury were present in the meetings. Also present were FBCCI Vice President Kamaluddin Ahmed, Director Dewan Sultan Ahmed and Bangladesh's Honorary Consul General YY Lee.

The delegation also had talks on increasing export of Bangladesh

products to Korea. Bangladesh's export to Korea in 2003 was only 30 million US dollars against an import bill of 573 million US dollars. The Korean government and the private sector assured them of more import from Dhaka.

Seung Woon KIM, the vice-president of Korea Chamber of Commerce and Industry, said efforts of business leaders from both sides should be devoted to seeking out trade opportunities to intensify current business relationship as well as for investment.

"Bangladesh is viewed by Korean businessmen as an optimal investment place because of its open-door policies and incentives to foreign investment, abundant workforce and many other factors," he said.

"There have been noticeable signs that Bangladesh has become the Korea's favourable investment partner. Especially investment to EPZ is outstanding only where the Korean entrepreneurs made 52,000 employment," said the Korean chamber leader.

Apart from one-to-one discussion in the meeting, where Bangladesh business delegation held talks with their Korean counterpart on opportunities of trade and investment, Dr Taehwan YOO of Korean Institute for International Economic Policy also presented a paper on expansion of bilateral economic cooperation.

Japan economy gathering strength as exports boost output

AFP, Tokyo

Japan's economy is gathering strength on the back of strong exports, especially to China, coupled with a rise in domestic consumption, government data showed Friday, giving a boost to the stock market.

Industrial output in the world's second largest economy jumped 3.4 percent in January from December for the biggest increase since September last year, the Ministry of Economy, Trade and Industry said.

"Thanks to strong demand abroad and at home, production of hi-tech products, including semiconductor products, digital cameras and mobile phones, rose in the month," said a ministry official. "Output reflected demand for Japanese exports. In particular, our semiconductor exports to China grew strongly," the official said.

China is Japan's second biggest export market, accounting for some 13 percent after the US, which takes a quarter of all shipments.

While output was expected to fall 4.1 percent in February, the official said this was due to scheduled shutdowns at large chemical plants and steel mills for routine maintenance.

Meanwhile, consumer demand appears to be on the rise as well, raising hopes that a sector that has lagged behind manufacturers in the current economic recovery could finally be coming out of a prolonged slump.

Cost of controlling bird flu could top \$100m: OIE

AFP, Bangkok

Controlling bird flu in Asia could cost more than 100 million dollars and international help is needed to foot the bill, an expert at a UN-backed conference on the crisis said Friday.

World Organisation for Animal Health (OIE) chief Bernard Vallat said the disease which has decimated poultry industries in 10 Asian nations and killed 22 people could only be brought to heel with a concerted and coordinated global effort.

"It could be more than 100 million dollars for the short-term and medium-term to fight the disease," Vallat told AFP on the sidelines of the gathering of experts from 23 countries and donor agencies.

"But we need to convince policy makers and donors that this is for the international public good," he said. Vallat, whose Paris-based institution is the world's top veterinary health watchdog, said that at the talks he highlighted the importance of investment in proper surveillance, early warning and detection.

The emergency meeting, called by the UN's Food and Agriculture Organisation (FAO), is aimed at mapping strategies to contain what Vallat and the World Health Organisation describe as an "unprecedented" global crisis.

Several agencies including the World Bank, Asian Development Bank, and donors Britain, France, Germany, Japan and the United States are attending and Vallat said they were expected Saturday to announce ways of helping.

Apparel fair begins in Ctg

BSS, Chittagong

Commerce Minister Amir Khosru Mahmud Chowdhury yesterday called upon business community to raise voice against strikes for the sake of sound economic growth.

"You must be candid and vocal against the deadly programmes like strike," Khosru said while inaugurating a three-day readymade garment products and accessories exposition here this morning.

He added: "It is not the politicians or the government employees, but the business community is the worst victim of hartal".

Bangladesh Garments Manufacturers and Exporters Association (BGMEA) is organising the fair titled "Chittagong Apparel, Fabric and Accessories Exposition (CAFAXPO)" at CJKS Outer Stadium.

The 2nd CAFAXPO in the port city is the biggest annual fair here in the garment sector after BATEXPO in Dhaka as a showcase of garment and accessories products of Chittagong region.

State Minister for Environment and Forest Jafrul Islam Chowdhury

and Advisor to the Commerce Ministry Barkatullah Bulu spoke at the function as special guests.

The inaugural ceremony was also addressed, among others, by BGMEA President Quazi Moniruzzaman, First Vice-president S M Nurul Haq, Vice President Shaiful Islam Mohiuddin.

Khosru said current and upcoming challenges in the country's garment industry from the rapidly changing global trade scenario and particularly from the quota-free regime after 2005 are not the matter of concern of garment sector people alone, but whole nation will have to bear the burden if any adverse political programme causes threat to the sector.

The commerce minister assured the garment owners of government permission for bonded warehouse for machinery soon and empowerment and restructuring of Export Promotion Bureau, including appointment of a Director General in its Chittagong office, as early as possible to expedite export processing.

In this context, he said that port and shipping charges were reduced by 20 percent recently following the

directives of the prime minister so that garment industry can survive in the stiff competition.

State Minister for Environment and Forest Jafrul Islam Chowdhury said that readymade garment sector is not only the largest contributor to the economy but also it contributes largely to empowering the women.

Later, the commerce minister along with guests went round different stalls.

A total of 35 companies from home and abroad are participating in the exposition.

Of them, 14 will exhibit readymade garments and seven local entrepreneurs will display accessories and fabrics, while three foreign enterprises will showcase similar products.

The exposition is also featured by stalls from six service-providing organisations, 11 from IT sectors and three from BGMEA health corners.

The three-day exposition will also mark by seminars, fashion shows and one-to-one meeting with internet facilities between potential local and foreign buyers at the fair venue.

US lawmakers likely to stall much of Bush tax plan

REUTERS, Washington

The US Congress will likely put on hold until after the November election President George W. Bush's effort to make billions of dollars in tax cuts permanent, but will take up a smaller package of tax breaks, Republican lawmakers said Thursday.

Kicking this campaign into high gear this week, Bush said in Kentucky he would settle for now for a smaller package of tax cuts set to expire in 2005 that benefit individuals and families. While he stuck to his campaign -- year pledge to make all of his tax cuts permanent, he said the 'minimum' would be the extensions of the child tax credit, tax breaks for married couples and the 10 percent tax bracket.

The chairman of the tax-writing Senate Finance Committee Charles Grassley, said he planned to push for the smaller tax plan because it had a better chance of passage this

year.

"I felt that we would not be able to get all of the tax bill made permanent," the Iowa Republican told reporters. "I also have my doubts that it (the entire tax package) needed to be done right now," since many of the tax breaks would be in effect for several years anyway.

"When you get down the road, if the economy is growing it is going to make it a little easier than when you've got a \$521 billion deficit," he said.

House Republican Whip Roy Blunt of Missouri said his party was considering extending the handful of tax breaks which would be worth about \$112 billion over five years and would be included in the 2005 budget.

"That's the minimum that we have to do to not increase taxes on those families and working Americans who are in the lowest possible tax bracket. We have to do that to make sure they don't get their

taxes raised," Blunt told reporters.

The change signaled awareness of the political difficulty of passing a nearly \$1 trillion tax bill in an election year in which the budget deficit is forecast by the White House at a record \$521 billion.

Bush had wanted to make permanent several tax provisions enacted in 2001 and 2003 set to expire in 2010 including the lower rates on capital gains enacted last year.

Early indications from Democrats, whose votes are needed to win approval in the Senate where they have the power to require 60 votes, were that the smaller plan could be acceptable.

A senior senate Democratic aide said that while "Democrats support these middle class tax cuts," they want Bush to show how they will be paid for when the country is facing a \$521 billion deficit this year.

Compensate Africa for farm subsidy, UN asks rich states

AFP, Geneva

The United Nations called on rich countries Thursday to compensate African nations for the damage done to them by agricultural subsidies accorded farmers in the developed world.

"A mechanism is required at the international level to ensure that countries providing subsidies to their producers compensate African countries for income losses arising from such subsidies, on a pro rata basis," the United Nations Conference on Trade and Development said in a report issued here.

It said such a mechanism was particularly needed "considering the loss of income to African cotton producers."

In 2002 the United States, a major cotton exporter, provided 3.9 billion dollars (3.1 billion euros) in subsidies to its cotton farmers, three times the amount of aid it provided to African countries.

According to the British non-governmental organisation Oxfam, cotton subsidies cause 300 million dollars in lost income to African farmers each year and scrapping them would boost the price of African cotton by some 25 percent.

At a ministerial conference of the World Trade Organization in Cancun, Mexico last September four African nations -- Mali, Benin, Burkina Faso and Chad -- urged the complete elimination of US and European Union cotton subsidies, arguing that such payments distorted trade and made it impossible

for poor countries to compete in the international market.

But the initiative was largely ignored by rich nations, which partially contributed to the overall failure of the conference.

Presenting the report Thursday, UNCTAD chairman Rubens Ricupero denounced what he called "the international scandal of cotton."

"It is a blatant case where subsidies are being used to sustain the income levels of farmers in some countries while at the same time there is a total denial of the necessity to address their consequences on farmers from developing countries," he charged.

EU sees chance for WTO framework deal by May

REUTERS, Washington

European Union Trade Commissioner Pascal Lamy said Thursday saw a chance for countries to make significant progress this spring toward a final World Trade Organisation deal.

In a speech to the European American Business Council, Lamy said countries should aim for a broad framework agreement by May that would clear the way for final hard bargaining.

"I think that is really achievable and we should push hard to get there," he said.

World trade talks, which col-

lapsed in acrimony nearly six months ago in Cancun, Mexico, have shown signs of revival in recent weeks.

Both Lamy and US Trade Representative Robert Zoellick have traveled extensively in the past month to assess how eager countries are to pick up the pieces and move ahead.

"Everywhere I go, the message is the same, very positive," Lamy said. However, he acknowledged the difficult work will be turning that goodwill into progress at the negotiating table.

Lamy has a personal incentive to move the talks forward because his

five-year term as EU trade commissioner comes to an end this fall. The November US elections effectively set a late August deadline for progress this year, he said.

EU is under pressure from the United States and others to agree to a goal of eliminating agricultural export subsidies in order to advance the WTO negotiations.

Lamy stopped short of making that commitment, but emphasized the EU's offer to eliminate export subsidies on farm goods of interest to developing countries was opened and could even include highly protected products, like sugar.



PHOTO: STAR

Commerce Minister Amir Khosru Mahmud Chowdhury inaugurates the three-day Chittagong Apparel, Fabric and Accessories Exposition (CAFAXPO) organised by Bangladesh Garments Manufacturers and Exporters Association (BGMEA) in Chittagong yesterday.