

## BUDGET PROPOSALS TO NBR

# Ficci for 3-tier duty structure, continuation of PSI scheme

### STAR BUSINESS REPORT

The Foreign Investors' Chamber of Commerce and Industry (Ficci) in its budget proposals for FY 2004-2005 urged the government to introduce a three-tier tariff structure and continue the pre-shipment inspection (PSI) scheme.

The government should replace the existing four-tier duty structure with a three-tier one to progressively reduce duty rates in line with Bangladesh's obligations to WTO and in conformity with those prevailing in neighbouring countries, the chamber proposed.

The Ficci recently submitted the proposals to the National Board of Revenue (NBR) for consideration in the process of preparing a new national budget.

In the existing four-tier tariff structure, 7.5 percent duty is imposed on basic raw materials, 15 percent on intermediate raw materials, 22.5 percent on semi-finished

materials and 30 percent on finished goods.

In place of this structure, the Ficci has proposed for a three-tier one suggesting five percent duty on basic raw materials, 15 percent on intermediate and semi-finished raw materials and 25 percent on finished products.

The chamber demanded continuation of the much-debated PSI system, which is set to expire on June 30, 2004. Three PSI companies are now executing the system.

The government is contemplating to discontinue the PSI scheme from the next fiscal on the plea that customs authorities have necessary skills and valuation database for assessment of import consignments.

Currently Tk 3,000 duty is applicable to a handset valuing below Tk 10,000 and Tk 4,000 to handset costing above Tk 10,000. "Such exorbitant duty rates are acting as hindrance to expansion of the sector," the Ficci said.

Duty on cellphone set is only five percent in India, zero percent in Pakistan and Thailand, and 2.5 percent in Sri Lanka.

As local milk production is far below the required level, the chamber suggested withdrawing 15 percent supplementary duty on powdered milk and reducing duty from 30 percent to 15 percent for bulk pack and to 25 percent for retail pack.

The Ficci also proposed withdrawal of present 40 percent supplementary duty and reduction of customs duty from 30 percent to 25 percent on household air-conditioners imported in completely built-up units.

The chamber demanded lifting the prevailing 15 percent supplementary duty and reducing duty from 30 percent to 15 percent on refrigerating and freezing equipment, which are not used in households.

Apart from this proposal on duties and tariff related matters, Ficci also submitted budget proposals on income tax and value added tax.

# Bangladesh still a suitable place for foreign investment

### France-Bangladesh chamber discussion told

### STAR BUSINESS REPORT

Speakers at a discussion yesterday observed that in spite of many odds, Bangladesh has vast opportunities for business and favourable atmosphere for foreign investment.

Participating in the discussion on status and prospects of collaboration with the French private sector organised by France-Bangladesh Chamber of Commerce and Industry (CCIFB), they said any foreign investment can sustain here.

The discussants cited examples of many multinational companies carrying out business unhindered in Bangladesh for decades.

"We look at Bangladesh as a profitable area. Opportunities are very good and experience with people is tremendous," said Walior Rahman Bhuiyan, managing director of BOC Bangladesh Ltd. He said productivity in Bangladesh is better

than in UK.

Edmond Vivian, managing director of International Cooperation and Development, Paris Chamber of Commerce, said Bangladesh has vast business opportunities. "This country has all the ingredients especially in fashion designing and textile industry."

Managing Director of the Sun Group Mohammad Aziz Khan said there is ample scope of developing the energy and power sector in Bangladesh with foreign investment and technical assistance. He invited French investment in this sector.

The speakers however said quality of products must be maintained to survive in the global competition. They sought special treatment for products of Bangladesh and other least developed countries in the European market.

"Countries like Bangladesh cannot compete with big giants like China, so we need to have special reserved quota for our products, particularly in the textile sector, in the European countries," Commerce Secretary Suhel Ahmed said.

The discussants put accent on expanding trade with France and exploring market for Bangladeshi products in this European country.

Marketing Director of Square Pharmaceuticals Muhammadul Haque said the company can export medicines to France at almost one fourth the cost in Europe. "The quality of the drugs produced in our

plant is international standard."

Sikender Ahmed of Pran Group, a giant agro-processing company, said, "Our products are exported to 53 countries. French private sector can help us in quality control, product development and packaging where we lack expertise."

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plant is international standard."

Bibi Russell of Bibi Productions speaking on the prospect of cottage industry said, "Our focus should go on developing handloom industry not only to generate employment but also to encourage wide use of local fabrics."

She mentioned that Spanish designers have used Bangladeshi handloom textile in their fashion shows.

Mamun Rashid, CEO of Citibank NA Bangladesh, said, "Bangladesh offers a world of emerging market possibilities which a mature economy like France can capitalise on. In fact, we have prescription for large investments in developing infrastructure."

A Qayum Khan, president of France-Bangladesh Chamber, moderated the discussion held at Spectra Convention Centre in Gulshan.

## Square Textiles declares 30pc cash dividend, bonus share

Square Textiles Ltd has declared a 30 percent cash dividend and stock dividend (bonus share) at the rate of one share for every ten-share for its shareholders for the year ending December 31, 2003.

The declaration was made at the company's 9th annual general meeting (AGM) held in Dhaka yesterday, says a press release.

Chairman Samson H Chowdhury presided over the meeting while Tapan Chowdhury, managing director, Samuel S Chowdhury, director, and Md Kabir Reza, company secretary, were present.

The AGM was told that the company contributed an amount of Tk 38 million to the national exchequer, which is 11 million higher than that of the previous year.

The total production increased year-on-year basis at the rates of 0.43 percent and 1.67 percent in 2002 and 2003.

The export sales also increased by 19 percent in 2003. The gross profit, net profit (before tax) and net profit (after tax) were Tk 366 million, Tk 181 million and Tk 168 million.

## US, Japan to jointly press China to comply with WTO rules

### AFP, Tokyo

The United States and Japan have agreed to cooperate in getting China to comply with rules of the World Trade Organisation (WTO), a senior US commerce official said Tuesday.

"We had very good discussions (with Japanese trade officials) about the need for continuing cooperation" to ensure China's WTO compliance in semiconductors, intellectual property and other sectors, visiting US Commerce Undersecretary Grant Aldonas said.



Leaders of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) pose with Prime Minister Khaleda Zia when they made a courtesy call on her at her office in Dhaka yesterday. Commerce Minister Altaf Hossain Choudhury and Adviser to Commerce Ministry Barkatullah Bulu were also present.

## Poor infrastructures plague Burimari land port

### ZAHIDUL HAQUE, back from Burimari, Lalmonirhat

Inadequate infrastructures, such as lack of electricity and banking services and poor telephone network, are stymieing the export-import business through Burimari land port in Lalmonirhat.

Non-availability of electricity and erratic telephone network are two major problems facing the land port, C&F (clearing and forwarding) agents and traders told this correspondent during a recent visit to the land port in the northern frontier.

Port users also said setting up a branch of a commercial bank is a must for smooth and secured monetary transaction. They urged the government to take immediate measures to set up a bank branch.

At present, port users have to make the transactions through

Sonali Bank branch at Patgram upazila, 12km off the port, one of the 12 land ports in Bangladesh.

About the telephone network, Golam Robbani Julfu, general secretary of local C&F agents association, said, "We have to depend on luck to make successful phone calls under the present analog system."

There has not been mobile phone coverage by any of the four operators in the area, Julfu went on describing the miserable situation.

According to him, there is also lack of places for loading and unloading of goods at the port, from where the government earned Tk 42 crore in revenue in four years ago. The centre lacks necessary apparatus, he added.

A port official said at least 150 Bangladeshis, mainly tourists, cross the border everyday through the land port as two major Indian tourist spots-- Darjeeling and Siliguri-- are just 85 and 42 km away from Burimari.

On the other hand, on average 60 Indians enter Bangladesh through this point.

dated rail tracks at only 10km per hour, he added.

Through the land ports around 150 Indian trucks enter Bangladesh carrying coal, stones, onion and fruits everyday while only 10 Bangladeshi trucks enter India carrying mainly garment wastage, soaps and melamine products.

Julfu urged the authorities to properly use quarantine centre established at a cost of Tk one crore four years ago. The centre lacks necessary apparatus, he added.

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Guests can enjoy Thai dishes and soups like Tom Yum, Green Beef or Thai chicken curry, mango and sticky rice.

## Thai Food Festival at Sheraton hotel on

Dhaka Sheraton Hotel is holding a five-day-long Thai Food Festival as part of the Thailand Exhibition 2004.

State Minister for Civil Aviation and Tourism Mir Mohammad Nasiruddin inaugurated the festival at the Bithika restaurant on Sunday. Air Commodore (retd) Lutfur Rahman, managing director of Bangladesh Services Ltd, owning company of the Dhaka Sheraton, and Trevor MacDonald, general manager of Dhaka Sheraton Hotel, were present, says a press release.

The festival will feature cultural heritage of Thailand as well as traditional Thai food hospitality. Chefs from the Sheraton Royal Orchid Hotels & Towers, Bangkok will host cuisine every evening during the festival.

Guests can enjoy Thai dishes and soups like Tom Yum, Green Beef or Thai chicken curry, mango and sticky rice.

## HSBC to collect Wasa bills through easy pay machines

Wasa subscribers can now pay their water bills through the easy pay machines of The Hongkong and Shanghai Banking Corporation Limited (HSBC).

An agreement to this effect was signed between Wasa and HSBC recently in Dhaka, says a press release.

David JH Griffiths chief executive officer of HSBC in Bangladesh, and ANH Akhtar Hussain, managing director of Wasa, signed the agreement.

The easy pay machines are located at the customer service centres of the bank at Uttara, Banani, Gulshan and Dhanmondi.

### Board of Investment (BoI) Executive Chairman Mahmudur Rahman also spoke at the session, chaired by EPB Vice-chairman Mir Shahabuddin Mohammed.

Hortex Foundation Managing Director Mohammed Akmal Hossain presented the keynote paper based on findings of a 4-member mission to Japan in March 2002.

"What we need at this stage is a proper policy and its implementation, and the willingness of the entrepreneurs and investors," Mirza Fakhrul Islam Alamgir told the seminar, mentioning the country's advantages in agro-farming.

They also called for efforts by the private sector to enter the market with frozen vegetables, for which there was no restriction other than certain quality requirements.

Attracting Japanese investment with buy-back arrangement in the sector, the experts said, could also be an effective alternative to exporting the products to the market.

Hortex Foundation and Export Promotion Bureau (EPB) jointly organised the seminar on "Market Access to Japan with Bangladeshi Horticultural Products: Challenges and Opportunities" at the Hortex Foundation office.

Addressing the inaugural session of the seminar, Commerce Minister Altaf Hossain Choudhury asserted that the government would provide assistance for the development of the sector.

State Minister for Agriculture Mirza Fakhrul Islam Alamgir and

Hortex Foundation chief said this is possibly the time when

efforts at government level have to be intensified to get some concessions, like conditional export permission for some of the fresh produce that Bangladesh can produce well and Japan has the demand.

Besides, he said, the government should vigorously try to attract Japanese overseas investment in the agriculture sector of Bangladesh.

He added that Bangladesh embassy in Japan should persuade some of the leading import houses of Japan to undertake import development scheme in Bangladesh.

Bangladesh has a good air link with Japan. Sea route is also convenient. Moreover, price is not a factor; what matters is the quality and standard of the products," said the keynote speaker and advised the interested parties to keep the factors in mind.

The seminar was told that the entry into the high-demanding market was very difficult, as the Japanese were highly protective in nature and their government put lot of restrictions on fresh produce from abroad.

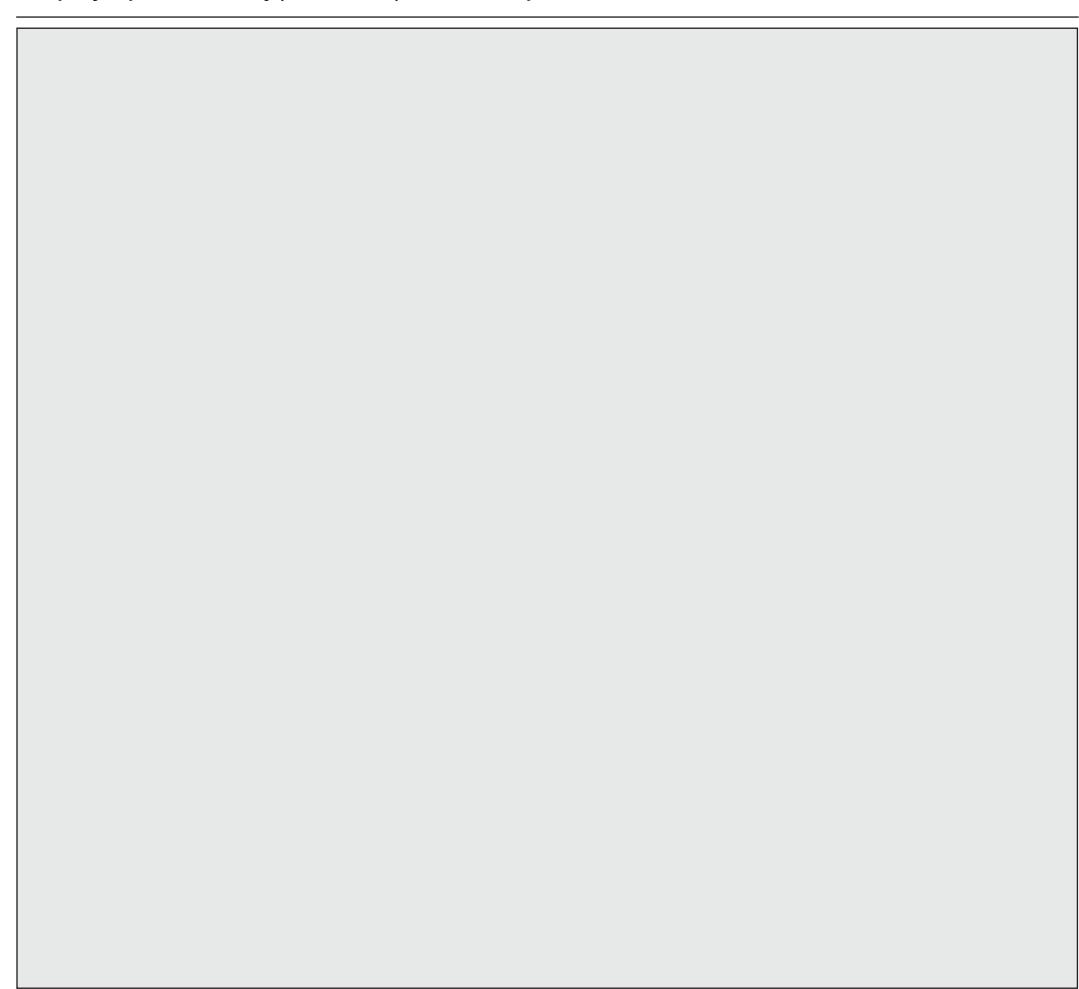
Even specific varieties of fresh produce are banned for import from many countries.

However, with the gradual application of WTO rules and under pressure from trading nations, particularly from the US and the EU, the situation started improving, it was observed.

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based on rules and law."

Aldonas was in China last week for talks with Chinese officials. The Chinese commerce ministry announced it had agreed to consult with the United States over a US complaint about its tax system for domestic chip makers.

The United States launched the first WTO complaint against China on March 18, attacking tax breaks for the chip industry.

On Monday, Japan's trade ministry urged China to improve its trade practices.