

Ensure timely project implementation

Japanese envoy suggests as ODA to Bangladesh dips

STAR BUSINESS REPORT

As Japanese official development assistance (ODA) is witnessing a gradual decline, Japan Ambassador to Bangladesh yesterday urged the government to put emphasis on timely and speedier implementation of ODA-funded projects.

"You have to be more serious with the project implementation process, as ODA disbursement is declining worldwide due to economic recession in Japan," he told the participants of a seminar, most of whom were government officials.

Matsushiro Horiguchi, the Japanese envoy, observed that "apparently nice-looking and well-intended policy paper or project paper" could not produce good results without proper implementa-

tion in the field.

The ambassador was speaking at a seminar on 'Japanese ODA to Bangladesh' jointly organised by Japan International Cooperation Agency (Jica) and Economic Relations Division (ERD) of the finance ministry at Sonargaon hotel.

The bilateral ODA disbursement to Bangladesh came down to the level of about \$126 million in the year 2001 from \$246 million in 1995 and \$374 million in 1990. Of the 10 areas covered by the Japanese ODA, the envoy expressed satisfaction over the implementation of projects under local government and rural develop-

ment ministry but he did not make any comment on the other projects in the fields of health, education, communication, information tech-

nology and disaster management.

Jica Vice-president Kunimitsu Yoshinaga, who arrived in Dhaka yesterday on a five-day visit, told the closing session of the daylong discussion that Jica now became a field-oriented organisation to provide somewhat better services. With the revision of Jica charter, he said, the field offices would be able to decide most of the projects in consultation with the government concerned.

Japan has recently revised its ODA charter incorporating new strategic priorities tuned to current international realities and encompassing poverty reduction, sustainable growth and also global peace building, he said.

As the single-largest bilateral development partner, Japan had

made an aid commitment of about seven billion dollars, including 3.2 billion in grants, to Bangladesh during 1972-2003. Out of the commitment, some US\$6.6 billion has been disbursed.

Takashi Sakamoto, resident representative of Jica, said the seminar would deepen the government officials' understanding on Japanese ODA policy for Bangladesh, its system and characteristics, that would help make the best use of Japanese ODA.

Aminul Islam Bhuiyan, additional secretary of the ERD, and Kiya Masahiko, head of economic and development co-operation of Japanese Embassy in Dhaka, were also present at the seminar.



PHOTO: JICA

Matsushiro Horiguchi, Japanese Ambassador to Bangladesh, speaks at a seminar on 'Japanese ODA to Bangladesh' jointly organised by Japan International Cooperation Agency (Jica) and Economic Relations Division (ERD) of the finance ministry at Sonargaon hotel yesterday. Aminul Islam Bhuiyan, additional secretary of the ERD, and Takashi Sakamoto, resident representative of Jica, are also seen.

Exempt Vat, customs duty on spare parts import

Apparel industry asks govt in pre-budget proposals

UNB, Dhaka

Apparel industry, which earns the highest amount of foreign exchange for the national coffers, has sought full exemption of Vat and customs duty on the import of spare parts, pre-fabricated building materials, PVC tiles and pickup trucks of up to 7-ton capacity.

The industry leaders also demanded reduction of income tax from 10 percent to 5 percent, exemption from paying Vat on RMG-related services, although refundable, and extension of bonding period to three years from one year.

Other supports sought include continuing the cash assistance at a rate of 15 percent, access to the Equity and Entrepreneurship Fund (EEF) of Bangladesh Bank, an allocation of Tk 200 crore for BMRE of small and medium RMG units and rescheduling of forced loans of small and medium factories.

Three trade bodies of the industry put forward their suggestions to the National Board of Revenue

(NBR) Tuesday, urging the government to accommodate their concerns in the forthcoming budget for fiscal 2004-05.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Terry Towel and Linen Manufacturers and Exporters Association (BTTLMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) submitted a common budget proposal for the first time.

"If incorporated in the main-frame, it'll definitely help the sector overcome the strife," the joint proposal says, explaining the challenges of the sector in the quota-free trade regime.

The industry stakeholders demanded the waiver of customs duty and Vat on the import of spare parts of industrial sewing machines, knitting machines, various types of needles and machine tables and covers where 7.5 percent duty is applicable now.

The duty is 22.5 percent for effluent-treatment plant while pre-

fabricated building materials have 7.5 percent customs duty, with additional 7.5 percent regulatory duty. PVC tiles import is subjected to 20 percent and pickup truck 30 percent duties.

On all this 15 percent VAT is levied now.

They sought the tax exemptions as many RMG units have become outmoded with their machinery becoming timeworn. So, they need replacement of spare parts frequently.

Effluent plant is an essential machine required for checking pollution and treating wastewater in the factories. Using prefabricated building, factory can be established within short period. It is also less expensive.

Garment units should be allowed to import duty-free one pickup and one truck. Those will be used in the transport of fabric, accessories and readymade garments. It will contribute to minimising the cost to some extent, argued the stakeholders.

Tk 335cr EEF grant so far

STAR BUSINESS REPORT

Bangladesh Bank has so far granted Tk 335 crore from Equity and Entrepreneurship Fund (EEF) in 83 projects since 2001-02.

Besides, the central bank has already disbursed Tk 70 crore from EEF against 29 projects, said a central bank statement yesterday.

The bank may disburse Tk 85 crore more until June this year. Besides, Tk 766 crore against 170 projects is under process against the entrepreneurs' applications for granting Tk 1,477 crore.

Although the EEF was formed in 2000-01 with an initial fund of Tk 100 crore, no amount of money was disbursed at that financial year.

The government in FY 2001-02 took initiatives to strengthen the EEF activities. Imports of machinery were relaxed to help grow the manufacturing sector in the country.

The government relaxed and simplified the terms and conditions for using the EEF assistance in many phases so that the projects can be successfully implemented, the statement added.

7-month chemical exports see 58pc rise

BSS, Dhaka

Exports of chemical products registered a record high during July 2003 to January 2004 from the corresponding period of the last fiscal.

The export earnings of the chemical items during the period under review was Tk 74.22 million from its previous total of Tk 46.94 million, indicating a rise by Tk 27.28 million or 58.12 percent, according to the figures from the Export Promotion Bureau (EPB).

The statistics from the EPB showed that the export of chemical fertilizer, the main item of the chemical sector, rose by 31.08 percent in value and 7.95 percent in volume.

The export earnings from chemical fertilizer during the period amounted to Tk 2.93 billion from Tk 2.05 billion during the same period of the previous year.

Exports of cement during the period under review amounted to Tk 7.168 million from Tk 0.845 million in the same period of the previous fiscal.

The exports of paracetamols during the seven months of this fiscal stood at 355.38 million from Tk 247.7 million of the corresponding period of the previous fiscal.

Exports of cosmetics during July 2003 to January 2004 stood at Tk 30.7 million against Tk 6.3 million during the same period of last fiscal.

Export earnings from toilet soap totaled to Tk 33.2 million during the period against Tk 0.944 million in the corresponding seven months of last fiscal.

DHL, Vanik sign deal on credit card use

DHL Express Bangladesh and Vanik Bangladesh Limited have recently signed an agreement.

Under the agreement, customers of DHL Express Bangladesh will be allowed to pay air express services through Vanik credit cards at DHL's counters in Bangladesh, says a press release.

Sayed Husain Jamal, managing director of Vanik Bangladesh, and Desmond Quiah, country manager of DHL, signed the agreement on behalf of their companies.

Holcim Group operating profit rises 9.7pc

The results of Holcim Group performance for 2003 shows improved efficiency and significantly higher net income despite a weak dollar.

It also shows increased sales volumes in all three core segments of cement, aggregates and readymix concrete.

Consolidated net sales up 2.4 percent while operating profit rose 9.7 percent in local currency, says a press release.

Group net income after minority interests also improved by 45.7 percent.

The Board of Directors will be proposing to the annual general meeting on May 14, 2004, that the dividend be raised by 15 percent.

Holcim is confident that the internal operating growth seen in 2003 will continue in 2004.

Ctg port can be used to boost regional trade

Indian high commissioner tells Ctg chamber leaders

STAFF CORRESPONDENT, Ctg

Indian High Commissioner to Bangladesh Veena Sikri yesterday said Chittagong Port can be used to enhance tripartite trade involving India, Myanmar and Bangladesh.

Terming the seaport the commercial pivot of this region she said 'continuing discussion with open mind, mutual trust and confidence' is needed for making its best use.

The Indian envoy was speaking at a meeting with the members of Chittagong Chamber of Commerce and Industry (CCCI) at its auditorium.

CCCI President Amir Humayun Mahmud Chowdhury at the meeting raised a number of issues related to bilateral trade and sought the high commissioner's help to resolve the problems.

He urged the Indian government to remove different tariff and non-tariff barriers to help increase export of Bangladeshi goods to India.

The CCCI chief sought measures to end banking problems standing on the way of export and import

between Bangladesh and the landlocked northeastern states of India.

Export of Bangladeshi cement to Indian northeastern states is being hampered due to the provision of taking certificate from the Bureau of Indian Standards (BIS), he said.

The high commissioner however said that BIS and Bangladesh Standards and Testing Institution (BSTI) were working jointly to remove the complexity.

A team of BIS officials will visit Bangladesh soon to discuss the issue, she added.

About the anti-dumping measures against Bangladeshi lead acid battery and other goods, Sikri said the committee formed in this regard would submit its report within next 6-8 weeks.

The Indian envoy announced that an exhibition titled "Made in Bangladesh" would be held in Kolkata this year to boost export of Bangladeshi goods to India.

Besides, Bangladesh has already been invited to participate in Indian International Trade Fair to be held in New Delhi in November as

the partner-country, she said.

Sikri laid emphasis on forming a joint study group comprising Indian assistant high commissioner and delegates from Chittagong chamber to implement the proposals made in a CCCI study report aiming to enhance bilateral trade.

The CCCI chief mentioned that Indo-Bangla trade deficit stood at around \$1 billion and export of Bangladeshi goods must be increased to minimise the huge deficit.

Ershad Ullah, Monzoor-Ul-Amin Chowdhury, Syed Jamal Ahmed, Hasanuzzaman Chowdhury, Kamal Mostafa Chowdhury, Anisuzzaman Chowdhury and Shahedul Alam Quaderi spoke at the meeting on behalf of CCCI.

Assistant Indian High Commissioner Ashoka Das, State Bank of India Chief Executive Officer AJ Ghosh, and high officials of Indian High Commission in Dhaka were present.

Waive tax on dividend Chittagong Stock Exchange asks govt

STAR BUSINESS REPORT

Chittagong Stock Exchange Limited (CSE) has urged the government to waive tax on dividend distribution from the next fiscal.

The country's second bourse in a budget proposal to the government said dividend distribution tax is hurting general investors' interest. Now, the tax on dividend distribution is fixed at 10 percent.

Earlier, a recipient was required to pay tax on dividend received more than Tk 25,000, but now he or she is eventually paying tax on every taka they are getting as dividend. "This should completely be waived," it suggested.

The CSE also recommended same rate of rebate on dividend declaration. A publicly traded company for declaration of dividend at 20 percent or more is entitled to have a tax rebate of 10 percent of the income tax. But in some sectors it is not possible to earn such profit

to declare dividend at 20 percent or more, the bourse said.

About corporate tax the CSE said listed banks, insurance companies and other financial institutions are currently taxed at 45 percent, which is very high compared with other listed companies. "The rate should be equal to other listed companies while the tax rate gap between listed and non-listed companies should be at least 17.5 percent."

Pointing to the tax holiday issue it said the facility of tax holiday may be withdrawn if listed companies, enjoying tax holiday, fail to pay any dividend for two consecutive years.

On the other hand, tax holiday may be allowed for expanded units of listed companies and non-listed companies if they go for public offering, the budget proposal said.

More over, the companies enjoying tax holiday must go public within three years of their five-year tax holiday period, the bourse said.

Besides, the CSE budget proposal recommended increase in individual income tax exemption limit to Tk 150,000 instead of existing Tk 90,000.

To increase the number of listed securities in the capital market the budget proposal said government shares in profitable companies should be offloaded for public participation through the stock exchange brokers or dealers.

"Besides, all multinational and foreign companies operating in Bangladesh must issue IPOs. Local companies who have paid up capital of more than Tk 40 crore should be listed with the stock exchanges," CSE said.

Besides, fund managers who can bring foreign fund worth Tk 50 crore and above in the capital market should be declared commercially important persons, the proposal added.



PHOTO: STAR

Indian High Commissioner to Bangladesh Veena Sikri speaks at a meeting organised by Chittagong Chamber of Commerce and Industry (CCCI) yesterday in Chittagong as CCCI President Amir Humayun Mahmud Chowdhury looks on.

Dhaka seeks Chinese aid in textile sector

UNB, Dhaka

Bangladesh has sought co-operation of China in overall development of the country's textile sector and setting up of industrial units in the sector under joint venture.

The request came when Chinese Ambassador in Dhaka Chai Xi met Textiles Minister Abdul Matin Chowdhury at his office yesterday.

During the meeting, the minister apprised the Chinese envoy of pioneering role of the textile sector in export-trade and the existing problems in the sector.

The textiles minister also informed the ambassador of the

government's plan to set up backward-linkage apparel industries and composite textile mills, including necessary number of spinning, weaving, dyeing and finishing factories, to survive in the competition of open export market after 2004.

He hoped that China as development partner and close friend of Bangladesh would further increase its co-operation in various sectors, including textile, in the days ahead.

Acting Secretary of Textile Ministry Muhammad Azizul Islam and officials concerned were present at the meeting.

Rodrigo Rato EU choice for top IMF post

AFP, Dublin

The European Union has agreed on former Spanish finance minister Rodrigo Rato as its candidate to take over as head of the International Monetary Fund, the Irish EU presidency announced Wednesday.

Irish Finance Minister Charlie McCreevy said in a statement he was "pleased to announce the full support of the Council (of Ministers of the EU) for the nomination of Rato to fill the vacant position of Managing Director of IMF."

By tradition, the head of the IMF is a European while the top job at the World Bank, the IMF's Washington-based sister institution, goes to a US national.

REUTERS, Geneva

Sharply fewer investigations into alleged dumping, a highly controversial area of trade practice, were launched by World Trade Organisation (WTO) states against fellow members last year, the WTO said yesterday.

A total of 210 probes, against 311 in 2002, were begun by 23 different countries into claims that rivals were exporting goods to them at below cost, so making it difficult for domestic firms to compete.

India, a relatively recent convert to anti-dumping actions, was the

largest user of the WTO mechanism with 47, followed by the United States with 37 and China with 22.

Anti-dumping measures are allowed by the WTO, but developing countries have criticised the frequent resort to them, by the United States in particular, arguing that Washington uses them to shelter US industry from genuine competition.

Any duties imposed as a result of the probes can be challenged, often successfully, at the WTO, as US duties on steel imports were last year.

But the legal proceedings can

take two or three years during which time domestic firms in the country imposing them will continue to benefit from the tariff protection.

WTO states are discussing reforms to make anti-dumping rules more transparent as part of current negotiations on lowering barriers to global trade, the so-called Doha Round. But the negotiations, launched in 2001, are making slow progress.

China, which joined the WTO in late 2001, was by far the biggest target of anti-dumping investigations, with 45 started against its exports last year.