

BTMA's conditional nod to central bonded warehouse

'Individual warehouses in RMG units must be closed down'

STAR BUSINESS REPORT

Textile mill owners yesterday said they will not oppose central bonded warehouses, a demand of ready-made garment (RMG) exporters, if individual bonded warehouses in garment units are closed down.

They said central bonded warehouse is not essential for survival of RMG industry in the quota-free regime as every export-oriented garment manufacturing unit has an individual warehouse for keeping imported raw materials.

The textile millers said if BGMEA (Bangladesh Garment Manufacturers and Exporters Association) agree to close down the individual warehouses, they will also lobby for setting up of central bonded warehouses.

Leaders of Bangladesh Textile Mills Association (BTMA) said this

at a press conference clarifying their position on the demand of garment exporters who believe central bonded warehouses will help them cut lead time significantly.

"Still we think that there is no need of setting up central bonded warehouse," said MA Awal, chairman of BTMA. "But central bonded warehouses can be set up replacing the existing individual bonded warehouses," he added.

RMG exporters have long been demanding government permission to set up central bonded warehouse where raw materials imported in advance without opening L/C would be preserved for avoiding unnecessary delay in import process.

But textile mill owners think setting up of such warehouses would be harmful to local textile industry, which is capable to supply significant volume of raw

materials to the export-oriented garment factories.

RMG, the largest export earning sector, fetched \$5 billion in 2002-03 fiscal year, of which \$2.77 billion came from garments based on imported fabrics and \$2.27 billion from garments based on locally made fabrics.

The textile millers said value addition in garments made of local fabrics is almost three times of the imported fabrics-based garments.

The BTMA president said there is no logical basis of BGMEA leaders' claim that RMG export volume would increase by four times once the central bonded warehouse is established and European Union's rules of origin are eased.

He said the RMG manufacturers rather concentrate on capacity building, setting up of special economic zone and compliance

issues to retain their export market in the post-MFA (multi-fibre arrangement) era beginning next year.

Referring to BGMEA's view exchange meeting on May 30 last, Awal said those who conveyed their theoretical opinions at the meeting on the central bonded warehouse and rules of origin do not have practical experiences.

Anisul Islam Mahmud, executive member of BTMA, said the RMG backward linkage industry will be hit hard if such warehouse is allowed to operate. "The huge Tk 10,000 crore investment in textile industry will also be ruined."

Replying to a question, former chairman of BTMA Matin Chowdhury said price of local fabrics is eight percent higher than imported Indian fabrics. "But there are some additional expenses in import from India."

Marketing of IT solutions seen vital

STAR BUSINESS REPORT

Marketing of information technology (IT) solutions is more important than its development, said Science and Information and Communication Technology Minister Abdul Moyeen Khan yesterday.

An IT product may become redundant even after a few seconds of its introduction in the market, said the minister urging the industry people to keep abreast of the latest developments in the rapidly growing sector.

The minister was speaking at the inaugural ceremony of a two-day workshop on 'Marketing and Selling IT Solutions: What Works' organised by Bangladesh Computer Society (BCS).

Funded by US Agency for International Development (USAID), the workshop was organised by Job Opportunities and Business Support (Jobs), a USAID/Bangladesh funded project.

The minister said that there are many young enthusiastic IT fans in Bangladesh, who have the ability to develop software of international standard. "But they lack adequate knowledge on marketing."

BCS President SM Iqbal, Bangladesh Association of Software and Information Services President Sarwar Alam and Internet Service Providers Association of Bangladesh President Akhtaruzzaman Manju also spoke at the inaugural ceremony.

SIBL holds 4 AGMs, declares dividends

Social Investment Bank Limited (SIBL) held its 6th, 7th, 8th and 9th annual general meetings (AGMs) at a hotel in Dhaka yesterday.

The meetings approved 20 percent cash and 20 percent bonus share for the year 2001, 40 percent bonus share for the year 2002 and 50 percent bonus share for the year 2003, says a press release.

Kamal Uddin Ahmed, chairman of the bank, presided over the meetings. Among others, Former chairman Ahmed Akbar Sobhan, Vice-chairmen of the bank Abdul Awal Patwary and Munshi Akhtaruzzaman, Managing Director Kazi Anwarul Mahbub, Deputy Managing Director Shahabuddin Chaudhury and Board Secretary MH Shaikh were present.

The meetings were informed that SIBL made an operating profit of Tk 500.54 million during 2003, registering 19.17 percent growth over the previous year.

American food promotion begins in Dhaka

STAR BUSINESS REPORT

A weeklong American Food Promotion began at Dhaka Sheraton Hotel on Tuesday evening.

State Minister for Civil Aviation and Tourism Mir Mohammad Nasiruddin inaugurated the festival. US Ambassador to Bangladesh Harry K Thomas also attended the inaugural function.

Dhaka Sheraton Hotel and Emirates jointly organised the festival at the hotel's Bithika restaurant to mark the inauguration of the airline's new non-stop Dubai-New York flights from June 1.

The diners can win a free ticket to New York and also a host of attractive prizes through a raffle draw to be held on the concluding day of the festival.

The US envoy congratulated the airline for launching the new service and cosponsoring the US food promotion.

Trevor MacDonald, general manager of Dhaka Sheraton Hotel, Ahmad Al Falasi, area manager of Emirates in Bangladesh, also spoke at the function.

Software exports from Bangalore surge 46 pc

AFP, Bangalore, India

Software exports from the southern Indian state of Karnataka, which includes the technology hub of Bangalore, jumped 46 percent year-on-year amid rapid growth in outsourcing, an official said Tuesday.

Outsourcing has expanded so quickly that the state announced a plan to train workers to fill a labour shortage.

Software exports shot up from 123.5 billion rupees to 181 billion rupees (four billion dollars) for the year ended March 2004, said B.V. Naidu, director of Software Technology Parks of India, a government body that helps exports.

First-ever cellphone fair kicks off today

STAR BUSINESS REPORT

"Mobile Mela" -- the first-ever exposition of cellphone sets and accessories in the country, kicks off today in Dhaka to showcase the latest cellular technologies.

Chairman of Bangladesh Telecommunication Regulatory Commission (BTRC) Syed Marghub Murshed will formally inaugurate the two-day fair at the Ballroom of Pan Pacific Sonargaon Hotel at 10 in the morning.

The fair sponsored by GrameenPhone, the country's leading cellphone operator, will also feature new tariff plans and tips on various packages, organisers said.

"We hope the exposition will create an opportunity for cellphone users to have an idea of the latest innovations in the sec-

tor," Mehboob Chowdhury, director, sales and marketing of GrameenPhone, told The Daily Star yesterday.

He said the customers will be able to choose handsets and tariff packages of their own from multiple offers available in the fair.

Some 13 handset vendors including global brand leaders and two accessories vendors will display their latest handsets and accessories in the show.

The participants include Nokia, Siemens, SonyEricsson, Motorola, Panasonic, Alcatel, Samsung, DBTel, Vtech, Sagem, Rangs Bird, Haier and Limo.

Standard Chartered Bank will open a booth in the fair to facilitate purchase of mobile phone sets, with or without connection, by the visitors.

Trade & Textile

Bangladesh.com (TTBC), a mobile content provider, will also have a booth. The company will arrange SMS quiz competition during the show.

German handset maker Siemens will sponsor a fashion parade at the fair venue this evening and also organise an SMS quiz competition for the visitors.

The fair will remain open from 12 noon to 8pm today and 10am to 8pm tomorrow. The entry fee is Tk 10 for each visitor. Proceeds from the entry fees will be donated to children education activities run by GrameenShikha.

GrameenPhone, which launched cellphone service in Bangladesh with global system of mobile communications (GSM) technology in 1996, has now over 1.5 million subscribers with operations in 61 districts across the country.



Social Investment Bank Limited (SIBL) Chairman Kamal Uddin Ahmed presides over the bank's 6th annual general meeting (AGM) at a local hotel yesterday. The meeting was followed by the bank's 7th, 8th and 9th AGMs. The meetings approved 20 percent cash and 20 percent bonus share for 2001, 40 percent bonus share for 2002 and 50 percent bonus share for 2003.

Altat opens month-long training on leather, footwear

STAR BUSINESS REPORT

Commerce Minister Altat Hossain Chowdhury yesterday inaugurated a month-long training programme on leather, footwear and leather goods sector organised by Bangladesh College of Leather Technology.

The commerce minister said the government's export policy is to explore new avenues through sector-wise development.

Considering the export methodology, the commerce ministry has formed several business promotion councils including one for leather sector, which earns \$191 million a year, he said.

He added the council will strive to boost export earning by overall development of this sector.

Dhaka Bank to give Tk 46cr loan to Keya Soap Chemicals

Dhaka Bank Limited has approved a term loan and working capital facilities of Tk 46.20 crore in favour of Keya Soap Chemicals Limited to set up a soap noodles factory.

With European technology and equipment, the plant will produce soap noodles, which is the main raw material for producing soap, says a press release.

Shahed Noman, managing director of Dhaka Bank Limited, and Abdul Khaleque Pathan, managing director of Keya Soap Chemicals Limited, signed the loan agreement on behalf of their respective sides in Dhaka recently.

US oil shies from fresh high at \$42.45

REUTERS, London

US oil prices slipped on Wednesday away from a fresh record high of \$42.45 struck on fears that a campaign of violence by Islamic militants in Saudi Arabia could destabilise the world's biggest crude exporter.

US light crude peaked at that level, the highest seen in 21 years of New York oil futures trading, before drifting off to sit 49 cents down at \$41.84 a barrel.

London Brent crude fell 62 cents to \$38.46.

The fall retraced only a small part of a \$2.45 gain made on Tuesday, six percent, after an attack in the Saudi oil city of Khobar heightened concerns over the ability of the ruling Saudi royal family to contain a wave of violence by Islamic militants.

Traders said pledges of more oil from OPEC ministers ahead of Thursday's cartel meeting had encouraged profit taking from Tuesday's surge, although the strength of the latest rally had brought doubts about OPEC's control of near-term prices.

Dhaka for common platform with Delhi to standardise goods

PALLAB BHATTACHARYA, New Delhi

Bangladesh yesterday pressed for a common platform for standardisation of quality of goods for an easier flow of trade with India.

Addressing a conference here, visiting Bangladesh Foreign Minister M Moshed Khan said the absence of standardised quality control hampers bilateral trade.

Khan expressed unhappiness over Indian government's ordering anti-dumping probe into import of lead acid batteries worth Tk 3 crore and said "this sent a wrong signal" to the world business community.

He also said that Bangladesh's request for duty concession from India on 25 categories of goods had been pending for a long time.

"In fact, in 1995 the then Commerce Minister P Chidambaram had promised me

that the circular granting the concession will be issued by the time you return to Dhaka. But there is no sign of that circular."

On the other hand, he said, Bangladesh government cleared the Indian pharmaceutical major Sun Pharma's permission for manufacturing drugs in Bangladesh "bypassing the legal requirement" of obtaining permission for doing so in view of a flourishing domestic pharmaceutical sector.

The Foreign Minister said Bangladesh opened its doors not only to India but also to other countries out of "our conviction on reforms and globalisation."

Admitting that there were paratiff and non-tariff barriers in trade between the two countries, he said "the biggest barrier however is the mindset."

Stating that he had expected

faster progress in the last six months since the framework of agreement for Safta was signed in Islamabad this January, Khan said Saarc countries "are still suffering from the legacy of mindset and the fear of the unknown."

He suggested closer co-operation among India, Pakistan and Bangladesh, saying "We must establish our new identity of being excellent South Asians. If it is not done today, tomorrow will be too late."

The foreign minister said Saarc countries should set itself the task of increasing intra-region trade from the present three to 20 percent in a time-bound manner.

Khan spoke about a pan-Asian body like Nafta and said if two percent of GDP of the countries spanning from Turkey to Japan is pooled into a fund, it will be two and half times more than the IMF kitty.



Shahed Noman, managing director of Dhaka Bank Limited, and Abdul Khaleque Pathan, managing director of Keya Soap Chemicals Limited, exchange documents after signing a loan agreement in Dhaka recently. Keya Soap Chemicals will utilise the loan in setting up a soap noodles factory.

Foreign fund selling in India hits record

REUTERS, Mumbai

Foreign funds logged their biggest monthly sales in Indian shares in May, after a steady flood into the country for a year and a half, and fund managers remain cautious about the investment climate under a new government.

Overseas funds, who own about a tenth of India's equities, sold \$738.5 million worth of shares in May -- the biggest net outflow since foreign funds were let in more than a decade ago.

Including debt, overseas investors sold a net \$796.8 million worth of Indian assets last month, more than doubling the record of \$317 million in July 2000.

Foreign purchases since the start of 2003 are still more than \$10 billion. But with a leftist-backed

government coming to power, investors worry about the pace of the economic reforms which have helped drive India's sizzling growth.

India's stock market is Asia's second-worst performer in 2004, with the key Bombay share index having dipped 17.2 percent, compared with Thailand's 17.8 percent fall. The two markets were Asia's biggest gainers in 2003.

"The current levels adequately reflects market concerns. So there is value, but it can be destroyed if the government comes out with regressive moves such as raising taxes," said Hong Kong-based Ashish Goyal, a portfolio manager with Prudential Asset Management, of the Bombay market.

"It will be wait and watch game

for a while. The confidence will return if economic reforms are accelerated. We already know the fate of privatisation, but if other reforms are pushed ahead things could improve," said Goyal, who manages about \$1 billion in India, and whose fund is still overweight in the country.

At 2005 earnings, the Bombay index trades at about an 11-12 price to earnings multiple, which analysts say is attractive considering an estimated profit growth of about 20-25 percent.

Foreign funds have also exited emerging markets on worries about a likely increase in US interest rates. They sold over \$1 billion worth of stocks in Thailand, \$3.3 billion from Taiwan and more than \$1 billion from Korea in the past month to May 23.

BUDGET PROPOSAL FOR 2004-05 FISCAL

Agro-processors want 20pc corporate tax

STAR BUSINESS REPORT

Agro-processors have urged the government to reduce corporate tax to 20 percent from existing 30 percent on agro-industry to encourage the emerging sector.

In a budget proposal for the 2004-2005 financial year, they also demanded tax holiday facility for expanded units of agro-based industries.

Bangladesh Agro-Processors' Association (BAPA) also called upon the authorities concerned to take steps for regular reimbursement of duty drawback claims to make Bangladesh exports of agro-based products competitive in international market. Now, duty drawback claims are not being reimbursed for years, the association said.

The BAPA demanded exporters

"Since reimbursement is not regular, exports are being discouraged. Duty drawback reimbursement should be on flat rate for agro-based units and payable by banks concerned on receipt of export proceeds," BAPA suggested.

At present, authorities concerned are not entertaining claims for refund of supplementary duty.

Duty drawback facilities, including supplementary duty, should be reimbursed at actual by banks concerned on receipt of export proceeds, the association recommended.

In the 2002-03 budget, 15 percent cash incentive on exports of agro-based products was announced but the decision was not implemented, the association said.

The BAPA demanded exporters

who exported agro-based products in 2002-03 should be allowed to file claims for cash incentive of 15 percent as announced and this must be paid by banks concerned on confirmation of receipt of export proceeds.

The association also recommended tax and duty cut on raw material imports to increase the competitiveness of local producers and exporters.

Current customs and supplementary duty rates increase the prices of sugar, one of main ingredients of agro-based products, the association said.

The government can continue with 30 percent customs duty and 15 percent value-added tax but it should withdraw 30 percent supplementary duty on sugar import, it suggested.

Beta-carotene is used for fortification of many food products for preventing blindness especially among children. The importers now have to pay 7.5 percent customs duty and 15 percent VAT on beta-carotene import.

BAPA requested the government to withdraw duties and taxes on beta-carotene.

The association also demanded reduction of duties and taxes on other raw materials such as odoriferous substances and xanthan gum.

BUDGET QUIPS

"We were taught that Income Tax can be progressive, regressive or proportional and that our tax system is progressive where the rate increases with increase in tax base."

"Yes, but only for Individuals. Corporate bodies come under 'proportional' system - the tax rate remains constant regardless of the tax base. It becomes 'regressive' when the rate decreases with increasing income."

US signs Tifa with five Central Asian nations

AFP, Washington

The United States and five Central Asian countries signed an agreement Tuesday that provides a forum to address trade issues and enhance trade and investment.

The Trade and Investment Framework Agreement (Tifa) was signed by US Trade Representative Robert Zoellick and representatives from Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

Zoellick said the agreement would "increase and diversify trade and investment opportunities."

The United States, he said, looked forward to working closely through the Tifa to further

strengthen its economic relationships with the five countries and the region as a whole.

The Tifa will have a regular forum to address trade issues that hamper intra-regional trade and economic development and can act as impediments to investment, Zoellick said.

The Central Asia Tifa would complement efforts of Kazakhstan, Tajikistan and Uzbekistan currently negotiating accession to the World Trade Organization and US cooperation with Kyrgyzstan as a WTO member. Zoellick's office said in a statement. US imports from the five Central Asian countries totaled 570.5 million dollars in 2003 while exports amounted to 548.1 million dollars.

Sony to pull out of non-Japanese PDA markets

AFP, Paris

Sony Corp said Tuesday it will pull out of all its Personal Digital Assistant (PDA, or pocket computers) markets around the world except Japan, to concentrate on wirelessly connected devices that can play movies, games and music.

"Sony is reassessing the direction of the conventional PDA market and Sony will not introduce any new Clie handheld models in the United States and Europe this fall," the group's French unit said.

In San Francisco, a CBS spokeswoman told CBS MarketWatch that "Sony continues to view mobile devices as a key pillar to our core business growth strategy."