

## Major cut in supplementary duty on sugar on cards

M ABDUR RAHMAN

The government is going to reduce duty on sugar by 30 percent in the coming budget to keep price of the essential item stable, a highly placed source said yesterday.

At present a staggering 103.35 percent duty, which includes 35 percent supplementary duty, is discouraging import through official channel as it cannot compete with the smuggled sugar.

The supplementary duty would be cut down to five percent in the next budget to be presented in the parliament on Thursday.

The high duty also stalled a government move to import one lakh ton of sugar. State-run Bangladesh Sugar and Food Industries Corporation (BSFIC), assigned for the job, cannot import the sugar as the purchase committee is not giving the go-ahead to import which requires at least Tk

20 crore subsidy to offer a reasonable price.

The corporation had to cancel three previous tenders, each for procuring 25,000 tons, as the cabinet division neither forwarded it to the purchase committee nor rejected it, a corporation source said.

Any government procurement costing Tk 25 crore or above requires approval from the cabinet committee on purchase, currently headed by Finance and Planning Minister M Saifur Rahman. The one lakh tonne procurement will cost over Tk 300 crore.

This year, 15 state-owned mills produced a total of 1,19,245 tons of sugar against a target of 1,80,000 tons. With 12 lakh tons domestic demand, Bangladesh stands on over 10 lakh tons deficit. Due to stiff duty, huge volume of sugar comes through unofficial channel.

The corporation sells sugar at Tk

26.5 a kg to wholesalers, a rate fixed by the government to rein in price in retail market where the price usually remains between Tk 31 and Tk 32. But as the corporation stock run out last month, the price of sugar now hovers between Tk 34 and Tk 35.

Sources said the government is unlikely to provide Tk 20 crore subsidy as demanded by the sugar and food corporation under industries ministry. The government will opt for duty reduction in the budget so that import through public and private sectors can keep the price reasonable.

If the supplementary duty is cut down to five percent, the corporation may not seek for subsidy otherwise the corporation may abandon the import bid as it will have to incur huge loss due to its obligation to sell it at government rate. If imported under present duty, sugar has to be sold at Tk 38 to

avoid the loss, the BSFIC said.

The government in 2002-2003 budget increased duty on sugar from 89 percent to 103.35 percent apparently to protect the local industries.

French supplier Sudden offered sugar at \$279.47 per ton through FoB (free on board) while British firm Tate and Lyle quoted \$278.83 per ton in the previous tenders of the corporation. The fourth tender will be opened on June 19.

Bangladesh Sugarcane Industries Development Forum, a private sector body, said the government can earn as much as Tk 650 crore in revenue if import duty is cut down to 50 percent which would encourage traders to import sugar to meet the entire domestic requirement through legal channel.

## Japan to recruit workers from Bangladesh soon

BSS, Dhaka

Japan will recruit skilled, semi-skilled and unskilled Bangladeshi workforce soon for its small and big industrial units.

Japanese interests about the recruitment of Bangladeshi workforce were shown by Koji Nojima, chairman of Japan-Bangladesh Joint Committee for Commercial and Economic Cooperation (JBCCEC) and Kunio Sesumiyoshi, senior vice president of Japan External Trade Organisation (Jetro), during a meeting with Prime Minister Khaleda Zia at her office yesterday.

Japan International Training Cooperation Organisation (Jitico) will take the initiative of the recruitment and will impart one-year training to the Bangladeshi workforce before employing them in different industries of the world's one of the great economic powers.

Bangladesh and Japan will sign a framework agreement on the recruitment before sending the Bangladeshi workforce to Japan.

Japanese interests were shown when Prime Minister Khaleda Zia said that Bangladesh has a good number of workforce which Japan could recruit.

Japan-Bangladesh Chamber of Commerce and Industries (JBCCI) was also formed here which will comprise 12 members with six from each side. The delegation of Japan-Bangladesh Joint Committee for Commercial and Economic Cooperation and Jetro came to Bangladesh in connection with the formation of JBCCI and also for opening of the Japan trade show in Dhaka.

JBCCEC was formed in February last in Japan followed by the formation of JBCCI here yesterday with the objective of working to increase trade and investment between the two countries.

## Dollar remains strong against taka

BSS, Dhaka

The US dollar remained stronger against taka in inter-bank trade yesterday as dealers were worried over the green back which hit a two-month low on the euro, dealers said.

They said the global investors doubted whether the Federal Reserve would hike interest rates aggressively this month. They broadly expected the Fed to raise interest rates by a quarter point from 1 percent when it meets at the end of the month, fulfilling a pledge for a "measured" pace of tightening rather than making a more aggressive 50 basis point hike.

But the US dollar was stronger against the local currency yesterday and touched its high at Tk 61.92 per unit while traded at rates between Tk 59.18 and Tk 61.85 in line with its previous closing on Monday, dealers of some commercial banks said.

"The market experienced higher dollar-buying spree as most dealers remained worried over the US dollar funds due to thin inflow of remittances," dealer of a leading private bank said.

He said importers are now under pressure to buy oil which is now at its record high level and has become the main driving force of the market.

## NY welcomes Emirates' first passenger flight

More than 450 VIPs, including former astronaut Edwin Aldrin, government officials and business, travel and community leaders, thronged to join a gala dinner in New York marking Emirates' first passenger service to the Big Apple.

The non-stop service began on June 1. Diplomats at the dinner at Cipriani's glamorous Manhattan restaurant included the UAE ambassador in the United States, and the UAE, Bahraini, Omani and Saudi Arabian ambassadors to the United Nations, says a press release.

Welcoming the guests, Maurice Flanagan, Emirates vice chairman and Group president, said the new daily service confirms the Dubai-based carrier's place as a "truly global airline" serving all five continents.

New York is Emirates' first passenger destination in the Americas, and will soon be joined by Toronto, Rio de Janeiro, Sao Paulo and Buenos Aires.



Finance and Planning Minister M Saifur Rahman shares a light moment with World Bank Country Director Christine I Wallich yesterday at the launch of a three-day seminar on "Trade Facilitation and Customs Reforms" organised by the World Bank and European Union in the capital.

## Saifur vows customs reform to enhance trade facilitation

STAR BUSINESS REPORT

Finance and Planning Minister M Saifur Rahman yesterday vowed to go for reforms in customs HS (harmonisation system) codes to curtail discretionary power of the appraisers and enhance trade facilitation.

"We want to reduce discretionary power of customs officials. The power increases because many items fall in one code," he said. "Introduction of one code for one product would reduce the complexities in valuation."

The minister's comments came two days before placing the national budget for 2004-05 fiscal year, the 10th from Saifur as finance minister, which is tipped to have major reform measures for customs administration.

The minister was addressing the inaugural function of a three-day seminar on "Trade Facilitation and Customs Reforms in South Asia" organised by World Bank and European Union at Pan Pacific Sonargaon Hotel in Dhaka.

World Customs Organisation (WCO), an intergovernmental body engaged in enhancing effectiveness and efficiency of customs administration, determines the harmonisation codes applicable in

customs clearance process.

"We won't sit for the world customs body initiatives for long. We are undertaking major reforms in customs administration so that both the government and private sectors benefit from the reforms," Saifur said without giving details.

Citing an example of complexities in customs valuation due to multi-item HS codes, the finance minister said, "A chemical item can be treated under scores of HS codes which may differentiate duty for the clients."

"We have so far adjusted HS code of 200 items which will help ensure easy and quick appraisal and also reduce discretionary power of customs officials."

Outlining the reform programme in the context of globalisation and trade liberalisation, Saifur said IT facilities in the National Board of Revenue, banking reforms and new projects for improving port facilities are the evidences of government's wholeheartedness to trade facilitation, an issue in World Trade Organisation talks.

"We need more investment in infrastructure for trade facilitation. Security is also a factor for trade through ports. So we are procuring modern scanning machines to

check containers and other cargo," he said.

Addressing the function, Commerce Minister Altaf Hossain Choudhury said despite some problems Bangladesh as a least developed country is going ahead with the policies and programmes for trade facilitation and liberalisation.

"We lack investment in port, utility services, transportation and communication. Our port and customs authorities are not fully automated to provide better service. So we need more investment in this areas," Choudhury said.

World Bank Country Director Christine I Wallich said the ultimate goal of trade facilitation is lower tariff on import items for expansion of global trade.

Bangladesh stands on challenges of phase-out of multi-fibre arrangement within seven months but still average ship turnaround time is 1 to 2 weeks in Chittagong Port while the same is four days in Thailand and in some cases only two hours in Singapore.

"Time is money. So quick handling and customs clearance is critically important for Bangladesh in post-MFA period," Wallich said.

## Japan Trade Show marks launch of Japan-Bangladesh chamber

STAR BUSINESS REPORT

The first-ever Japan Trade Show began in Dhaka yesterday with the official launch of Japan-Bangladesh Chamber of Commerce and Industry.

The chamber has been formed to promote trade and investment between the two countries while some 57 companies are showcasing their products and services in 100 booths in the three-day show at Dhaka Sheraton Hotel.

Inaugurating the trade show

organised by Japan External Trade Organisation (Jetro).

Foreign Minister M Morshed Khan said Japanese sunset industries can usher in a new horizon for a new sunrise in Bangladesh.

Commerce Minister Altaf Hossain Choudhury called for bonding not only among public and private sectors but also among the people of both the nations.

Executive Chairman of Board of Investment Mahmudur Rahman said that in spite of 30 years of diplo-

matic relationship and being the largest development partner, Japan could not become a significant investor.

Japanese Ambassador Matsushiro Horiguchi emphasised development of manpower and infrastructure to promote bilateral trade.

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Abdul Awal Mintoo appealed for a framework agreement between the two countries for exporting manpower to

the Far East Asian country.

Senior Vice President of Jetro Kunio Sumiyoshi, Chairman of Japan-Bangladesh Joint Committee for Commercial and Economic Cooperation Koji Nojima and President of Japan-Bangladesh Chamber of Commerce and Industry Matjur Rahman also spoke at the function.

The Japan Trade Show will remain open from 10am to 8pm until Thursday.



Foreign Minister M Morshed Khan, Commerce Minister Altaf Hossain Choudhury and Japanese Ambassador to Bangladesh Matsushiro Horiguchi visits a stall at the three-day Japan Trade Show 2004 that began at Dhaka Sheraton Hotel yesterday.

## Booming South Asia market lures French heavyweights

### 'French Days' in Dhaka next November

STAR BUSINESS REPORT

Booming South Asian market and immense potentiality in different sectors of Bangladesh have generated tremendous interest among French companies who will participate in a major event titled 'French Days' in November this year.

Some top French companies have already confirmed their participation for the event in Dhaka intending to showcase their products and services and look for potential areas of investment.

"Fifteen French companies are coming to Dhaka to meet their Bangladeshi counterparts for the first time," said Dominique Simon, trade commissioner of Economic Department of French Embassy, at

a luncheon meeting in Dhaka yesterday.

Simon made a presentation on 'Prevailing business opportunities with France' at the meeting organised by France-Bangladesh Chamber of Commerce & Industry (CCIFB). A Qayyum Khan, president of CCIFB, chaired the meeting.

"We have big expectations from the South Asian market," Simon said.

Identifying telecoms as one of the most potential areas, he said a French company is now working to link Chittagong with Cox's Bazar with a high-speed fiber optic cable as part of a project that will help in improving services with other parts of the world.

Another French company will commence operation next year for marketing 1.5 million GSM (global system of mobile communications) lines in Bangladesh, he added.

"Energy, transport, telecommunications, agro-based industries and service are our priority sectors," the trade commissioner mentioned.

"I feel very sorry to see that mango, pineapple and other fruits are not processed and are being wasted here," Simon observed adding that there is scope to establish joint venture projects in these areas.

French Ambassador in Dhaka Michel Lummaux and Dominique Simon will go to Paris in September

to make extra efforts for the success of French Days, aiming to enhance Bangladesh-France business ties.

Speaking at the meeting, Lummaux termed Bangladesh a potential market, saying there are further scopes to increase bilateral trade. Referring to the present trade volume, which is in favour of Bangladesh, the envoy said 'French Days' is the first step to make the trade a balanced one.

Presently, France-Bangladesh total trade volume amounts to 600 million Euro, of which France exports goods worth 100 million Euro to Bangladesh and Bangladesh's export income from French market is around 500 million Euro.

### BUDGET QUIPS

"Raising of two new Brigade Battalions has raised a lot of eyebrows. FM should better avoid the Revenue Budget."

"How?"

"You see the two Brigade Battalions will create 10,000-11,000 new jobs and would qualify for PRSP funding. Housing for the jawans and officers, as civil works, should be included in the ADP."

"What about military hardware?"

"Lease financing through the NBFIs. Donors will welcome private sector participation in defence buildup."

MMI

## Graft in customs rooted in biased selection,

### low staff salary

Speakers tell seminar

STAR BUSINESS REPORT

Low salaries and nepotism in the selection and promotion process is the root of corruption in the customs administration, speakers observed at a seminar yesterday.

"The governments should ensure sufficient salary and other remuneration to the customs officials to ensure a corruption-free customs body," Simon Royal, an expert of the World Customs Organisation (WCO) said at the seminar.

He said the governments should also ensure that staff selection and promotion procedures are not biased and they are based on the principle of merit.

Royal made the comments presenting a paper titled 'Integrity: an old issue that is now being addressed' at the three-day World Bank-EU sponsored seminar on "Trade facilitation and customs reforms in South Asia" that began at Sonargaon Hotel.

Amir Humayun Mahmud Chowdhury, president of Chittagong Chamber of Commerce and Industry (CCCI), agreed with Royal's comments and said rules and regulations of customs must be simplified to reduce corruption.

"The government often reduce import duty of goods but later impose different supplementary and regulatory duties creating problems for the businessmen in taking decisions," Humayun said.

The CCCI president said the government policies regarding export, import and investment are quite scattered and ambiguous.

"If an exporter or investor wants to know about the system and procedures of export and undertaking new venture, he does not get all the information in a single book or related government sources," he said.

Presenting his paper on 'Security: facilitating trade in a secure environment and the growing importance of advance information,' Tom Butterly, a United Nations Economic Commission for Europe (UNECE) expert, said danger of security is becoming non-tariff barrier to trade in these days.

Guillermo Parayano, commissioner of the Bureau of Internal Revenue of the Philippines and Manzoor Ahmad, permanent representative of Pakistan to the WTO, presented two case studies regarding trade facilitation and customs reform in their respective countries.

## Mercantile Bank, CDBL sign deal on scrippless trade

Mercantile Bank Limited has signed an agreement with Central Depository Bangladesh Limited (CDBL) to convert its paper shares into electronic scrips for trade settlement

under the central depository system (CDS).

M Nurul Islam, managing director (acting) of Mercantile Bank, and MH Samad, managing director and chief executive officer of CDBL, the service provider of CDS, signed the deal on behalf of their organisations recently in Dhaka, says a press release.

The bank's Consultant M Taheruddin and Deputy Managing Director AKM Shahidul Haque and other officials of both the organisations were present.

## Top automakers outline China strategies

AFP, Beijing

Several of the world's top automakers laid out their plans for the key China market Tuesday, with Ford unveiling its new Focus model while its unit Mazda forecast a 37 percent spike in sales this year.

Another Ford-controlled venture, Volvo Cars, said it was considering manufacturing cars in China for the first time.

The industry's movers and shakers are in Beijing drumming up trade at the country's flagship motor show, AutoChina.

Keen to cash in on the world's fastest-growing auto market, US-based Ford Motor Co chose Beijing for the global unveiling of its new Focus model, a mid-range sedan, which will be produced across the Asia-Pacific region.

Its launch followed rival General Motors' announcement Monday of an aggressive China strategy that will see it pump three billion dollars into the market in the next three years and double assembly capacity.