

BKMEA seeks govt support to face post-MFA era

Demands emergency WTO meeting on the issue

STAR BUSINESS REPORT

Knitwear manufacturers have urged the government to pressurise the international lobby for calling an emergency meeting of the WTO (World Trade Organisation) to find out solutions to face the challenges of quota-free regime after this year.

"We want the meeting to also find out a way to control the Chinese 'foul play' in the world textile and apparel trade," said Fazlul Hoque, president of Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA).

He said though Bangladeshi exporters have already proved that they are capable of facing the challenges of post-MFA (multi-fibre arrangement) era, they are in fear of the Chinese control in the world textile and clothing trade.

The WTO meeting could also allow an extension of the quota system or develop a new system or devise other mechanisms to face the challenges, the BKMEA chief said addressing a press conference at Dhaka Sheraton Hotel yesterday.

He also urged the government to reopen the Benapole land port for importing yarn, which will only be used in the export processing of knitwear sector.

The government banned import of yarn through Benapole land port following allegation of smuggling during commercial import, but Fazlul Hoque claimed most of such illegal activities took

place at the Burimari border.

Presently, average price of a kg of yarn in Bangladesh is US\$ 2.80 while the price is \$2.30 in India but the Indian exporters can buy it at a price of \$2.10. As a result, production cost of a T-shirt in Bangladesh is 20 percent higher than that in India.

"If such situation continues, very soon we will lose international market. We have already lost a number of international buyers," said BKMEA president said.

"We want government's policy support, not financial support, to overcome these challenges," he said adding, "If the government provides necessary support we can achieve 40 percent export growth."

He also said the government should sit with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Textile Mills Association (BTMA) and BKMEA to discuss the post-MFA issue.

Habibur Rahman, first vice-

president of BKMEA, Abu Ahmed Siddiqi, second vice-president, Abdur Rashed, third vice-president, and Abdur Rahman, vice-president (finance) of BKMEA, were present at the press briefing.

Knitwear sector in the first ten months of this financial year fetched \$1669 million, which is 25.68 percent more than the targeted amount. In the last financial year the sector earned \$1653.83 million from export, which is one-fourth of the total export earning.



Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Fazlul Hoque (2nd from right) speaks at a press conference at Dhaka Sheraton Hotel yesterday. BKMEA leaders Abdur Rahman (left), Habibur Rahman (2nd from left), and Abu Ahmed Siddiqi (right), are also seen.

Mahathir eyes common trading currency to spur business in Asia

UNB, Kuala Lumpur

Mahathir Mohamad, Malaysia's charismatic leader, said he would like to see a common trading currency in Asia to spur business and investment in the continent.

"We could possibly have an Asian Common Trading currency," he said comparing the situation between Europe and Asia.

That would augur well for economic growth in Asia which, he pointed out, is a bigger region with a greater diversity.

"We could go for gold weighted currency to replace US dollar... somewhat returning to gold standard," the former Malaysian premier said.

In an interview with UNB Chief Editor Enayeturrahman Khan, who was in Kuala Lumpur recently, Mahathir referred to the Asian crisis, saying that it had clearly shown the inability of the developed world and the international

institutions to respond to crises and the effects of contagion.

"Hence, we were compelled to adopt and implement measures consistent with our domestic circumstances in order to address the issues of economic recovery," he said.

"We relaxed fiscal policy, reduced interest rates and imposed selective exchange controls to eliminate the internationalisation of ringtong, the Malaysian currency, and regulate the volatile short-term portfolio flows," he said.

He also mentioned how astutely he had steered Malaysian monetary policy during the Asian crisis.

The Malaysian leader pointed out that poverty and unequal distribution of wealth resulted in security and social problems.

"We must be sincere and earnest in finding solutions... solutions that can realise the full economic potential of developing

economies to reduce significantly the problems of poverty and hunger," said Mahathir.

On digital divide, Dr Mahathir said, "Digital divide is synonymous with the knowledge divide. Prosperous economies are essentially knowledge-based economies."

"Everyone, whether urban or rural, rich or poor, must be able to share in this knowledge... The use of information technology must be democratised."

On security issues, Mahathir said, "Malaysia believes it is always positive for the country to have shared responsibilities. But this shared responsibility must not be at the expense of the sovereignty and territorial integrity of the littoral states."

He said there should not be any foreign presence in the Straits of Malacca or anywhere in Malaysian waters, "except during the exercises that we do... this is what we

have been doing for a long time."

Mahathir, who attended the general assembly of the Organisation of Asia-Pacific News Agencies (OANA), the national news agencies in different countries should foster better links among themselves and learn to trust one another.

As Malaysia's fourth and longest-serving Prime Minister, Dr. Mahathir has played a pivotal role in the confident march of his people towards "Vision 2020", his blueprint for Malaysia's advance towards a developed-nation status.

After ruling his country with a firm hand for more than 20 years, Mahathir announced his resignation in June 2002. Urged to stay on by colleagues, he delayed his retirement until October 2003 under an arrangement providing for his deputy, Abdullah Ahmad Badawi, to progressively assume the duties of prime minister before formally replacing him.

Deal signed to set up sweater factory in Comilla EPZ

UNB, Dhaka

A Hong Kong-Mauritius joint venture yarn dyeing and sweater manufacturing industry will be set up in Comilla Export Processing Zone involving US\$ 5.77 million investment.

The 100 percent foreign owned company -- Nor-Pearl Knitwear Ltd -- will annually produce 4.36 million lbs of dyed yarn and 2.70 million pieces of sweaters, pull-over and cardigans.

The industry will create employment opportunities for 2,421 Bangladeshi and 17 foreign nationals.

A lease agreement on setting up of the factory was signed between Bangladesh Export Processing Zones Authority (Bepza) and the company on Wednesday.

General Manager (Investment Promotion) of Bepza AZM Azizur Rahman and Director of the company Karkala Raja Rao signed the agreement.

Among others, Executive Chairman of Bepza M Zakir Hossain, Member (Finance) M Shajahan and Secretary M Mahubul-ul-Alam were present at the agreement signing ceremony, said a press release.

Iajuddin seeks increased investment from Canada

UNB, Dhaka

President Iajuddin yesterday said there is ample scope for more Canadian investment in Bangladesh and diversification of trade between the two countries.

He made the remarks when outgoing Canadian High Commissioner to Bangladesh Gerry Campbell called on him at Bangabhaban.

The Canadian envoy said Bangladeshi products, particularly melamine and jute goods, might have a better market in Canada.

The president hoped that the areas of cooperation such as education and science and technology would be focused more in future. In this connection, he stressed the need for initiating a linkage programme for university teachers for common benefits.

Iajuddin appreciated Canada's support to Bangladesh's efforts for socio-economic development.

He appreciated the Canadian government's decision to allow quota- and duty-free access of goods from LDCs, including Bangladesh, to Canada.

The president also mentioned the positive role of Bangladesh in promoting regional peace, stability and cooperation through Saarc.

He reiterated Bangladesh's commitment to international peace and stability, and its readiness to contribute more troops to UN peacekeeping operations, if needed.

The outgoing Canadian high commissioner appreciated the development efforts of Bangladesh and said the country's people have been living in peace irrespective of their religious faiths.



Bangladesh Association of Banks Chairman Syed Manzur Elahi (3rd from right), BGMEA President Annisul Huq (3rd from left) and Standard Chartered Bank Acting CEO SAA Masrur, among others, pose for photographs at a seminar on 'Global Economic Outlook: Challenges & Prospects for the RMG Sector' jointly organised by StanChart and BGMEA in Dhaka on Wednesday.

Janata Bank's new loan scheme for shop owners

STAR BUSINESS REPORT

Shop owners now can enjoy collateral-free loans up to Tk 3 lakh and with collateral up to Tk 25 lakh from Janata Bank, as the nationalised commercial bank has introduced a new scheme under its small business development programme.

The loan to be repayable in 60 instalments in five years will help small entrepreneurs to expand and modernise their shops. The bank has already served a circular in this regard.

Entrepreneurs can apply to branches located in divisional and old district headquarters and main branches of new district headquarters for the loan at 11 percent interest rate.

"As the central bank has imposed restriction on providing large loans for all NCBs, we are taking such initiatives to promote small entrepreneurs," said the bank's Managing Director Murshid Kuli Khan.

StanChart, BGMEA hold seminar

Standard Chartered Bank and Bangladesh Garment Manufacturers & Exporters Association (BGMEA) jointly organised a seminar titled 'Global Economic Outlook: Challenges & Prospects for the RMG Sector' in Dhaka on Wednesday.

Bangladesh Association of Banks Chairman Syed Manzur Elahi inaugurated the seminar, says a press release.

Gill James, chief economist (Middle East & South Asia) of Standard Chartered Bank, presented the keynote paper of the seminar. Economist Ananya Raihan discussed different post-MFA challenges and its impact on the country's RMG sector.

Annisul Huq, president of BGMEA, SAA Masrur, acting chief executive officer, and Ahmed A Shah, head of Global Markets of Standard Chartered Bank, were present.

Bata declares 105pc cash dividend

Bata Shoe Company (Bangladesh) Limited has declared a 105 percent cash dividend for the shareholders for the year 2003.

Of the declared dividend, 26.25 percent is final dividend, 52.5 percent first interim and 26.25 percent second interim dividend.

This was disclosed at the 32nd annual general meeting of the company held at Dhamrai yesterday, says a press release.

Chandu Morzaria, chairman of the company, presided over the meeting.

The meeting approved the audited account of the company for the year 2003.

The company achieved a net profit of Tk 307.2 million with an increase of Tk 37.1 million over the year 2002.

G.L. Zanacco, managing director and vice-chairman, Rokanuddin Mahmud, director, and M Saidduzzaman, CFO and company secretary, and other senior executives of the company attended the meeting.

Qatar Airways may introduce regular flight to Australia soon

A delegation of Qatar Airways including Chairman of Qatar Tourism Authority and the airline's CEO Akbar Al Baker and General Manager (Finance and Administration) Richard Forson on Tuesday travelled to Canberra to promote Qatar and its airline to the Australian people.

Al Baker was invited by Bruce Baird, member of the House of Representatives, to speak in the Australian Parliament. He was scheduled to deliver his speech yesterday, says a press release.

"Our delegation is scheduled to meet with a number of ministers, such as the minister of tourism and the minister of finance and we will discuss our plans to fly to Australia in the near future", Al Baker said before his departure.

The airline is expected to start regular services between Qatar and Australia soon, he added.

Leasing firms want tax rebate similar to banks

STAR BUSINESS REPORT

Lease financing institutions have demanded two percent tax rebate facility similar to banks arguing that banks enjoy such facility in provisioning their bad debts although the banks and leasing companies are engaged in similar type of business.

"There should not be any discrimination between banks and leasing companies with respect to bad debt provisioning as they are engaged in similar kind of business," A Quadir Choudhury, chairman of Bangladesh Leasing & Finance Companies Association, (BLFCA) told The Daily Star yesterday.

Such discrimination has put leasing financing institutions in a very disadvantageous position, which is acting as a deterrent to healthy growth of this sector, he said.

While the banks are allowed to pay their taxes after deduction of two percent of their provision

amount against bad and doubtful loans the leasing companies are not allowed any such facility, which compels them to pay more taxes.

The cost of fund for leasing companies is also higher than banks as most of the leasing companies borrow fund from banks while banks can operate with funds from depositors.

Both the banks and the leasing companies are regulated by the central bank. Some banks are also engaged in leasing business although they are regulated under the Bank Company Act.

The BLFCA chairman said the finance minister has proposed 15 percent value added tax (VAT) on service charges of the leasing companies, which is same as banks.

"We have no problem with the decision... rather we are happy that the finance minister treated us similar to banks," he added.

Choudhury said to develop a bond market, the government should provide same incentive

facilities like shares and debentures to both the companies and individuals. "The interest on bond should be fully exempted from tax like dividend," he added.

He also requested the central bank to include leasing companies in the recently introduced small enterprise refinancing scheme saying they are playing a pivotal role in catering financial needs of the small and medium enterprises.

According to the BLFCA chairman, leasing and financial institutions disbursed Tk 1,500 crore in different sectors with 95 percent recovery rate last year.

The sectors, where the leasing companies are financing include transport, power and gas distribution, diversification of the existing industry, information technology, medical and diagnostic equipment, construction equipment, air-conditioning plants and equipment, packaging industry, agro-based industry and consumer durables.

Bada against increase in suppl duty on cars

STAR BUSINESS REPORT

Bangladesh Automobiles Distributors Association (Bada) has urged the government to re-fix the supplementary duties proposed in the national budget for FY 2004-05 on the import of new vehicles.

The association in a post-budget reaction demanded withdrawal of supplementary duty on 850 to 1649cc cars for which the finance minister proposed 30 percent duty.

The car distributors also demanded that supplementary duty should be brought down to 20 percent for 1650cc to 3000cc cars from the proposed 40 percent while the suggested 90 percent

duty on cars above 3000cc vehicles should be brought down to 50 percent.

In a press statement issued yesterday the association said they are frustrated with the proposal to raise the supplementary duty from 15 percent to 20 percent in different categories of imported vehicles.

The association said the government in the budget for FY2002-03 reduced the supplementary duty to encourage import of new car. "It attracted investors to engage in the business of car import."

"But with the policy shift by the government, the investors are getting increasingly frustrated as their business

will be seriously hurt with the new budgetary proposals."

There should be consistency in government policy as any shift from such policies forces investors to count heavy losses, the Bada statement added.

Arguing for their demand for zero duty on 850cc to 1650cc vehicles the importers said these cars are not in the list of luxurious goods. The middle class and upper middle class people are the main customers for these cars.

If the government does not revise the proposed duty structure, the people will lose their capacity to buy new cars at reasonable prices, they said.



Mamun Rashid (centre), CEO of Citibank NA Bangladesh, Abrar A Anwar, head of Corporate Bank, Rashed Maqsood, head of Global Transaction Services, Mahubur Rahman, head of Financial Institutions, and Iftekhar Hossain Chowdhury, manager, Electronic Banking at Citibank, pose for photographs at a workshop on "CitiDirect -- Truly Global Online Banking Platform" organised by the bank yesterday in Dhaka.

Citibank NA holds workshop on online banking platform

Citibank NA Bangladesh organised a workshop on "CitiDirect -- Truly Global Online Banking Platform", one of the most important platforms for all global leaders in business, yesterday in Dhaka.

The workshop was aimed to provide state-of-the-art web based banking solutions for better access to wider range of transactions, trade and security services, says a press release.

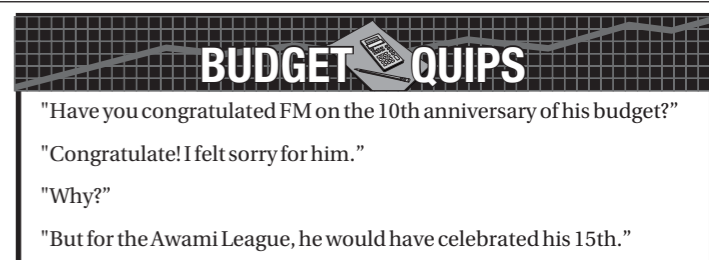
Over 80 participants including senior officials from multinationals and local corporates, non-banking financial institutions and NGOs attended the workshop.

Iftekhar Hossain Chowdhury, manager, Electronic Banking at Citibank, conducted the workshop the main focus of which was web-based solutions through CitiDirect online banking.

Speaking at the inaugural session of the workshop Mamun Rashid, chief executive officer of Citibank NA Bangladesh, said "We believe first in establishing the needs and goals of our clients, then structuring solutions that are global in orientation and savvy to the complexities of today's financial world."

Among others, Abrar A Anwar, head of Corporate Bank, Rashed Maqsood, head of Global Transaction Services, Mahubur Rahman, head of Financial Institutions and other senior offi-

cialists from Citibank were present at the inaugural session. A similar workshop will also be held in Chittagong tomorrow for all Citibank customers.



"Have you congratulated FM on the 10th anniversary of his budget?"
 "Congratulate! I felt sorry for him."
 "Why?"
 "But for the Awami League, he would have celebrated his 15th."