

# Shop owners, traders announce 3-day strike from Sept 27

Package system for VAT payment at retail level demanded

**STAR BUSINESS REPORT**

Shop owners and traders have announced a three-day strike from September 27 across the country to press the government to continue with package system for VAT payment at retail level and waive a portion of VAT arrears at import level.

The shop owners all over the country will also observe a half-day strike on September 15. Shop owners in Dhaka will deposit token keys of their business establishments to the prime minister while shop owners in other parts of Bangladesh to divisional commissioners and deputy commissioners on the same day.

Leaders of Baboshayee Shangathan Oikya Parishad (BSOP), a newly formed platform of owners of shops and other businesses, yesterday announced the programme at a press conference seeking the prime minister's intervention in the VAT (value added tax) collection issue.

"We welcome the prime minister's earlier intervention that stripped the VAT inspectors of arrest power and we

hope she will fulfil the rest of our reasonable demands," Md Helal Uddin, convenor of BSOP, said.

"Excepting some chain superstores and department shops, small outlets do not have infrastructure to collect VAT and maintain it in document. There exists a lot of bargaining over prices in small retail shops, so the shopkeepers will not be able to collect VAT from customers," he said.

"Chain superstores and department stores make transactions in fixed price and they have computerised system to calculate VAT. So, the National Board of Revenue (NBR) system of VAT collection at retail level is only possible at shops with the computerised billing system," he said.

He said businesses are not opposed to paying VAT but they like to pay it in package, which is the only practicable way of realising VAT in the present situation.

Md Ibrahim, president of Nababpur Dokan Malik Samity, said the government should consider waiving a portion of outstanding VAT at import level, saying the amount went high in the last

three years as they could not pay due to some complications in VAT rules.

The shop owners and other businesses earlier observed one hour strike on July 7 and daylong strike on July 21 to press home their demands. However, following a prime ministerial directive NBR curtailed arrest power of VAT inspectors on July 19 which was a demand of the agitating businessmen.

After negotiation with the

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), NBR on July 20 exempted importers with outstanding VAT from paying the arrears at a time. The importers were allowed to clear their goods seized at ports upon payment of 30 percent of the arrears.

The rest 70 percent can be paid in installments by March 31 next year. NBR also extended the deadline for self-assessed VAT return by retail-level taxpayers to August 31 this year from July 31.

However, BSOP dismissed the FBCCI negotiation, saying that it failed to meet their core demand of introduction of package system for VAT pay-

ment at retail level and relieving outstanding VAT at import level.

In another development, at a meeting with FBCCI President Abdul Awal Mintoo and BSOP leaders last Tuesday NBR Chairman Khairuzzaman Chowdhury extended support for package system but said it is possible only when existing rules are amended.

The government introduced VAT in 1991 for different businesses and in 1997 it was extended to retail level.

Shop owners used to pay VAT in package system in line with a negotiation between NBR and FBCCI. The minimum annual VAT was Tk 4,200 for shops in Dhaka, Tk 3,000 in other city corporation areas and Tk 2,000 for the rest.

NBR discontinued the package system this fiscal year as its VAT target from shops missed by a gulf. According to the NBR statistics, only Tk 42 crore was collected in VAT from retail businesses in the country in the fiscal 2003-2004 against a target of Tk 300 crore.

## Swiss-Bangla business forum formed

With a view to promoting trade and investment, Switzerland-Bangladesh Business Forum has been formed recently.

Novartis (Bangladesh) Limited Managing Director Ashfaque ur Rahman has been elected the president of the forum, says a press release.

Abdul Matin Chowdhury, managing director of New Asia Limited, and Carlo Cifelli, managing director of Nestle Bangladesh Limited, have been elected vice-president and treasurer.

Other members of the newly elected committee are Ramit Budhraja, managing director of Holcim Bangladesh Limited, Gazi Helaluddin Ahmed, managing director of Associated Technology Limited, Rokia A Rahman, chairman of Arlins Group, Rafi Omar, managing director of Kuehne & Nagel, Harun ur Rashid, managing director of Textile Associate Limited, and M Saidul H Khan, human resources director of Syngenta Bangladesh Ltd.

The forum, to be launched formally soon, is also aimed at providing supports to private and public sectors for mutual benefits of the two countries. Some 125 Swiss companies are represented in Bangladesh through direct or agency offices in business sector.

## EU trade deficit widens in June

**AFP, Brussels**

The 12-nation eurozone registered a trade deficit of 8.7 billion euros (10.7 billion dollars) in June, up from 7.8 billion in May, the EU statistics agency Eurostat said Friday.

Seasonally adjusted exports from the zone which shares Europe's single currency grew by 1.2 percent compared to May, while imports grew by 3.8 percent, it said.

Over the first six months of 2004, the trade deficit doubled to 42.7 billion euros, from 21.1 billion euros in the same period last year.

The full 25-member European Union registered a trade deficit of 1.9 billion euros in June, compared to three billion in the previous month. Exports were up 1.7 percent and imports were up 4.4 percent compared to May, Eurostat said.

Singapore Airlines and its regional wing SilkAir said Thursday they will increase their current fuel surcharge of five US dollars to as high as 12 dollars from September.

For flights to Southeast Asian cities, passengers will have to pay a levy of seven US dollars, while the surcharge on all other flights outside of the region will increase to 12 dollars.

Australian flag carrier Qantas Airways followed suit on Friday, citing rising fuel costs, which have been

# Business promotion council on cards to up pharma export

**ZAHIDUL HAQUE**

In a bid to increase pharmaceuticals export, the government is contemplating setting up a business promotion council.

Following an instruction, the Export Promotion Bureau (EPB) has sent a letter to the Ministry of Commerce urging it to form a committee to prepare a memorandum of articles for the proposed council.

"We have sent a letter to the commerce ministry early this month," a deputy director of the EPB, who is also in-charge of this sector, told The Daily Star.

The official said the EPB will start working on formation of the council, once the committee is formed. According to him, ministry and EPB officials, leading exporters, drug specialists and academics will be the members of the committee.

The council will help local companies to increase their export volumes,

hoped the official.

According to EPB, export earnings from pharmaceuticals sector stood at Tk 74.83 crore in the last fiscal, which is 30 percent higher than previous year. Export volume was Tk 52.37 crore in FY2002-03.

At present, Bangladesh is exporting pharmaceutical products to 52 countries. The major markets for Bangladesh's medicines include South Korea, Brazil, the Netherlands, Myanmar, Sri Lanka, Pakistan, Yemen, USA, India, South Africa, Ukraine, Vietnam, Kenya, Norway, Sweden, Indonesia and Hong Kong.

In recent years, Bangladesh pharmaceutical industries have made a significant progress towards development of infrastructure facilities and production of quality medicines, said another EPB official.

Leading exporters hope to bag Tk 10,000 crore a year after 2010 from the sector if the government helps them by

setting up an API (Active Pharmaceutical Ingredients) production unit, which will also enable Bangladesh to export raw materials after meeting domestic demand.

However, according to Bangladesh Association of Pharmaceutical Industries (Bapi), the country still depends largely on imported raw materials with about 80 percent coming from abroad.

The country has a total of 250 pharmaceutical companies in operation, of which 20-30 big players hold about half of the market share. The companies meet about 95 percent of the Tk 3,000 crore domestic market.

The government has already set up promotion councils to boost export from three sectors. These are ICT (information and communication technology), light engineering and leather sectors. Another promotion council for herbal sector is also on the cards, EPB sources said.

# Asia-Pacific airlines increasing fuel charges on high oil price

**AFP, Singapore**

Smaller carriers could suffer even more than the industry giants.

A struggling Thai budget carrier, Air Andaman, is further scaling down its plans after being forced to suspend operations in July due to mounting costs and cut-throat competition.

Air Andaman executive director Atcharit Athakravisunthorn was quoted as saying in Thailand's Nation newspaper Friday the carrier had scrapped plans for its Bangkok-Singapore flights.

Philippine civil aviation regulators said they had already granted permission for two domestic carriers and 12 foreign airlines to impose fuel surcharges.

## Pakistan's cotton prices up on demand from mills

**REUTERS, Karachi**

Pakistani cotton prices jumped over the past week on demand from mills after a slight increase in New York futures and dealers said Thursday they could gain further in the coming days.

"Mills have started aggressive buying because of the increase in New York's cotton futures for September and October," Ayub Imran, a leading cotton dealer, told Reuters by telephone from Faisalabad, Pakistan's key textile producing city.

Naseem Usman, a cotton dealer in the port city of Karachi, said about 50,000 bales (375 lb each) of new crop traded during the past week. "The fresh arrivals has picked up and will increase further next month."

Dealers said ginners also held around 200,000 bales (375 lbs per bale) from the last cotton crop, but that was mostly of low quality.

## China records farm trade deficit

**AFP, Beijing**

China recorded its first-ever agricultural trade deficit in the first half of the year, casting doubts on its ability to remain a self-sufficient food producer, state press reported Friday.

The deficit came in at 3.73 billion dollars, the Ministry of Agriculture was cited as saying by the China Daily.

Agricultural officials said maintaining food surpluses China has enjoyed for years would likely no longer be possible due to the country's opening to foreign competition under its World Trade Organisation (WTO) obligations.

Over the eight years to 2003, China averaged an agriculture trade surplus of 4.3 billion dollars a year, the report said.

Although China exported 10.62 billion dollars of farm produce in the first half of 2004, an increase of nearly 11 percent from a year ago, imports soared even more.



Leaders of Baboshayee Shangathan Oikya Parishad, a platform of shop owners and traders, are seen at a press conference at Jatiya Press Club in Dhaka yesterday. The retail traders have announced a three-day strike from September 27 across the country to press the government to continue with package system for VAT payment at retail level and waive a portion of VAT arrears at import level.

## New EU commission vows to speed up reform

**AFP, Brussels**

The incoming European Commission met for the first time Friday vowing to accelerate EU economic reform and improve the EU's faded public image after the new EU executive formally takes office in November.

President-designate Jose Manuel Barroso also said improving ties with partners including the United States was a key aim, as his new 25-strong team arrived in Brussels for a first informal "bonding" session.

"It is in our interest to work with the US, but it is also in the interest of the world," he said in an interview with key European newspapers. But he added: "I don't like to see the EU in a secondary position. Partnership means respect."

Arriving commissioners also pledged to help boost the EU's standing both on the world stage and among

voters.

Margot Wallstrom, the Swedish commissioner charged with the new portfolio of designing a new "communications strategy" for the Union, said the record low turnout in recent EU elections underlined the threat apathy and euroscepticism.

"It's a matter of communicating with the citizens of Europe in a much better way, and that has to start when we design different proposals... It's more important than just a PR (public relations) thing," she told reporters.

Most of the commissioners, while including many former ministers from across the just-expanded EU, will be new to Brussels. Only German Guenter Verheugen, Swede Margot Wallstrom and Viviane Reding of Luxembourg have served before.

Among the most high-profile newcomers is Peter Mandelson, the former British minister and close

## IMF chief still sees world economy growing 4.6pc

**AFP, Madrid**

IMF managing director Rodrigo Rato said on Friday that he still sees the world economy growing by about 4.6 percent this year.

In an interview with the Barcelona newspaper El Periodico, he said: "We see the whole of the (world) economy growing firmly by about 4.6 percent."

He provided no details but did acknowledge that "things have developed in a way which is worse than expected".

Asked if high oil prices were a threat to growth, he said: "The world economy

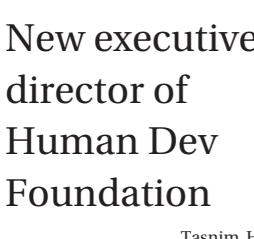
is in a period of solid and widespread growth."

Rato, referring to the price of oil, said: "There is a structural factor such as an increase in energy consumption... and geopolitical problems."

Strong demand would lead countries to adjust their energy policies to broaden their sources of energy.

"There is also a problem of political instability in a region and this is causing speculation," he said.

But Rato said that the effects of conflict in Iraq on the oil market "are very limited". Iraq had not been a big supplier of oil even though it was potentially a big source of oil.



Tasnim Hassan Hai has been promoted to the position of executive director of Human Development Foundation (HDF), a social welfare organisation, recently. Prior to this, he was serving the foundation as deputy executive director, says a press release.

He started his career at BCC Foundation in 1985. He has been working at HDF since 1993.