

## July export clocks 28pc growth

ZAHIDUL HAQUE

Riding on a spectacular growth in readymade garment (RMG) export, Bangladesh witnessed an encouraging 28 percent overall export growth in the first month of this fiscal year compared with last year's July performance.

Showing a steady improvement despite the recent flooding, export earnings also surpassed the strategic target fixed for July by 11 percent, according to the latest statistics compiled by Export Promotion Bureau (EPB).

After achieving a six-year high export growth in the last fiscal year, Bangladesh exported goods worth \$868.13 million in July 2004 as against \$678.17 million in July last year. The target for this July was \$782.06 million.

"Price index and export volume of Bangladeshi products rose 0.62 percent and 27.39 percent during the month," EPB Director Towfique Khan Majles told The Daily Star yesterday explaining the reasons

behind the success.

According to EPB data, knitwear export recorded a remarkable 47.93 percent growth this July. Woven garments export also increased by 17.65 percent.

Export earning from knitwear products was \$279.98 million in July 2004 while the amount was \$189.27 million in last July. Earnings from woven garments also rose to \$401.96 million from last July's \$341.67 million.

Mustafizur Rahman, research director of the Centre for Policy Dialogue (CPD), however attributed the high export performance to the global economic recovery. "This increasing trend will continue until December this year," he hoped.

The CPD analyst said global economy is recovering gradually and as a supplier Bangladesh has rightly grabbed the opportunities. He thinks export earnings may not fall because of the flood impact as feared by many.

Talking to The Daily Star, Anisul Huq, president of Bangladesh

Garment Manufacturers and Exporters Association (BGMEA), attributed the July achievement in RMG export to an increasing supply to the EU market.

But the BGMEA chief regretted that export to the US has been on decline. Bangladesh has been relegated to the 10th largest RMG supplier to the US during January-July period of this year from the 5th position last year.

About the high growth in European markets, Huq said as euro, which is used by most of the EU nations, became stronger against US dollar in the last fiscal year, export earnings from these particular countries increased.

"GSP (generalised system of preferences) facilities provided by the EU countries for Bangladeshi readymade garments also played an important role," he added.

The BGMEA president does not think that export earnings from RMG sector might decline due to the recent floods across the country and the August 21 grenade attacks on

an Awami League rally in Dhaka.

"Foreign buyers are concerned about the grenade attack but they have confidence on Bangladeshis' courage to tackle such situation."

Among the other products that registered growth in July and also crossed the strategic targets are chemical products, jute goods, handicrafts, woven garments, knitwear, ceramic tableware, engineering and agricultural products.

Leather, electronics, petroleum byproducts, home textiles, footwear and bicycle recorded growth but failed to achieve the month's target.

Export earnings from tea, raw jute, textile fabrics and other primary commodities recorded negative growth and also failed to achieve the target.

Export earning hit a six-year high growth of 16.10 percent in the last fiscal year fetching \$7.6 billion, which was 2.2 percent higher than the target of \$7.4 billion. The government has fixed this fiscal year's export target at \$8.5 billion

## Mock exercise on security held in Ctg port

STAFF CORRESPONDENT, Ctg

Chittagong Port Authority (CPA) yesterday arranged a mock security exercise in a bid to create alertness on ISPS (international shipping and port facility security) code being implemented in the port from July this year.

The exercise, third of its kind since the start of ISPS code implementation at Chittagong Port, lasted for two hours from 10am that saw hectic security check-up at the port's jetty areas and other protected areas to ensure safety.

CPA earlier declared 'security level-2' at the port meaning heightened state of security in and around the port area, port officials said.

Talking to The Daily Star, Director (Security) of CPA Sanwar Shaheed said, "We have arranged the mock exercise to test the alertness of officials concerned and port security personnel in case of any threat of terrorist act in this port."

"We have got a tremendous response from all officials and port security personnel and we will hold more such exercises for them in future," he added.

The ISPS code is being implemented in the port following instruction from International Maritime Organisation to all of its member ports to comply with the security code against the backdrop of September 11 attacks on America in 2001.

Chittagong Port Authority trained up its personnel and stepped up security measures in and around the port's protected areas to foil any attempt of terrorist acts, officials said.

## NCC Bank to collect AKTEL cellphone bills

AKTEL cellphone subscribers will now be able to pay their bills through all the branches of National Credit and Commerce Bank Limited (NCC Bank).

An agreement to this effect, was signed between TM International (Bangladesh) Ltd, the owning company of AKTEL mobile phone, and NCC Bank in Dhaka on Sunday.

Md Nasir Bin Baharom, managing director of TM International (Bangladesh), and Md Nurul Amin, acting managing director of NCC Bank, signed the agreement on behalf of their organisations, says a press release.

Among others, Md Rosdi Bin Mustafa, chief financial officer of TM International (Bangladesh), Md Hefzur Rahman, general manager of the company, and Md Ishtiaque Ahmed, senior vice-president of NCC Bank, were present.

## Abu Dhabi, Volkswagen agree on \$2b joint venture

AFP, Abu Dhabi

Abu Dhabi and German car giant Volkswagen have reached agreement in principle to set up a joint company to invest in the auto industry in the Gulf emirate, a senior official said Monday.

"Agreement in principle has been reached on setting up a holding company for investment in the manufacture of cars and components in Abu Dhabi," said the head of the emirate's economy department, Sheikh Hamed bin Zayed al-Nahayan, after a meeting with visiting VW executives.

The company would partner the German carmaker and two local firms, and would be announced once formalities have been completed, the official WAM news agency quoted him as saying.

Investments in five car projects beginning early next year would reach two billion dirhams (545 million dollars) in a first phase and five billion dirhams (1.36 billion dollars) in a second phase, Sheikh Hamed said.

The new company would finance part of these projects, to be implemented in a specialized industrial zone, while Volkswagen would bring in "strategic partners" to put up the rest of the funds, he said.

He did not give details about the projects except to say they would "rely primarily on energy and raw materials available" in the oil-rich Gulf region.

VW CEO Bernd Pischetsrieder said in June his company might move some parts production to Abu Dhabi.

He told the Financial Times VW was investigating whether aluminium, rubber and plastic polymer components could be manufactured in the Gulf state, where energy costs are lower than in Germany.



Chittagong Chamber of Commerce and Industry (CCCI) President Amir Humayun Mahmud Chowdhury (3rd from right) visits a stall at the two-week fair of Thai products after inauguration in Chittagong yesterday.

## Thai fair begins in Chittagong

STAFF CORRESPONDENT, Ctg

A two-week Thai fair began in Chittagong yesterday with a view to promoting Thai products in Bangladesh market.

Chittagong Chamber of Commerce and Industry (CCCI) President Amir Humayun Mahmud Chowdhury inaugurated the fair organised by Thai Business Society in Bangladesh at the Institution of Engineers, Bangladesh, Chittagong centre.

Speaking at the inaugural function, Chowdhury urged potential entrepreneurs of Thailand to tap business opportunities offered by Bangladesh government to boost economic relations between the two countries.

Businesspeople of both the countries will be able to interact directly through the fair, he hoped.

Referring to Thailand's success in healthcare the CCCI president

asked Thai healthcare service providers to setup joint venture hospitals in Bangladesh.

Minister Counselor of Royal Thai Embassy in Dhaka Inthorn Wankhao said the fair is aimed at expediting trade volume between the two countries.

The proceeds from ticket sale will be donated to flood victims of Bangladesh, Pipat Limikirati, co-chairman of Thai Business Society in Bangladesh, told the fair styled as 'Thai Lucky Grand Fair 2004'.

Some 30 firms from Thailand are taking part in the show to display their products including pottery, jewellery, ornaments, cosmetics, herbal cosmetics, woodwork, handicrafts, household electrical appliances and plastic materials.

Fresh fruits, food and beverages and nutrition and energy drinks are also on display.

The fair will remain open to visitors from 10am to 9pm everyday.

## Sri Lanka to reimpose 100pc property tax on foreigners

AFP, Colombo

Sri Lanka's parliament approved Tuesday a law restoring a 100 percent tax on foreigners buying land in the palm-fringed island as part of a drive by the Marxist-backed government to stop a selloff of beach property.

Lands Minister Anura Dissanayake who is a member of the Marxist JVP, or People's Liberation Front, proposed the land tax in June after accusing the previous right-wing government of allowing foreigners to buy prime real estate.

The new law approved by parliament would force individual buyers purchasing property to pay a 100 percent tax on the purchase price that would in effect double the cost.

But the legislation does leave a loophole. No tax would apply to purchasers who form a company under Board of Investment (BOI) regulations and buy property.

## SUSPICIOUS TRANSACTIONS

### BB seeks account info of 46

STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday asked all banks to submit account information of 46 persons by September 16 to probe "suspicious" transactions by them.

The account holders concerned were found to have suspicious transactions in a recent investigation conducted by the central bank, sources said.

Several irregularities, includ-

ing use of fake savings instruments as loan guarantee and the use of the loans in purchasing new savings instruments, were revealed during the BB investigation in 15 branches of nationalised and private commercial banks.

The investigation also found irregularities in the account opening procedures of the 46 account holders, sources said.

The central bank warned the banks to keep back from such

fraudulent account holders in future.

BB asked all the banks to provide details about transactions in the accounts of the suspected persons. If they have separate account in any other branch, the banks will have to inform the central bank about it.

A list of the names of the account holders along with their father's or husband's name have also been sent to all the banks.

## Women entrepreneurs' product show begins

STAR BUSINESS REPORT

In a bid to help women entrepreneurs understand market trend, a three-day Women Entrepreneurs' Product Expo-2004 began yesterday in Dhaka.

Dhaka Chamber of Commerce and Industry (DCCI) in cooperation with Centre for International Private Enterprise (CIPE), an affiliate of the US Chamber of Commerce, is organising the exposition at DCCI auditorium.

State Minister for Cultural Affairs

Selima Rahman formally inaugurated the exhibition. She also handed over awards to two women entrepreneurs for their outstanding performance.

Speaking at the inaugural function, she said it is not possible to achieve development of the country without engaging women in the development process.

"The exhibition will help create a new market for the women for their products," she said.

DCCI President Fazle RM Hasan said the main purpose of the exposi-

tion is to encourage the women to develop their entrepreneurship and strengthen their position in the international arena.

"Through participating in the exhibition the women entrepreneurs will be able to meet potential buyers, understand market trend and schedule their market plans," he said.

A total of 31 women entrepreneurs are displaying their products that include handicrafts, food and food items, home textiles, saree, leather goods and dry flowers.

## BIMSTEC officials meet in Bangkok to talk FTA

XINHUA, Bangkok

Negotiators from BIMSTEC countries were to hold the first round of FTA talks yesterday to work out a framework for establishing a free market within the seven-member group.

The talk is the first to pursue substantive details on the establishment of a free trade area agreed last February. Pranpree Bahiddha-Nukara, vice-minister for commerce and head of the Thai negotiating team for the BIMSTEC pact, on Tuesday was quoted by the Bangkok Post newspaper as saying,

"The BIMSTEC group comprises Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal. It has a combined population of 1.3 billion people. However,

trade volume within the group only averages 7.3 billion US dollars, accounting for 4 percent of their total trade.

Pranpree said the meeting will also discuss a proposal raised by Nepal, which has asked for extra preferences for the group's four less developed countries.

Due to the wide economic gaps among BIMSTEC countries, it is unlikely to implement immediate tariff cuts on selected items, instead many countries prefer the conventional normal-track or fast-track approaches to slashing import duties with different time frames and rates, he said.

Details on the fast and normal track procedures are expected to be completed next year.

Under the free trade framework agreement signed at the sixth

BIMSTEC ministerial meeting last February, three developing countries of India, Sri Lanka and Thailand would cut import tariffs on products on a "fast track" list to zero no later than June 30, 2009, while the other four "least developed countries" were given two more years to realise zero tariffs over products from the same category in the year of 2011.

Pranpree said the FTA pact is expected to enlarge Thailand's trade with other BIMSTEC countries. Over the past five years, trade between Thailand and other BIMSTEC members has been expanding by an average of 18 percent annually with trade value reaching 2.6 billion US dollars in 2003.

## Pro-Maoist union vows to shut 30 cos in Nepal

AFP, Kathmandu

A pro-Maoist trade union in Nepal vowed Tuesday to force the closure of 35 companies after shutting down 12 last month, the latest pressure tactic in the rebels' attempts to topple the constitutional monarchy.

The All Nepal Trade Union Federation, the labour union arm of the Maoists, accused the firms of exploiting their workers and said they would be forced to close their doors Friday.

"We declare the closure of 35 more industries ... from September 10," union chairman Salikram Jamarkattel said in a statement.

The announcement threatens to

deal another blow to the economy of the impoverished nation, already reeling from the increasingly deadly struggle waged by the Maoists to topple the monarchy and install a communist republic.

Affected companies include energy, food, hotel and transport firms which industry officials said employed at least 25,000 workers.

The fresh threat erupted on the eve of Prime Minister Sher Bahadur Deuba's goodwill visit to India, a key backer of Nepal's struggle to crush the revolt which has claimed 10,000 lives since 1996.

Last month the union forced the closure of 12 big companies, including the deluxe Soaltee Crowne

Plaza hotel, run by a unit of Britain's InterContinental hotel group. Bottlers Nepal which distributes Coca-Cola in the kingdom and Nepal Lever Ltd., a subsidiary of India's Hindustan Lever Ltd.

The companies shut after several bomb blasts shook the hotel but caused no injuries and have not reopened.

The Maoists' warnings are often obeyed out of fear of reprisals. The rebels, who already control vast areas of countryside, last month staged a weeklong blockade of the capital Kathmandu that was mainly enforced through intimidation rather than roadblocks.

## China to end tax breaks for foreign firms

REUTERS, Beijing

China's cabinet is considering ending tax breaks for foreign-funded firms, the China Daily said Tuesday.

Beijing is resolved to end the two-decade-old policy used to attract foreign capital as domestic firms face growing competition under the World Trade Organisation.

But the reform has been progressing slowly due to resistance from local officials eager to attract foreign funds, analysts say.

"The scheme will soon be submitted to the State Council (cabinet) for further discussion," the newspaper quoted Zhang Peisen, a senior researcher at the State Administration of Taxation.

From there it could go to the standing committee of China's parliament for final approval, he said.

Many foreign-funded firms enjoy preferential income tax rates as low as 15 percent set by local authorities while domestic firms are typically taxed at 33 percent.

The government may implement a unified tax rate for domestic and foreign firms some time next year, but such a rate had yet to be decided, the newspaper said.

"Some said the rate should be 25 percent, while others said it should be 27 percent," Zhang was quoted as saying.

"The more open market needs a fair tax environment for domestic and foreign-fund companies so that they can compete on an equal footing," Ni was quoted as saying.

China would still offer tax incentives for some foreign companies even after the government unified tax policy, Ni said without elaborating.

## Japan's foreign reserve hits record high in Aug

REUTERS, Tokyo

Japan's external reserves hit a record high of \$827.954 billion at the end of August, the Finance Ministry said on Tuesday, adding that a stronger euro and other factors were behind the rise, not currency intervention on this occasion.

The foreign reserves rose by \$8.751 billion from the end of July due to interest income on foreign securities, rises in the value of US bonds and the strengthening of the euro against the dollar, which pushed up the value of euro-denominated assets in dollar terms, a Finance Ministry official said.

"As we already announced, we did not intervene in the market ... so those three reasons are the main causes of the growth in foreign reserves," he told reporters.

Japan foreign reserves, the world's largest since October 1999, have often increased in recent times because of dollar-buying intervention by the Japanese authorities to curb the yen's rise.

However, the MOF has not intervened in the currency market since March 16.

The last record high dates from the end of March when the reserves stood at \$826.577 billion. Since intervention stopped, the reserves have been hovering below \$820 billion.

The Japanese authorities spent an annual record of about 20 trillion yen (\$182 billion) on intervention in calendar 2003.