

VALUE ADDITION RATE IN EU GSP

Govt, exporters sit today to work out Dhaka's stance

BDNEWS, Dhaka

Commerce ministry officials and business leaders will meet today to work out Bangladesh's strategy on the rate of value addition to get Generalised System of Preference (GSP) facility to export garment products to European Union.

Recommendations of the meeting will be placed at European Commission (EC) before the commission sits in Brussels on March 24 to finalise the structure of GSP facility for the least developed countries (LDCs), ministry sources said.

This will be the first meeting after the EC issued a guideline recently that said the basic origin rules in the relevant preferential arrangements should reflect both the production capacity of countries and processing operation with a real added-

value.

Under the new rule, garment exporters from the LDCs will get the GSP facility only on the value addition, although EU is yet to declare the final structure of GSP, which will remain valid from January 1, 2006 to 2015.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Annisul Huq, Bangladesh Textile Mills Association (BTMA) President MA Awal, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Fazlul Hoque, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Abdul Awal Mintoo and Metropolitan Chamber of Commerce and Industry (MCCI) President Kutubuddin Ahmed are likely to be present in the meeting.

BTMA and BKMEA sources said they will stick to the present 51 percent value addition whereas a top leader of BGMEA told the news agency that they will press for reducing the value addition below 40 percent.

According to the EC, they are forming a new method that favours using a method of evaluation of sufficient processing based on a "value added test" as the starting point.

Under this method, a product resulting from the working or processing of imported non-originating materials will be considered originating if the value added in the country or in a region in the event of cumulation amounts at least to a certain threshold (a minimum local or regional value content), expressed as a percentage of the net production cost of the final

product.

"It is very much important to work out the percentage value addition as BGMEA always wanted low value addition to export garment products whereas BTMA and BKMEA want to stick to present 51 percent value addition," said a highly placed source in the commerce ministry.

"It is the time for solidarity not for fighting," he added.

On 7 July 2004, the EC set out principles that will guide the new GSP scheme for the next ten years, as the current cycle ends on 31 December 2005.

Bangladesh accounts for only 3.6 percent of the total volume of EU GSP imports and ranks eight among the GSP beneficiaries after China (33.1 percent), India (11.5 percent) and Indonesia (4.8 percent). In 2002, EU imports under GSP amounted to \$3.2 billion euro.

Export-oriented local zipper factory launched

STAR BUSINESS REPORT

An export-oriented local zipper manufacturing firm, Zipper Deign Development (ZDD) Industries Ltd, formally launched its operation in Dhaka on Monday.

The international standard zippers of ZDD, a concern of Deigntex Ltd, will help the local garment exporters to source zippers locally, said ZDD Managing Director Fazle Elahi Raju.

Speaking at the inaugural ceremony, Raju emphasized establishing backward linkage industry in the country to face the challenge in the post-MFA era. ZDD has the capacity to manufacture one lakh pieces of zipper per day, he said.

"We use Japan, Taiwan and China based technology in our factory located at Ashulia, from where local exporters can buy standard zippers at the cheapest price," he said.

ZDD Industries Ltd was financed by Jamuna Bank.

Bangladeshi garment owners import 50 percent zippers of its total need every year and ZDD can reduce the import dependency and save foreign exchange, said Khandakar Rafikul Islam, managing director of Designtex Ltd.

BGMEA leader Tipu Munshi, Managing Director of Jamuna Bank M. Nazrul Islam, Chairman of Designtex Ltd Sayed Ahmed and owners of local garments and buying houses were also present at the function.

Emirates to start non-stop flights to Accra

Emirates has announced a new schedule to boost services to the West African city of Accra by the end of this month.

The Dubai-based airline will launch two non-stop flights each week in addition to the existing weekly four from the capital of Ghana via Lagos in Nigeria.

Nasser bin Kherbash, Emirates' senior vice-president (Commercial Operations) in Africa, announced the new services at the inauguration of the Emirates new office in Accra recently which will also serve as the airline's regional hub for West Africa, says a press release.

The extra twice-weekly services between Dubai and Accra will start on March 27 and will be the first ever non-stop connection between the Gulf region and Accra.

Watchdog for private sector services on cards

Saifur lays foundation of audit building

STAR BUSINESS REPORT

The government plans to bring service-oriented professional practitioners and bodies, especially in the corporate sector, under a regulatory system to uphold interests of general people, Finance and Planning Minister M Saifur Rahman said yesterday.

He said even in the free market economy, the government cannot allow private sector, which has the major contribution to the economy, to go on its own way.

Mentioning the fall of energy giant Enron and its auditing company, he said it is a stark reminder to the governments that there should be regulatory mechanism even in the free market economy for the interest of general public.

The minister said it is more important to bring private sector

under auditing done by a watchdog than public sector.

Addressing the foundation laying ceremony of Audit building at Kakrail in Dhaka, Saifur said there should be a regulatory body for chartered accountants, lawyers, journalists, physicians, trade bodies and other private and public entities.

"Our experience shows that the professional practitioners and associations sometimes cannot do their job appropriately," the minister said.

Mentioning the self-regulated activities of chartered accountants, auditors and journalists, he said they need to work following their conscience but sometimes that does not happen.

"In this electronic world, it takes only seconds to spread an information worldwide. But if the information does not conform to a real situation,

it damages the image of a country," he said.

Accountability of corporate sector is more necessary than the public sector. If a company gives false information and bubbles up the share market, it affects the general investors.

He asked the office of Comptroller and Auditor General to perform public auditing sincerely as auditing is the only means to ensure transparency and accountability of government expenditure.

Comptroller and Auditor General Asif Ali said the 8-storied building, to be completed by June, 2006, will bring all sections of the office under a single roof creating scope for integrated management.

Finance Secretary Zakir Ahmed Khan also spoke at the function.

New GP sales centre in Ctg

GrameenPhone Ltd opened a new sales centre in Chittagong yesterday.

Managing Director of the cellphone service provider Erik Aas formally inaugurated the fifth GP sales centre across the country in Agrabad commercial area, says a press release.

All GP products will be available at this sales centre while the existing GP office at Agrabad will serve as the customer relations centre to offer after-sales services.

Mehboob Chowdhury, director and special advisor to the MD, Khalid Hasan, director of Corporate Affairs, Mahboob Hossain, head of Distribution, and other senior officials were also present at the function.

Pran-RFL Group celebrates corporate day

Pran-RFL Group celebrated its 24th corporate day on Thursday in Dhaka.

To mark the day special awards were given to different persons and organisations for extending their support and cooperation to the Group during the last one year, says a press release.

Chairman of the Group Mahtabuddin Ahmed, Chief Executive Amjad Khan Chowdhury and Deputy Managing Director Ahsan Khan Chowdhury attended the function, where people from different professions were also present.

Bangladeshi cos sign 3 export deals with Singapore firms

UNB, Singapore

Private entrepreneurs of Bangladesh signed three export deals with Singaporean traders here yesterday as Prime Minister Khaleda Zia wrapped up her talks with political and business leaders of the Southeast Asian country.

The first agreement was signed

between AR Links group of Rokia Afzal Rahman, RR group and Kulong International (Singapore) on potato export from Bangladesh to the city-state.

Bangladesh Knitwear Manufacturers and Exporters Association and Rahman Export and Import Trading PTE Ltd, a Bangladeshi-Singaporean company, struck the

second deal on export of knitwear from Bangladesh.

The third business contract was signed between Bangladeshi Nitil-Niloy Group of Abdul Matlub Ahmad and Singapore's Far East Distillers PTE Ltd for the export Gashol, known as green energy, an alternative to gasoline, from Bangladesh.



PHOTO: GRAMEENPHONE

Managing Director of GrameenPhone Ltd Erik Aas inaugurates a new sales centre of the company in Agrabad commercial area in Chittagong yesterday. Mehboob Chowdhury, director and special advisor to the MD, Khalid Hasan, director of Corporate Affairs, and Mahboob Hossain, head of Distribution, were also present at the function.

China's central bank to rely more on interest rate

REUTERS, Beijing

China's central bank will in future rely more heavily on interest rates to control the economy, a newspaper Tuesday quoted its governor as saying in remarks that suggested less reliance on administrative measures.

It was the clearest statement so far that China would move to the standard western practice of managing an economy by raising and lowering borrowing costs.

"As the economy grows, micro controls will pay attention to relying more heavily on interest rates," central bank governor Zhou Xiaochuan said in comments carried in the China Securities Journal.

The central bank was drafting detailed economic rules to help it adapt to relying on interest rates for controlling the economy, Zhou was quoted as saying. He did not say what those rules were or what they would govern.

Seeking to cool investment since 2003, the government initially used mostly administrative measures, such as limits on the availability of development land and tougher guidelines on who could borrow money and for what purpose.

But in October the central bank raised interest rates for the first time in nine years.

Despite the government's cooling measures, the economy grew 9.5 percent in the year through the fourth quarter, showing little or no sign of slowing.

Zhou also repeated earlier official comments that under plans to reform the currency the yuan would float more widely than it does now. He did not give a timetable.

Banks would experiment with "complicated foreign currency

products" to cope with a flexible exchange rate, Zhou said.

"As reforms of the foreign exchange system proceed, the exchange rate will float more widely and the foreign exchange market will be developed faster," Zhou was quoted as saying.

China has come under pressure from the United States to make its currency more flexible. The yuan has been pegged at about 8.28 per dollar since the 1997/98 Asian financial crisis and critics say that makes its exports artificially cheap.

Malaysia opens door to five foreign brokerages

AFP, Kuala Lumpur

Malaysia said Tuesday it had awarded full licenses to five foreign brokerages for the first time as part of market liberalisation moves to advance its capital markets.

The move marks the first time that Malaysia has granted foreign brokerages the right to operate in the country without relying on local firms to execute clients' orders, promising a more attractive environment and higher profits.

Prime Minister Abdullah Ahmad Badawi, who is also finance minister, said the government had given the nod for Credit Suisse First Boston (CSFB), Credit Lyonnais Securities Asia (CLSA), JP Morgan, Australia's Macquarie Bank and Union Bank of Switzerland to set up operations here.

Thai PM cuts GDP growth forecast as diesel prices rise

AFP, Bangkok

Prime Minister Thaksin Shinawatra Tuesday cut Thailand's 2005 growth forecast by 0.25 percentage points to 5.25-6.25 percent after moves to end a costly fuel subsidy scheme aimed at protecting the economy from rising world oil prices.

Thaksin said the squeeze on gross domestic product (GDP) growth, especially in the first quarter, was "unavoidable" after the cabinet voted Tuesday to raise retail diesel prices by 20 percent or 3.0 baht (7.8 cents) per litre.

"It will definitely affect GDP, it's unavoidable this time," he told reporters after the cabinet decision.

"I will ask the National Economic and Social Development Board (NESDB) to adjust its growth forecast to between 5.25 and 6.25 percent from 5.5-6.5 percent."

Energy Minister Viset Chooipiban said the latest rise could slash growth in Thailand, a net oil importer, by up to 0.75 percentage points and ramp up inflation by as much as half a percentage point.

"This diesel price increase will affect our GDP no more than 0.75 percent and inflation may rise between 0.35 percent to 0.50 percent from the current figure of 3.0 percent," he said.

New executive director of Ocean Containers



2005.

He is the former managing director of GlaxoSmithKline-Bangladesh, says a press release.

Haque also served various organisations such as Padma Oil, Bangladesh Biman and Glaxo Bangladesh Ltd.

Syed Fazlul Haque took over as the executive director of Ocean Containers Ltd with effect from January 1,

Toyota plans to sell 5.4m vehicles in '05

STAR BUSINESS REPORT

Toyota Motor Corporation has set a target to sell 5.4 million vehicles in overseas market in 2005, Yoshio Ishizaka, executive vice president of the company, told a function in Dhaka on Monday.

"We have set the target over 5 million mark for the first time, which is a challenging task," he said.

Navana Limited, the local distributor of Toyota Motor, organised the function at Dhaka Sheraton Hotel to mark 40 years of association between Navana and the auto giant.

LGRD and Cooperatives Minister Abdul Mannan Bhuiyan, Communications Minister Nazmul

Huda, Fisheries and Livestock minister Abdullah Al Noman, Jute and Textile Minister Shajahan Siraj and Dhaka City Corporation Mayor Sadek Hossain were also present at the programme.

Speaking at the function, Nazmul Huda sought help from Toyota Motors and Navana officials to withdraw old vehicles from the streets.

Saiful Islam of Navana said his company is now assembling different Toyota vehicles in Bangladesh with the technical support from Toyota Motor Corporation.

"Apart from Hino buses and Prado, we are also assembling Land Cruiser for Bangladesh Army," he added.

WTO to rule on US complaint against EU customs system

AFP, Geneva

The World Trade Organisation said Monday it would rule on a US complaint against alleged disparities in the application of the European Union's single customs system.

The WTO is to set up a panel of experts who will have six months to examine the case.

US Ambassador Linnet Deily said at a meeting that she was "concerned by the non-uniform

application of customs legislation" in the 25 EU member states.

Washington penalises US exports, but an EU delegate said: "The nature and the motivation of the US claims remain unclear."

According to the delegate: "The US failed to provide a single example of real and practical problems for US operators resulting from the application of EU customs measures."