

Aggressive Indian policy may hurt knitwear exports

BKMEA urges govt for 15 pc cash incentive

STAR BUSINESS REPORT

Knitwear exporters yesterday feared aggressive Indian policy may hurt Bangladesh's present strong growth in the knitwear sector in the coming days, urging the government to continue cash incentive to remain competitive in the global market.

"Bangladesh's main competitor in knitwear exports is India, not China. India has announced huge incentive on readymade garment exports, particularly on knitwear," Md Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), told a press briefing at its office in Dhaka.

The Indian government last month formed a technological upgrade fund (TUF) for exporters at five percent interest and offered 10 percent assistance for procuring machinery, he explained. Yarn producers will get Rs 10 per kg as duty draw back and exporters Rs 19 for exporting every piece of cotton product, which is equal to 13 percent cash incentive, the BKMEA president mentioned.

India enjoys some natural advantages as it is a cotton producing country and has its own dyes, chemicals and capital machinery and the government there has taken massive programme to invest US\$30 billion in textile sector in next five years, he added.

On the other hand, Bangladeshi exporters have to pay 11 percent more duty than their competitors for importing these items, Hoque said.

Having roughly 24 percent price advantage at this moment, India has

emerged as a major competitor of Bangladeshi knitwear garment products, he said and feared it will not be possible to compete for a long time with such a big gap.

China is not a big threat to Bangladesh in knitwear products as it is shifting to high value items and imposing export tariff on its own products, he went on. It is also going to face some safeguard measures and it is expected that it will stop manipulating its currency, he told the briefing.

On the other hand, there is not any significant competition yet from Pakistan, as it is concentrating on specialising home textile and has

not developed that much capacity in knitwear in last few years, the BKMEA leader noted.

Bangladesh government gave 25 percent cash incentive for few years to encourage backward linkage industries in the country but withdrew the assistance gradually, he mentioned.

"We demanded 15 percent cash incentive at the inaugural ceremony of knit exposition last year and the finance minister assured us of considering it positively," Hoque recalled.

BKMEA proposed 15 percent cash incentive on exports using local yarn, 10 percent using

imported yarn and five percent using imported fabric.

Knitwear exports grew by 38.05 percent in the July-February period of the current financial year. The country fetched a total of \$2048 million in the 2003-04 financial year from knitwear exports and income in the first nine months of the current fiscal has already surpassed the last fiscal's earnings.

BKMEA is hoping knitwear export will cross three billion dollars mark by the end of this fiscal and the sector is set to become top export earner early next year. Presently, woven is number one export earning sector.



Md Fazlul Hoque (C), president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) speaks at a press briefing in Dhaka yesterday. Habibur Rahman (L) and Abdur Rahman, vice-presidents of BKMEA, were also present.

PHOTO: STAR

Otobi co-sponsor of HomeShow 2005

Furniture and upholstery manufacturer Otobi has become a co-sponsor of the upcoming HomeShow-2005 that begins from June 9.

A memorandum of understanding (MoU) to this effect was signed between Otobi Ltd and Triune Exhibition and Event Management (TEEMS) in Dhaka on Thursday.

TEEMS has taken the lead to organise the show at Dhaka Sheraton Hotel during June 9 to 11 to showcase the developments in furniture and home appliances sectors in home and abroad.

Kazi Wahidul Alam, CEO of TEEMS and chairman of HomeShow-2005, and Nitun Kundu, managing director of Otobi signed the MoU on behalf of their organisations, says a press release.

Kazi Wahidul Alam said, "We are glad to have Otobi, which is celebrating its 30th anniversary, with us for the show. It will definitely raise the stature of the show."

RUN-UP TO BUDGET FY06

Transformer makers want duty free raw material import

BDNEWS, Dhaka

Manufacturers Association of Transformer & Switchgear says higher import duty on raw materials is the major impediment to the growth of the industry.

Ahead of the budget 2005-06, the association demanded duty-free import of raw materials.

"The present revenue generated from this sector is very small. But duty-free imports of raw materials will help grow the industry," said TAM Nurul Basher, president of the association Thursday.

At present, the manufacturers have to pay 7.5-15 percent duty on raw material import. But the total tax, VAT and duty accounted for 40 percent on an average, he said.

Referring to the duty structures in Thailand and Malaysia, the association president said entrepreneurs of the countries enjoy duty-free facility for raw material import.

The turnover of transformer and switchgear manufacturing industry is about Tk 1 billion, Basher said.

Of the 15 manufacturing industrial units, only one is exporting, he said. Others are lagging behind the international competitive market because of high duty structure, he added.

"But altogether we can manufacture around 15,000 transformers annually against the local demand of 6,000," he said.

The industry employs 3,000 people.

The only exporter, Energypac, is exporting transformers directly to India and African countries, especially Sudan.



WTO confirms France's Lamy as new leader

AFP, Geneva

Former European Union trade chief Pascal Lamy of France was confirmed as the new head of the World Trade Organisation, the WTO said Thursday.

A session of the ruling General Council of the 148-member WTO formally approved a decision made public earlier this month by a selection team, it said in a statement.

Lamy is scheduled to take up his four-year mandate on September 1, when current WTO Director General Supachai Panitchpakdi of Thailand ends his term.

He said in a written statement he would spend the next few months preparing for the job.

The WTO, which sets the rules for global commerce, is largely steered by its members, using a sluggish system Lamy once dismissed as "medieval".

But the director general also plays an important role, prodding recalcitrant governments and helping build compromise in an effort to drive trade talks forward.

"I am honoured that the WTO's 148 members have today decided to appoint me director general," Lamy said.

As trade relations between leading WTO members such as China, the US and EU grow increasingly bad-tempered, Lamy can expect a tough challenge.

His key task will be to maintain momentum in the three months before ministerial talks in Hong Kong in December, which are meant to cap the Doha Round of global trade negotiations.

Bayer CropScience declares 20pc dividend

Bayer CropScience Ltd, a joint venture company between Bangladesh Chemical Industries Corporation and German company Bayer, has declared a 20 percent dividend for its shareholders for the year 2004.

The dividend was approved at the 36th board meeting and 10th annual general meeting of the company held in Dhaka recently, says a press release.

Imamuz-Zaman, chairman, AKM Shamsuddin, Zahed Kabir, directors, Philippe Medeau, managing director of the company, and other senior officials were present at the meetings.

Bimstec officials meet to review progress May 31

UNB, Dhaka

Top foreign ministry officials of the seven-member Bimstec will meet here on May 31 to review cooperation in six priority areas as Bangladesh assumes the chair of the forum for the next one year.

The two-day foreign secretary-level meeting will discuss the Bimstec Free Trade Area (FTA) as the negotiations are expected to complete by December for utilising potentials in trade and investment in the Bimstec region.

The secretary-level meeting of the Bay of Bengal Initiative for Multi-sector Technical and Economic Cooperation (Bimstec) will be an important follow-up of the Bimstec Summit held in Bangkok in July last year, a senior official of the foreign ministry told the news agency.

The officials will hold delibera-

tions on trade and investment, technology, transport and communication, energy, tourism and fisheries for which six countries have been assigned.

Bangladesh is the lead country for trade and investment, India for transport, communication and tourism, Myanmar for energy, Sri Lanka for technology and Thailand for fisheries. Thailand will also place a report on trade negotiation consultation on FTA. Besides, the meeting will focus on the progress of joint working group meetings on counter-terrorism and transnational crimes.

Bimstec leaders at the Bangkok summit agreed to coordinate efforts to combat terrorism in the region through exchange of intelligence information and other measures of cooperation. The joint working group met in New Delhi on December 9-10 last year.

The meeting will discuss people-to-people contact and issuance of BIMSTEC business travel cards for businessmen in the Bimstec region.

On May 31, the Bimstec officials will have an informal consultation while Foreign Minister M Morshed Khan will inaugurate the formal meeting at Hotel Sheraton on June 1.

On the same day Bangladesh Foreign Secretary Hemayetuddin will take over the chair of Bimstec from Thailand for the next one year.

The ministry official said the meeting will also discuss new membership of the eight-year old forum.

The economic grouping set up in June 1997 comprises Bangladesh, India, Myanmar, Nepal, Bhutan, Sri Lanka and Thailand. Nepal and Bhutan joined the grouping last year.

20-day long Thai fair kicks off in Dhaka

STAR BUSINESS REPORT

In a bid to promote Thai products in Bangladesh, a twenty-day long fair kicked off in Dhaka yesterday.

Thai Ambassador in Dhaka Suphat Chitranukroh inaugurated the 'Thai Lucky Grand Fair 2005' at Banani park. Thai Business Society in Bangladesh has organised the show.

With the slogan 'One tambun (sub district or village) one product', participants are displaying products

of 12 to 13 categories in about 40 stalls. All kinds of products from different parts of Thailand are put on the show so that the visitors can get an overall idea about the Thai products from the fair, said a participant.

It is the first Thai single country fair in Dhaka. Another Thai single country fair was organised in Chittagong in September last year and around 20,000 people visited the fair.

Speaking at the inauguration, Co-chairman of Thai Business

Society Pipat Limpikirati said the main objective of the fair is to promote Thai products here.

Thai entrepreneurs can invest in Bangladesh's telecommunications and other potential sectors in near future, he hoped.

Products including woodwork, pottery, cosmetics, jewellery, food and beverages, needlework, electrical home appliances have been put on display in the fair.

The fair at will remain open from 11am to 10pm until June 15.



PHOTO: STAR

Visitors take a look at Thai bangles put on display at the 'Thai Lucky Grand Fair 2005', which was inaugurated yesterday. Thai Business Society in Bangladesh organised the twenty-day long fair at Banani park in Dhaka.

Bangladeshi goods may get duty-free access to Italy

BSS, Dhaka

Italy is keen to give duty-free access of Bangladeshi products to its market in addition to providing GSP and rules of origin facilities.

Italian Foreign Minister Margarita said this yesterday at a meeting with Commerce Minister Altaf Hossain Chowdhury, now in Rome on an official visit, a message received here said.

During the meeting, the Italian foreign minister also expressed her government's interest to promote the existing trade relations with

Bangladesh.

Italy, the fifth largest importer of Bangladeshi goods, also showed interest to hold a solo Italian trade fair in Dhaka, the message said.

"The Italian government is also ready to train people on trade and good administration if the Bangladesh government wants it," said Margarita.

Altaf also held meetings with the expatriate Bangladeshis in Rome. They requested the minister to make the remittance transfer system easy.

China to keep yuan within 'reasonable' level

AFP, Beijing

China will keep its currency stable at a "reasonable and well-balanced level" while improving the yuan's exchange rate mechanism, the central bank said Thursday in its first quarter report.

The People's Bank of China said it will maintain its prudent monetary policy as it seeks to cool off overheated sectors of the economy, support economic development and head off inflationary pressure and financial risk.

The report, posted on the bank's

website, said the bank faced "serious challenges" in the implementation of an effective monetary policy largely due to China's growing trade surplus during the first quarter.

China enjoyed a 16.6 billion dollar trade surplus during the first quarter of 2005, up from a 8.6 billion dollar trade deficit during the same period last year, the bank said.

China's foreign exchange reserves, the second-largest in the world after Japan's, hit 659.1 billion dollars at the end of March, an increase of 16.5 billion dollars over February, official data shows.

Banglalink's emergency recharge station inaugurated

Mobile phone operator Banglalink is installing emergency recharge stations in different public places such as hospitals, clinics, shopping malls and universities across Dhaka to allow users to recharge their accounts free of cost.

Lars P Reichelt, chief executive officer and managing director of the cellphone company, unveiled the service "Banglalink Emergency Recharge Station" on Thursday in Dhaka, says a press release.

Nimbus Advertising Ltd is in charge installation and maintenance of these recharge stations.

Indonesia raises cigarette prices to boost revenues

AFP, Jakarta

Indonesia said Friday it will increase cigarette prices by up to 20 percent in July to reap new income from one of the world's few expanding tobacco markets.

Finance Minister Jusuf Anwar said the hike of 15 to 20 percent would result in excise tax revenue rising to 31.4 trillion rupiah (3.3 billion dollars) a year. The tobacco industry accounts for 90 percent of excise receipts.

US senator vows to support TRADE bill

UNB, Dhaka

US Senator Edward Kennedy assured Foreign Minister M Morshed Khan of supporting the TRADE bill allowing Bangladesh to get duty-free access of its products to the US market.

Kennedy made the assurance during a meeting with Khan at his office in Washington Tuesday.

"I will support the act and vote for it in the US Senate," he was quoted as saying by Bangladesh Ambassador to the US Shamsar Moibin Chowdhury, who was also present at the meeting.

On the killing of Awami League leader and former finance minister Shah AMS Kibria MP, the US lawmaker hoped that "a thorough and complete investigation" into the assassination would be held and perpetrators brought to book.

"It was a very good meeting held in a warm and cordial atmosphere," Chowdhury told the news agency over telephone.

Khan invited Kennedy to visit Bangladesh, and the American leader gladly accepted it.

Oil holds above \$51

REUTERS, London

Oil prices held firm above \$51 a barrel on Friday, drawing support from expectations of high U.S. gasoline demand as the summer driving season begins, but ample stockpiles limited gains.

U.S. light sweet crude for July delivery was up 19 cents at \$51.20 a barrel. Brent crude gained 25 cents to \$50.41 a barrel.

U.S. oil prices have rallied by around 10 percent from a low of \$46.20 last week.

Fund managers and analysts have said the dip below \$50 lured fresh fund money and have predicted long-term strength, though

they said trade could be volatile in the short-term.

Volume on Friday was expected to be thin ahead of an early close to begin the U.S. Memorial Day long weekend, considered the start of the U.S. summer driving season.

This week's rally turned into a surge on Wednesday after data showed a fall in U.S. crude inventories last week and big buyers flowed back into the market.

"Quite a few longs jumped back into the market that day and may stay that way for quite a while before liquidating," wrote Edward Meir in the Man Energy Daily Report.