

# 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.

### RUN-UP TO BUDGET FY06

## Transformer makers want duty free raw material import

### BDNEWS, Dhaka

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, Bashar 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.

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.



### 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.

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