Star
BUSINESS
DHAKA SUNDAY JULY 10, 2005 E-mail: business@thedailystar.net

Under-invoicing in import hurts local fabric industry

Import from China up by 65pc in first 6 months of last fiscal

STAR BUSINESS REPORT

Fabrics import through under-invoicing from China is hitting the textile industries hard, manufacturers said yesterday urging the government to take necessary steps to save local producers.

About half of the total 450 grey and finished industries have already been shut down in the last six months as low cost Chinese products are flooding the local market, they mentioned.

Leaders of Bangladesh Grey & Finished Fabric Mills and Exporters Association (BGFFMEA) met the chairman of the National Board of Revenue at the NBR conference room in Dhaka to explain the present situation of local industries, urging him to check under-invoicing in import of China fabrics.

Speaking at the meeting, Harun-ur-Rashid, president of BGFFMEA, explained a section of dishonest traders is importing Chinese clothes at 40 to 50 cents whereas the genuine price of such fabric is $2.5 to $3 per metre.

"It is obvious that the rest of the money is sent abroad through hundi or other illegal ways," he added.

The government is losing substantial amount of taxes due to import through under-invoicing, he said adding that it is possible to increase revenue from fabric import four to five times more than the present level if the NBR can check such illegal import.

Referring to Bangladesh Bank (BB) statistics, Rashid said fabric import from China amounted to Tk 1,273 crore in the first six months of 2004-05 fiscal year, up by 65 percent than the previous fiscal's same period. Bangladeshi traders imported Chinese fabrics worth Tk 1,538 crore in the 2003-2004 financial year.

He, however, admitted that the production cost of local fabrics is around 20 to 25 percent higher than those of other countries as exporting countries give subsidy and duty on raw materials import in Bangladesh is higher.

Local grey and fabric manufacturers are facing severe problems in selling their products and around two crore meters of grey and finished fabrics have been stockpiled in their warehouses, he said.

Shah Rezaul Mahmud, secretary of the association, said grey and finished fabric producers meet 35 percent of the total demand of the export-oriented readymade garment sector.

He urged the NBR to impose duty on imported fabrics as per their weight.

Responding to the BGFFMEA leaders, NBR Chairman Khairuzzaman Chowdhury admitted under-invoicing as well as fake declaration in importing cloths from abroad has increased in the recent times.

Duty on imported fabrics is substantial, he said assuring the leaders of taking all possible steps to save local industries.

About forming a taskforce to monitor fabric import, the NBR chairman said pre-shipment inspection (PSI) companies are tasked with solving these types of problems but they have failed to perform their duties and check tax evasion.

As the local fabrics are facing serious problems to compete with the illegally imported cloths, Chowdhury said the NBR will take initiative for extensive physical inspection in case of imported textile fabrics.

These 450 grey and finished fabric manufacturers can produce 40 crore metres of cloths annually at their plants where two lakh workers are involved.

KSA keen to set up training centre to recruit workers

Saudi recruitment committee tells FBCCI leaders

STAR BUSINESS REPORT

PHOTO: FBCCI

Kamaluddin Ahmed, acting president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), presents a crest of the chamber to Waleed A Swaidan, chairman of Saudi National Recruitment Committee (Sanarcom), at a discussion between Sanarcom delegation and the FBCCI leaders yesterday in Dhaka.

Saudi Arabia is keen to establish a training centre in Dhaka to facilitate more recruitment of skilled and semi-skilled manpower from Bangladesh.

The training centre will help shape skilled and semi-skilled workers for sending to Saudi Arabia as most of the Bangladeshi workers are unskilled, a visiting Saudi delegation said yesterday.

The six-member delegation of Saudi National Recruitment Committee (Sanarcom) led by its Chairman Waleed A Swaidan discussed the issue with the leaders of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Dhaka.

Speaking at the meeting, Swaidan expressed keen interest to recruit more professionals including doctors, engineers, teachers and nurses from Bangladesh as there is a huge demand of such manpower in Saudi Arabia.

Around 1.5 million Bangladeshis are working in Saudi Arabia now and Bangladesh products have a good market there to meet the demands of those people, he said.

Sanarcom Vice Chairman BJ Al Madani said workers from India, Sri Lanka and the Philippines are earning more as they are more skilled than the Bangladeshis.

A training centre, in this regard, will help Bangladesh send skilled workers, he added.

The Saudi delegation also showed interest to invest in Bangladesh and offered all-out cooperation in exporting to Saudi Arabia.

"If any problem arises in exporting Bangladeshi products to Saudi Arabia, please inform us and we will take steps to remove the barriers," said Swaidan.

Responding to low pay of Bangladeshi workers in Saudi Arabia, Swaidan said he would look into the issue.

Regarding huge visa-processing fee, the Sanarcom chairman said if the middlemen in obtaining visa can be avoided, the expenses will reduce automatically.

Kamaluddin Ahmed, acting president of the FBCCI, urged the Saudi Arabian entrepreneurs to invest in 100 percent foreign owned or joint venture projects in the country's export processing zones.

He underscored the need for making the visa processing procedure as simple as possible in recruiting more workers from Bangladesh.

According to official statistics, trade balance has been in favour of Saudi Arabia for 13 years. Bangladesh export to Saudi Arabia amounted to US$17.89 million in the 2003-04 financial year, while import from the oil-rich country was $80.73 million in the same year.

PHOTO: RELIANCE INSURANCE

Latifur Rahman (4-L), vice chairman of the Board of Directors of Reliance Insurance Ltd, presides over the company's 17th annual general meeting (AGM) in Dhaka yesterday. Other members of the Board are also seen.

Reliance Ins declares 33.33pc stock, 10pc cash dividends

Reliance Insurance Limited yesterday approved 33.33 percent stock (one bonus against three shares) and 10 percent cash dividends for the year 2004 at the company's 17th annual general meeting (AGM) at Sonargaon Hotel in Dhaka.

Latifur Rahman, vice chairman of the Board of Directors of the company, presided over the AGM, says a press release.

The AGM also elected two new directors from public shareholders -- Atiqur Rahman and Imran F Rahman.

During the year 2004, Reliance Insurance achieved a gross premium income of Tk 492.3 million representing a growth of 9.7 percent. The company registered good underwriting performance and its pre-tax profit increased to Tk 42.64 million as against Tk 32.24 million in the preceding year.

Following the AGM, a meeting of the Board of Directors took place in which Latifur Rahman and Rokia A Rahman were elected chairman and vice chairman respectively.

The Board of Directors of the insurance company is now comprised of Latifur Rahman, chairman, Rokia A Rahman, vice chairman, M Shamsul Alam, A Rouf Chowdhury, Anwarul Huq, Asadul Huq, Habibullah Khan, Shahnaz Rahman, Shamsur Rahman, Rajiv Prasad Saha, Amanullah Chowdhury, Iftikhar Arshad Husain, Atiqur Rahman, Imran F Rahman, Romana Rouf Rumee, directors, and Akhtar Ahmed, managing director and chief executive officer.

The AGM was attended by a large number of shareholders who took interest in the proceedings of the meeting. The shareholders expressed their appreciation of the prudent and judicious measures taken by the management in professionally managing the affairs of the company. They also put forward a number of suggestions, which were duly noted by the management.

Doha trade round facing crisis: WTO chief

REUTERS, *Geneva*

Negotiations on a global pact to lower trade barriers and boost economies in poorer countries are running into a "crisis of immobility", World Trade Organisation (WTO) chief Supachai Panitchpakdi said Friday.

The negotiations, the Doha Round launched at the end of 2001, "are in trouble", he told envoys from the WTO's 148 member nations after a week of talks in Geneva which ran into roadblocks on key issues of farm and goods tariffs.

"The crisis that threatens is all the more menacing because it is not a crisis of dramatic divergences ... It is a crisis of immobility," declared Supachai, just back in Geneva from the Group of Eight (G8) meeting of industrial powers in Scotland.

He told a meeting of the Trade Negotiations Committee (TNC), the Round's steering body, that quick action was vital to get the negotiations -- facing what diplomats say is a final deadline at the end of 2006 -- back on track.

"There is still a slender chance of averting it (the crisis), but every hour must be made to count," said Supachai, who hands over the WTO helm at the end of August to former European Union trade commissioner Pascal Lamy.

Trade sources said his remarks to the TNC echoed what he told leaders of the G8 and the Group of Five (G5) nations -- China, India, Brazil, Mexico and South Africa -- at their Scotland summit in Gleneagles earlier in the week.

He would be encouraged, they said, by a call on Friday from the G8 chiefs -- who include US President George W Bush and leaders of four European Union states -- for urgent work to complete the round on time and a pledge to cut farm subsidies.

But Supachai is known to feel that such ringing declarations by top leaders often fail to find reflection in the positions taken by their negotiators in Geneva.

And trade analysts said that the G8 stance on farm export subsidies in rich nations -- that there should be a "credible date" for them to be abolished -- was unlikely to satisfy many developing countries, especially some of the poorest.

Although G8 chairman and British Prime Minister Tony Blair said he believed a December WTO ministers' meeting in Hong Kong could agree to end the subsidies by 2010, there was clearly still resistance to that within the EU, the analysts said.

In his Friday remarks, Supachai said he would be looking for clear guidance "on crucial political issues" from trade ministers from some 30 WTO nations representing all levels of economic development in Dalian, China on July 12 and 13.

A meeting between Sippo and Sristy Hometex Ltd was held at Sippo's head quarter in Zurich, Switzerland recently. Sippo agrees to provide technical cooperation and market research support for Sristy to promote and export diversified jute products to EU and Swiss markets from Bangladesh. Sippo Director Markus Sten, Project Manager Adrian Brechester and Sristy Managing Director G Saha, Marketing Manager Protima Chakraborty were present at the meet.

Ucep extends loan for self-employment

STAR BUSINESS REPORT

Underprivileged Children's Educational Programmes (Ucep)-Bangladesh, a non-government organisation, yesterday distributed loans among its 12 trained adults.

Ucep, earlier, trained those borrowers in different technical and productive sectors. It now extends loans between Tk 25,000 and Tk 100,000 each to foster self-employment of Ucep students.

Under a 10-year programme, Ucep will disburse Tk 5 million to hard core urban working children and adolescents after training them in different fields.

These trained adults who are not generally covered by the traditional banking system will have to return the money in installments with a 15 percent interest rate.

Chairman of Ucep Board of Governors M Mokammel Haque handed over cheques to its former students at a function at UCEP head office at section 2 of Mirpur, Dhaka.

Established in 1972, Ucep has so far trained up one lakh urban children and adolescents. Presently it has 25,000 students.

Himadri Ltd okays 4pc dividend

Himadri Ltd, a concern of Ejab Group, has declared a four percent dividend for its shareholders for the year 2004.

The dividend was approved at the 31st annual general meeting (AGM) of the company recently in Dhaka, says a press release.

IFC to facilitate trade between NE India, Bangladesh

UNB, *Dhaka*

International Finance Corporation (IFC), the private financing arm of World Bank, has developed several financial products to facilitate trade between NorthEast India and Bangladesh.

At a seminar on 'Facilitation and promotion of trade between Bangladesh and North East India' in Kolkata yesterday, Marlon Lezama, programme manager of South Asia Development Facility (SEDF), said SEDF would undertake programmes for the small and medium enterprise (SME) to overcome trade barriers between the two regions, PTI said.

He said studies jointly undertaken by SEDF, a multi-donor facility managed by IFC, and Bangladesh Enterprise Institute (BEI) had identified non-tariff barriers as major impediments to trade with NE India.

China, US talks fail to find solution on textile quota row

AFP, *Beijing*

China and the United States have failed at a second round of talks here to resolve a simmering row over US limits on Chinese clothing imports, the commerce ministry said Saturday.

Friday's technical-level talks were however "frank" and "pragmatic" and the two sides will decide on a next round though consultations, the ministry said in a statement.

"The two sides agreed to keep the channel of exchange open and continue the consultations to find out an appropriate way to solve the textile and garment issue," the ministry said.

The United States has placed restrictions on seven Chinese textile products after they rose dramatically following the ending of a global textile tariff system on January 1.

China and the EU headed off a trade war in early June when they agreed to limit the annual growth of 10 Chinese textile product exports to the EU to between 8.5 and 12.5 percent until the end of 2007.

Both sides hailed the agreement as a victory for free trade, with Beijing urging Washington to seek a similar pact and forgo unilateral moves that cap the growth of seven categories of imports at 7.5 percent annually until the end of this year.

Friday's talks were also to prepare for the annual meeting Monday of the Sino-US Joint Committee on Commerce and Trade.

US Secretary of Commerce Carlos Gutierrez, US Trade Representative Rob Portman and US Agriculture Secretary Mike Johanns will attend the meeting with Vice Premier Wu Yi and Trade Minister Bo Xilai.

Qatar Airways flies non-stop to S'pore from July 15

Qatar Airways is upgrading its Doha-Singapore route with a new daily non-stop service operated by bigger capacity aircraft beginning on July 15.

With new daily non-stop service, passengers will benefit from a shorter flight and experience the airline's larger capacity wide-body Airbus A330-200 aircraft, says a press release.

The existing service operates daily using an Airbus A300 with four of the flights flying via Malaysian capital Kuala Lumpur.

"Singapore has been a highly successful route for us since we launched the service in November 2003," Qatar Airways Chief Executive Officer Akbar Al Baker said.

"The Singapore flights will offer excellent connections to passengers travelling on our network to Europe and rest of the Middle East countries via our Doha hub," he added.