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Revenue grows 15pc in four months

Collection from customs sees only 8pc rise

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The overall revenue grew 15 percent in the last four months, although collection from customs saw only 8.44 percent rise, thanks to import tariff cut on some 3,000 items only one month into the passage of the budget.

National Board of Revenue (NBR) sources said collections from VAT rose 16.39 percent, income tax 16.15 percent and other taxes including supplementary duties 16.38 percent in the first four months of the current fiscal year over the corresponding period of the last fiscal year.

The NBR sources said reduction in tariff rate by 1.5 to 2 percentage points on some 3,352 items following the World Bank pressure is the main reason behind lower growth in customs revenue collection.

The government reduced the rate of two of the three tiers of the tariff lines -- from 7.5 percent to 6 percent and from 15 percent to 13 percent in August. The sources said a large chunk of revenue income comes from these two tariff lines.

The import also nose-dived in the recent months. The import growth in July--August period in the current fiscal year was 15.76 percent while the growth was 25.09 percent in the corresponding period of the last fiscal year.

The letter of credit (LC) opening increased 16.68 percent in July-August period. But in July-September the LC growth came down to a paltry 4.22 percent.

The LC opening for consumer goods decreased $142 million in July-September period, while the LC for intermediate goods fell $28 million.

Total NBR revenue collection stood at Tk 9,456 crore in July-October period as against Tk 8,284 crore in the corresponding period of the last fiscal year.

During the time, revenue collections from customs duties stood at Tk 2,485 crore which was Tk 2,291 crore in the corresponding period of last fiscal year.

A target of Tk 35,652 crore has been fixed for the current fiscal year for the NBR. The NBR collected around 26 percent of the target in the first four months of the fiscal year. The rest 74 percent is required to be collected in the coming eight months.

The sources said if the overall political situation remains stable the NBR will be able to reach the target. But the sluggishness in economic activities following the Eid vacation and tight security measures during Saarc summit and political unrest in November may have negative impact on revenue collection, the sources added.

SAFTA NEGOTIATION

Dhaka to drop 250 items from sensitive list

UNB, *Dhaka*

Bangladesh has identified over 250 products to drop from its sensitive list to trade off with the Saarc member countries in the next meeting of South Asian Free Trade Agreement (Safta) negotiation.

"We'll request the Safta contracting states to shorten their respective lists of sensitive products in exchange of the products we can leave out," a senior official told the news agency yesterday.

Bangladesh has a total 1,300 plus products in its sensitive list that constitutes 25 percent of total tariff lines. Other LDCs also maintained 25 percent while India, Pakistan and Sri Lanka 20 percent of their total tariff lines.

Finalisation of the sensitive lists still remained unresolved along with rules of origin (ROO) and revenue loss compensation mechanism for the least developed members like Bangladesh to make the Safta effective on schedule.

A meeting of the Committee of Experts (CoE), consisting of officials from the member countries, is scheduled in Kathmandu from November 29 to December 1 to discuss the outstanding issues.

The meeting will be held just a month before the agreement is scheduled to become effective from January 1, 2006. Saarc leaders during their summit in Dhaka on November 12-13 agreed to instruct their respective officials to conclude negotiation on the issues.

As part of a preparatory meeting of the Safta negotiation at the CoE meeting in Kathmandu, the Ministry of Commerce has convened an inter-ministerial meeting today to set the country's strategy aiming to conclude the negotiation.

The 250 products would be coming up at the meeting for the stakeholders' views whether Bangladesh could offer the contracting countries with a request to cut items from their respective lists of sensitive products, officials said.

Earlier, Bangladesh requested dropping of 36 items from Bhutan's sensitive list, 144 items from Sri Lanka's list, 393 from Nepal's list, 286 from Pakistan's list, 318 from India's list and 134 from the Maldives' list.

Officials said Bangladesh requested India and Pakistan in the last CoE meeting in Kathmandu to drop RMG, the country's major export earning sector, from their respective sensitive lists. Both India and Pakistan agreed to convey their decision in the next CoE meeting.

They added that Bhutan also requested Bangladesh to drop apples and oranges from the sensitive list of Bangladesh, and this would be discussed in the inter-ministerial meeting today.

On the rules of origin, officials said, India, Pakistan and Sri Lanka disagreed with Bangladesh's proposal to allow 20 percent value addition in RMG under a product specific rule, a relaxation from the general rule member countries have agreed on the issue.

The issue would be resolved in the next CoE meeting, according to an official.

He said negotiation on the mechanism for compensation for revenue loss by the LDCs would be the most crucial issue to conclude, indicating whether the Safta would become effective as per schedule.

During the Saarc Summit in Dhaka, he added, the standing committee discussed the issue whether a mechanism could be devised within six months from January 1, 2006, but the least developed members preferred it to be settled before the commencement of the agreement.

Iran Expo-2005 begins

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With a view to introducing Iranian products and services, a four-day exhibition styled 'Iran Expo-2005' started in Dhaka yesterday.

Commerce Minister Altaf Hossain Choudhury formally inaugurated the fair at Sonargaon Hotel while Commerce Ministry Advisor Barkat Ullah Bulu and Iranian Ambassador to Bangladesh Mohammad Beheshti Monfared were present.

Organised by Mashad International Exhibition Company, a Iran-based fair organiser, 17 Iranian companies are showcasing bitumen, glass, textile, engineering products, agricultural equipment, leather goods and carpets in the fair.

Addressing the function the commerce minister said the existing trade volume between the two countries is not sufficient enough.

He said Iran can expand its market in South Asian region by investing in Bangladesh.

"Bangladesh and Iran have the capacity to up trade volumes between themselves," said the Iranian ambassador.

The show will remain open from 10am to 8pm every day.

Singapore to take part in Medexpo 2005

Singapore will participate in the forthcoming Medexpo 2005 scheduled for December 9 to 11 at Dhaka Sheraton Hotel.

Four leading healthcare services providers from Singapore -- Parkway Group Healthcare, Raffles Hospital, National Healthcare Group and KK Women's and Children's Hospital -- will showcase their services at the SingaporeMedicine pavilion, says a press release.

On the sidelines of the exposition, SingaporeMedicine will hold two seminars -- one for medical professionals and another for consumers -- in cooperation with Ahsania Mission Cancer Hospital and Bangladesh Marketing Alumni Association.

PHOTO: FBCCI

Commerce Minister Altaf Hossain Choudhury addresses the inaugural session of a national consultation on "Regional Economic Cooperation in South Asia' jointly organised by FBCCI, Consumer Unity and Trust Society (CUTS), Friedrich-Ebert-Stiftung (FES) and Unnayan Shamannay yesterday in Dhaka.

Iran, Iraq bury bitter past to reopen trade

REUTERS, *Baghdad*

Once a bitter enemy, Iran is emerging as a trade lifeline for Iraq as Baghdad seeks to rebuild an economy shattered by years of sanctions, neglect and corruption under Saddam Hussein and since his overthrow.

As Iraq picks up the pieces, it is becoming as a key market for its neighbours, especially Iran which it fought from 1980-88. Many Iraqi business people say it is easier to get goods like vegetables from Iran, than from areas within Iraq itself, where insurgents sometimes target truck drivers.

"We import fruits and vegetables from Iran because we feel relieved about the safety of the roads our trucks are moving on," Iraqi trader Ali Shahatha said.

Helping to thaw and improve relations with Iran is new Iraqi Prime Minister Ibrahim Jaafari, an Islamist Shia who has close ties to Shia Iran, where he once lived in exile.

Iranian Commerce Ministry estimates say trade with Iraq could reach $1 billion in the year to March 2006 in everything from fruit and vegetables to refrigerators and building materials. Goods worth $650 million were exported to Iraq in the first 10 months of 2005, official figures show.

Trade ties are much simpler now that Saddam, a Sunni Arab aggressively at odds with his Persian neighbours, has gone.

Under Saddam, Iraq's economy was battered by three wars and 12 years of United Nations sanctions.

In August, Iran reopened a trade office in Baghdad for the first time since the Iran-Iraq war, a conflict that took hundreds of thousands of lives and ended in stalemate.

Iran has long wanted to cooperate with Iraq -- a fellow member of the Organisation of the Petroleum Exporting Countries (Opec) -- by swapping crude oil and possibly developing joint border oil fields.

Oil aside, Iran has established a $1 billion line of credit to get exports flowing into Iraq and also has a deal to export about 200,000 tons of flour to the US-backed country.

Baghdad's Chamber of Commerce says other Iranian exports to Iraq now mostly include consumer goods like food, home appliances, air conditioning systems, refrigerators and detergents, as well as construction materials.

Details about the trade are sketchy but much of it is conducted through six customs posts along the Iraq-Iran border.

Mohammad al-Jadir, an Iraqi customs official at the Zurbatia checkpoint east of Baghdad, said more than $80 million worth of non-oil goods moved through his checkpoint in 2004.

He said goods valued at $18 million went through Zurbatia in September and October this year alone, a rise of 20 percent on the same period last year.

Iraqi customs officials estimate $700 million of industrial goods were imported from Iran in the year to March 2005.

Iraqi merchants say they prefer importing commodities from Iran because it is safer than moving goods from Syria and Jordan through western provinces like Anbar, a focal point of the bloody Sunni Arab-led insurgency.

Consultation on regional economic cooperation starts

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A two-day national consultation on regional economic cooperation in South Asia began yesterday in Dhaka.

The consultation was organised to engage stakeholders' participation in regional trade initiatives and promote policy response.

Commerce Minister Altaf Hossain Choudhury formally inaugurated the consultation, jointly organised by Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), NGOs Unnayan Sammunnay, CUTS International and Friedrich-Ebert-Stiftung at Dhaka Sheraton Hotel.

Inaugurating the consultation, the commerce minister said, "I hope under the umbrella of Saarc all member countries can reap benefits from implementation of mutually beneficial action plans."

Replying to a query, the minister said South Asian Free Trade Agreement (Safta) should be implemented from January 1, 2006. However, he said, if the contentious issues are not resolved by December this year, the Committee of Experts may be given another three months to resolve the issues.

Chairman of Unnayan Samunnay Atiur Rahman said without a serious political will it is not possible to resolve the barriers in implementing Safta.

He also urged the Saarc member countries to allow South Korea to be an observer in the Saarc to expedite the regional trade.

Speaking at the function, FBCCI President Mir Nasir Hossain said South Asian countries should take measures for removing administrative and regulatory constraints to boost investment between themselves.

FBCCI Second Vice-president Dewan Sultan Ahmed and Policy Analyst of CUTS Pranav Kuman also spoke at the function.

WTO MINISTERIAL IN HONG KONG

India seeks 'real cuts' in farm subsidies

PALLAB BHATTACHARYA, *New Delhi*

India has demanded "real cuts" in farm subsidies by the United States for creating a level-playing field in international trade if the WTO ministerial level talks in Hong Kong next month has to succeed.

Indian Commerce Minister Kamal Nath, who left for Geneva yesterday for a last-ditch effort by developed and developing countries to salvage the Hong Kong round of Doha talks from collapse, said the interests of Indian farmers and small scale industries would be protected at the WTO negotiations.

He gave this assurance to leaders of the Left parties who met him here on Monday ahead of his Geneva trip.

The top most priority of the government is to ensure that the current talks at the WTO did not harm the interests of small farmers or small industries, Nath said and indicated that additional market access would not be provided to developed countries in areas considered sensitive for these segments.

He told the Left leaders India would not succumb to pressure from any country in the negotiations. At the same time, India would look at market access gains in service sector where the country enjoyed inherent advantages.

This was the second meeting between Nath and Left leaders to discuss India's negotiating strategy for the coming Hong Kong WTO meeting. Among the suggestions made by Left parties was reintroduction of Quantitative Restrictions (QR) on imports and that education and health sectors be kept off WTO negotiations as these were in public policy domain.

Nath indicated WTO members were working on setting new guidelines for reaching key agreements like those in agriculture subsidies and manufacturing to prevent a repeat of the last WTO summit in Cancun, Mexico, where the trade talks had collapsed because of divergence of views on farm subsidies by developed and developing countries.

Last month, the US had had offered a cut in subsidies it can now offer to its farmers provided the European Union also reciprocated. The EU agreed to cut average tariff on agriculture imports by 46 percent. But India and other developing countries said the offers fell short of expectations.

Nath had recently told an Indo-US Economic Summit that what the US had proposed last month are not real cuts as it would still allow them to distort trade-distorting subsidies to their farmers. The real cuts would be when there is decline in the support provided by the US Treasury, he added.

The Indian Commerce Minister's remarks came as WTO Director General Pascal Lamy readied a draft text for negotiations at the Hong Kong meeting that commences on December 13. The draft is likely to be finalized by this month-end.

Nath, along with US Trade representative Rob Portman, EU Trade Commissioner Peter Mandelson and Brazil's Celso Amorim planned to meet in Geneva to resolve differences on farm subsidies that have dogged trade negotiations.

India, Brazil and other developing countries contend that the US and European Union provide hundreds of billions of dollars in subsidies to their farmers that undercut the competitive edge of developing countries one of whose main sources of income is agriculture.

Developing countries say any commitment they can make in cutting barriers to goods and services import from developed countries would be linked to progress on farm subsidy front.

Gold closes in on 18-yr peak of $500

REUTERS, *Singapore/Tokyo*

Gold moved within sight of $500 an ounce in Asia yesterday, buoyed by active buying from fund managers and reflecting stronger Japanese futures.

But long positions in New York could weigh on the metal that has seen a surge in investor interest as fund managers diversify into precious metals amid concerns about inflation and geopolitical worries.

Spot gold rose to as high as $495.35 before falling to $492.50/493.25 an ounce in afternoon trade, still up from $488.50/489.25 an ounce last quoted in New York on Monday.

Silver tracked gold's gains and rose to its highest since April 2004 at $8.20 an ounce.

Rounds of fund buying resurfaced in Asia as investors were keen to lift gold towards the psychological $500 per once level, last seen in December 1987, said dealers.

"Gold is surging because the market wants to see $500," said a senior trader at a Japanese trading house. "This rally won't end until it gets there."

Some dealers said an expected rise in demand for jewellery and investment in the run-up to Christmas could push gold up to $500 by the year-end.

Others were cautious, saying gold could find stiff resistance at $498 as investors were likely to take profits at that level. Jewellers will also need some time to get adjusted to the high prices, they said.

Commitments of Traders data from the Commodity Futures Trading Commission, a US regulator, showed on Friday the speculative net long stance in New York's COMEX futures climbed to 129,686 contracts as of Nov. 15, from 123,111 lots a week earlier.

HSBC Malaysia seeks Islamic insurance licence

AFP, *Kuala Lumpur*

Global banking giant HSBC said Tuesday it was seeking an Islamic insurance license in Malaysia as part of its plans to capture a bigger slice of the growing Islamic financing business.

The Malaysian central bank had earlier said that four Islamic insurance licenses would be issued to local and foreign companies.

"The government is offering four more licences. We (are) certainly an applicant. Whether we will be successful, we don't know," HSBC chairman John Bond told reporters during a three-day visit to Malaysia.

"We are very active in Islamic banking here," he said, adding the bank was looking to repeat its achievements in Singapore when opportunities arise.

Separately, he said HSBC was interested in entering the securities business in China and that it would examine all possible ways of doing it.

PHOTO: STAR

A colourful procession parades a thoroughfare in Dhaka yesterday to mark the 'Rehab Week' announced by Real Estate and Housing Association (REHAB).

Oil prices rise in Asian trading as temperatures fall

AFP, *Singapore*

Oil prices were higher in Asian trading Tuesday on expectations of stronger demand for heating oil as temperatures drop in the northern hemisphere, dealers said.

At 9:45 am (0145 GMT), New York's main contract, light sweet crude for delivery in January rose 12 cents to 57.82 dollars a barrel from its close of 57.70 dollars in the United States Monday.

"Demand should pick up with the first cold spell of the season," French bank Societe Generale said. "The downward trend is still alive but cold weather is likely to limit the losses."

Unusually mild weather in the northern hemisphere so far this month has handed refiners more time to build stocks ahead of the winter months, when demand for crucial heating fuel is expected to surge.

The milder weather and rising stockpiles contributed to New York crude futures on Friday ending at 56.14 dollars a barrel, the contract's lowest finish since June 15.

"You do have a colder winter coming, which should give the market some lift at some point here," AG Edwards analyst Bill O'Grady said.

"It's a short week, you've got data coming, there's not much time to react to the data when you get it," he added.

US markets are closed Thursday for Thanksgiving, and trade Friday is expected to be light in New York.