

Subsidy withdrawal to hit apparel sector

Say manufacturers

STAR BUSINESS REPORT

The country's apparel manufacturers yesterday expressed dissatisfaction at the finance minister's proposal to withdraw subsidy from the sector from the next year, saying without the subsidy they will not be able to compete in the post-MFA era.

Earlier, Finance Minister M Saifur Rahman on Tuesday announced that the government would withdraw the existing five percent cash incentive from apparel sector from the next fiscal year.

The manufacturers said the growth of the apparel sector may slow down if the government sticks to its proposal as India, China, Pakistan and Sri Lanka, the main competitors of Bangladesh in world apparel market, provide substantial volume of subsidies for their apparel sectors.

The businesspeople said with government subsidies, India, China and Pakistan have secured their own cotton production and are also getting yarn supply from their own backward linkage industries. Against this backdrop, Bangladeshi apparel entrepreneurs can hardly run their businesses without government help as they lack enough capital, they added.

They were speaking at a seminar organised by Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) on the sidelines of the three-day Bangladesh knitwear exposition that ends today at Dhaka Sheraton Hotel.

Mahmudur Rahman, advisor to energy ministry and executive chairman of Board of Investment (BoI), attended seminar, which was presided over by Zahid Bakht, research director of Bangladesh

Institute of Development Studies. Islamail Hossain, professor of Jahangirnagar University, presented a keynote paper on 'Knitwear Sector of Bangladesh in Post-MFA Era: Changes, Responses and Challenges' at the seminar.

Mahmudur Rahman said, "As India is one of the main competitors of Bangladesh in apparel sector, how the country will compete with India by importing yarn from it."

He urged the apparel exporters to build more backward linkage industries to prevent any negative situation in future.

A Matin Chowdhury, former chairman of Bangladesh Textile Mills Association (BTMA), said India provides 19 to 23 percent subsidy for its apparel sector, while its apparel manufacturers count only five percent bank interest rate.

NON-SUBMISSION OF TAX RETURN

Saifur asks NBR to submit report

STAR BUSINESS REPORT

The finance minister yesterday directed the National Board of Revenue (NBR) to submit a report within 15 days explaining why some Tax Identification Number (TIN) holders did not submit returns.

Emerging from a meeting with the income tax officials of the NBR, Saifur said, "One must submit the tax return if one has got a TIN number, otherwise commissioners and deputy commissioners will have to take the responsibility."

During the July-November period revenue marked a 21 percent growth.

An NBR source said now there are 16 lakh TIN numbers, of whom about 10 lakh have submitted returns. Some of those who submitted returns did not submit their lifestyle statement and in some cases the income shown does not match their lifestyle.

The findings came out while reviewing the income tax collection situation at the meeting and the finance minister gave necessary directives in this regard.

"Twenty one percent growth in income tax collection is good, but if they follow my directives, the growth will exceed 25 percent," the minister said.

Saifur said there is no alternative to raising taxes from internal sources. "If we want to avoid dependence on the donors, we have to boost revenues from internal resources," he added pointing out that self-financing is the base of a sovereign country.

Responding to a question, Saifur said appointment of a tax ombudsman has been delayed due to lack of efficient person for the post.

"I don't want to turn the tax ombudsman's office into one like the office of the Anti-corruption Commission," he added.

NBR Chairman Khairuzzaman Chowdhury, among others, was present at the meeting.

Dhaka for early FTA in Bimstec region

DIPLOMATIC CORRESPONDENT

Foreign Minister M Morshed Khan yesterday said Dhaka wants early enforcement of the Free Trade Area (FTA) in goods in the Bimstec (Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation) region.

"We will not wait for long to see the FTA in the Bimstec countries enforced," he told journalists at his office.

Experts from the member states -- Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand -- will have a concluding round of negotiations on December 21-27 in Kathmandu to finalise the FTA in goods, scheduled to be effective from July 1 next year.

In case they fail to reach a consensus at the upcoming meeting, they will sit in January again.

"We are hopeful of resolution of the issues in the Kathmandu meeting," the foreign minister said.

Morshed Khan, who formally assumes the Bimstec chair with the holding of its ministerial (foreign ministers) meeting in Dhaka on December 19, said commerce ministers of the new economic grouping will meet in the capital to sign the FTA to expedite its implementation.

Besides, FTA in service and FTA in investment are scheduled to come into force from early 2008. Preliminary negotiations on these would also start at the Kathmandu meeting.

Replying to a question, the foreign minister said the forthcoming Bimstec ministerial meeting will mainly focus on trade, poverty alleviation, connectivity, energy cooperation, terrorism and transnational crimes.

Bimstec has no charter or any secretariat now, he said. The ministerial meeting will also discuss whether the forum needs any charter and secretariat to give it an institutional shape.

The meeting will identify priority areas of cooperation and set the future direction of the forum launched on June 6, 1997.

To attend the 8th ministerial meeting, Indian State Minister for External Affairs E Ahmed, Myanmar Foreign Minister U Nyan Win, Nepalese State Minister for Foreign Affairs Ramesh Nath Pandey, Sri Lankan Foreign Minister Mangala Samaraweera, Thai Foreign Minister Dr Kantathi Suphamongkhon and Bhutanese Trade and Industry Minister Lyonpo Yeshey Zimbawill arrive here on December 18.

WTO Hong Kong Ministerial 2005

US, EU push for global trade deal

AP, Hong Kong

EU and US trade chiefs on Wednesday exhorted fellow members of the World Trade Organization to push towards an ambitious conclusion of global trade talks that have been deadlocked over the contentious issue of farm trade.

As hundreds of protesters marched peacefully in the streets of Hong Kong, U.S. Trade Representative Rob Portman told delegates gathered in the convention hall that a failure to reach a sweeping treaty to lower trade barriers risks a slide into protectionism.

"The time to stop postponing the

toughest work has arrived," Portman said. "I believe either we move forward or we risk moving backward toward protectionism that will stunt economic growth and harm the developing world the most."

EU trade chief Peter Mandelson - blamed by many for holding up the talks amid EU refusal to further cut farm tariffs and subsidies - told delegates that the world cannot afford to wait any longer to wrap up the so-called Doha round of talks, originally meant to conclude by 2004.

But he said the WTO's 149 members will not reach that goal unless negotiations move away from the sensitive topic of farm

trade and strive to cut trade barriers on industrial goods and services.

"We will not succeed, in Hong Kong or after, if we continue to focus on only one part of the round," Mandelson said. "We cannot afford to wait again. When the finishing line is in sight, it is the time to quicken our pace."

The Dec 13-18 meeting was meant to draw up an outline for a global treaty by the end of 2006 to lower or eliminate trade barriers in agriculture, manufacturing and services. But talks have been bogged down amid accusations from poorer countries that the European Union, the U.S., Japan and other wealthy countries are

offering insufficient cuts to their agricultural import tariffs and farm subsidies.

Portman also pressed negotiators not to leave Hong Kong without setting a date for another meeting early next year with the goal of setting up a framework to complete the talks.

"Although we may not achieve all we had hoped for this week, let us set another deadline to keep the pressure on," Portman said.

After his address, Portman said it was up to the EU to make the first move to kick-start the serious negotiations by offering more concessions on access to its farm markets.



Oxfam International activists wearing masks of world leaders cover their eyes as they stand in front of the venue of the sixth World Trade Organisation (WTO) Ministerial Meeting in Hong Kong yesterday. The European Union and the United States demand too much when they ask developing countries to open their markets for industrial goods and services in return for reducing farm subsidies, Oxfam International said.

Brazil offers to allow duty-free imports from LDCs

AP, Hong Kong

Brazil on Wednesday offered to allow duty-free imports from very poor countries in an apparent move to strengthen the alliance of developing nations within the World Trade Organization.

Brazil and other members the South American Mercosur trading bloc are "prepared to move in the direction of duty-free and quota-free access for products coming from least developing countries, especially from Africa," said Celso Amorim, Brazil's foreign minister.

Mercosur comprises Brazil, Argentina, Paraguay and Uruguay with Chile and Bolivia as associate members. Venezuela is in the process of becoming a full member.

Amorim's comments to trade delegates on the second day of the WTO meeting here came after U.S. Trade Representative Rob Portman told delegates that Washington would give US\$2.7 billion next year in aid to help poor nations strengthen their trading capabilities.

The offers came as global trade talks remained deadlocked over the thorny issue of agricultural trade, with the European Union refusing to make greater cuts in protective farm subsidies and tariffs.

Amorim said his offer was keeping in spirit of the current round of trade talks, which were launched four years ago in Qatar's capital, Doha, to particularly address the concerns of poor countries.

Duty-free access is a key demand of so-called least developed countries, which say their businesses, many of them small, should get some preferences to seize opportunities in the world market.

India for protecting interests of developing states

AP, Hong Kong

India's trade minister on Wednesday warned member nations of the World Trade Organization against backtracking on the pledge they made four years ago - to reform the global trading system to the benefit of the poor.

Commerce Minister Kamal Nath accused wealthy nations of drifting from the original mandate of the current round of trade talks and urged delegates at a WTO meeting not to rush into any deal that hurts the interests of the developing countries.

The ongoing talks were launched in 2001 in Doha, Qatar's capital, with an explicit aim to address concerns of developing countries, which say they didn't get much from previous negotiations that culminated in the establishment of the WTO a decade ago.

China under fire from WTO partners

AFP, Hong Kong

China was under fire Wednesday from the US and EU for not doing enough to honour its WTO commitments as Beijing insisted it is the developed world that needs to do more for a fairer global trading system.

The latest US broadside charged China with not fully embracing World Trade Organisation principles, falling well short on transparency in key economic sectors and in tackling copyright violations.

A report for Congress underscored US concern over state intervention in certain sectors of China's economy four years after the country joined the WTO and raised the possibility of future legal action.

The report by the US Trade Representative's office came as 149 nations began a crucial WTO ministerial meeting in Hong Kong to try to agree a framework accord to help the world's poorest developing countries and liberalise trade.

Meanwhile, the European Union called on China to further open up to European auto makers or likewise face similar legal action.

In a statement in Brussels, the European Commission said it would continue its "close monitoring of Chinese business and regulatory developments with a view to assessing the possibility of success at an eventual WTO dispute settlement panel if the existing situation does not improve."

"In the name of completion, if the content of this round only perpetuate the inequities of global trade, then it will be no round," Nath told delegates to a WTO meeting. "To redeem the pledge we made at Doha, let us resolve to make this a round for those who need it."

Nath said the outcome of the Doha round would be most critically judged in the area of agricultural trade, where developing countries would like to see the U.S., the EU and Japan making more concessions.

Developing countries, led by

Brazil and India, want the U.S., EU and Japan to eliminate export subsidies and make drastic cuts in other trade-distorting support to farmers by 2010.

They say the subsidies, running into billions of dollars, undercut the competitive advantage of their farmers and threaten their livelihood.

"Our farmers are quite willing to deal with trade flows, but not with avalanche of subsidy flows from development countries," Nath said.