

PM seeks Turkish investment in potential sectors

UNB, Ankara

Prime Minister Khaleda Zia said here yesterday Bangladesh has successfully entered the global investment map and is eager to be a serious partner of the global economic community.

"We have already liberalised our economy. Most of our sectors have been opened to foreign direct investment. We offer very attractive incentives to foreign investors," she said, urging the Turkish companies to invest in promising and potential sectors of Bangladesh.

The prime minister made the remarks while addressing a business meeting organised by Union of Chambers and Commodity Exchange of Turkey at TOBB Headquarters.

Khaleda said her government attaches high priority to power generation and oil and gas exploration.

Expressing happiness that some

Turkish firms are already involved in infrastructure development projects in Bangladesh, she hoped that more leading Turkish investors would participate in developing telecommunications, civil constructions, railways and roads.

About foreign investment, she mentioned that the net annual FDI inflow to Bangladesh has increased by 34 percent and said large TNCs like Orascom of Egypt, Tata Group of India, Dhahi Group of UAE, Lafarge of France and TMI of Malaysia have already started investing in Bangladesh.

The total investment outlay of these five companies are expected to exceed \$5 billion in next three years, she said adding that the recent increase in interest among foreign investors from various countries indicates that Bangladesh has successfully entered the global investment map.

Referring to Bangladesh's natural resources, Khaleda said

Bangladesh is endowed with a large reserve of both natural gas and high quality coal that makes the country suitable for establishing energy-intensive manufacturing industries.

On Dhaka-Ankara bilateral trade, the prime minister said since the two-way trade is not up to its potential, "We need to work together to identify the areas of cooperation to harness the existing potential."

Khaleda said Bangladesh offers competitive prices as well as quality for pharmaceuticals, footwear, ceramic, handicrafts, jute goods, leather goods, frozen food and agricultural products.

She said Turkey might consider importing these products from Bangladesh and benefit by introducing Bangladeshi products to meet the demands of CIS countries.

The prime minister hoped that businessmen from both sides would be able to identify opportunities for industrial investment and trade for mutual benefit.

She said the emergence of global production systems has now created new opportunities for compatible economies. Private sectors of Turkey and Bangladesh can coordinate among themselves to develop a competitive supply-chain for global consumption.

Khaleda said Bangladeshi products enjoy GSP privileges in the EU and duty and quota free access to most markets of the developed countries including Canada, Australia and Japan. "Such preferential treatment gives us unique market access and comparative cost advantages over other competing countries."

Presidents of TOBB and FBCCI also spoke at the function.

Foreign Minister M. Morshed Khan, Foreign Secretary Hemayetuddin, Bangladesh business delegation and Turkish businessmen attended the function.

MCCI worried at fall in investments

STAR BUSINESS REPORT

Metropolitan Chamber of Commerce and Industry (MCCI) yesterday said the economy is under a considerable strain because of the decline in investments, both public and private, growing trade deficit and rising inflation.

A crucial responsibility of the government in the coming fiscal will be to consolidate the recent macro-economic achievements and overcome the weaknesses that now confront the economy, the chamber observed.

The observations were made when a MCCI delegation headed by its president Latifur Rahman met chairman and members of the National Board of Revenue (NBR) to discuss the chamber's proposals for the next budget at the NBR.

The macro-economy remains fairly stable, with the GDP growing at around 5.5 percent. In the current fiscal year, the GDP growth forecast is above 6 percent. The agriculture sector is likely to post a 4 percent growth and the manufacturing sector is projected to grow by above 8 percent, it noted.

It pointed out export growth has been 19 percent in the first eight months of the current financial year while remittances have also shown a sustained increase during the past months. Such positive features notwithstanding, the economy now faced serious challenges on a number of fronts.

On the fiscal front, the mobilisation of government revenue remains below target, but recurrent expenditures are growing faster. The implementation of public investment programmes under the Annual Development Programme (ADP) remains well below the target.

Because of the paucity of funds, a consequence of less-than-expected revenue collection and decline in aid inflows, the government is considering

to down the current year's ADP by about 8 percent.

It will be essential to maintain fiscal balance and macroeconomic stability in order to sustain economic growth and achieve social improvements, The MCCI said adding the government will need to be prudent enough to cut down on revenue expenditure and gear up tax collection.

The inflation rate, too, will need to be brought under control. In the interest of maintaining macroeconomic stability, excessive reliance on bank borrowing for financing the deficit in the coming fiscal will need to be avoided."

The chamber earlier submitted 52 proposals concerning income tax, customs, VAT and supplementary duty for the next year budget. Corporate tax rate should be revised regularly in accordance with the recommendations of the taxation reforms commission for better tax compliance, it suggested.

The MCCI observed that corporate tax rate in the country is higher. Besides, it becomes even higher when genuine expenditures are

disallowed and expenditures are added to the income. It should be reduced and reduced gradually as per the recommendations of the taxation reforms committee.

"We are against withdrawal of the tax holiday scheme as it has established itself as the most popular tax incentive amongst the investors. Tax holiday must continue for another five years even if it is limited to certain sectors of industries. This list should be flexible so that new industries where potentials are found may be included," the chamber mentioned.

Investment of provident fund and gratuity fund is an outdated and complicated process, the MCCI said suggesting that the rule should be amended for investment of these funds in fixed deposit in the commercial banks and leasing companies as the government securities are not available for investments.

The tax holiday companies thought exempted from taxes for certain period, nevertheless, they are to procure certificate annually from NBR to produce before commissioner customs for exemption of advance

income tax (AIT) at import stage of raw materials. The Chamber recommends that AIT exemption certificate should be stated in tax holiday certificate while granting tax holiday to do away with harassment at import stage.

It also suggests that the list of industries eligible for tax holiday should be amended to contain agro-based companies. Tax holidays for residential hotels should be given to four star and above hotels in place of three star standard and above to attract investment including foreign investment under joint venture.

The MCCI suggests three-tier structure customs duty at 2.5 percent, 7.5 percent and 20 percent for basic raw materials, intermediate raw materials, semi-finished products and finished products respectively to help competitiveness of the local industries in view of emerging globalisation effect in the tax and tariff fronts.

Dinajpur trade fair begins

OUR CORRESPONDENT, Dinajpur

A month long trade fair titled 'Dinajpur Trade fair-2006' began here at Dinajpur Bara-Moydan yesterday.

Women and Children Welfare Minister Khurshid Jahan Haque formally inaugurated the fair while Md Rafiqul Islam, president of Dinajpur Chamber of Commerce and Industry, chaired the inaugural function.

Some 150 traders from 16 northern districts are participating at the fair.

CCCI for duty-free import of capital machinery

UNB, Dhaka

As the new national budget gets closer, Chittagong Chamber of Commerce and Industry (CCCI) has proposed duty free import of capital machinery and 7.5 percent duty for the import of basic industrial raw materials.

"We'll sit with Chairman of National Board of Revenue Khairuzzaman Chowdhury on April 20 and submit our proposals," CCCI President Saifuzzaman Jabed told the news agency yesterday.

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The Value Added Tax (VAT) should be brought down to 10 percent from 15 percent, the CCCI president said adding that the NBR should ease or simplify the payment of income tax procedures.

Saifuzzaman said in their budget proposals they also suggested that the income tax net should be widened to give a boost to revenue collection.

He said the government should reintroduce the tax holiday for industries for rapid industrial

growth and creating more employment opportunities.

He said the duty on import of essential commodities should be waived and sought enough allocation for research work on product development and diversification to meet the demand of the international market.

NBR has already initiated the process of budget formulation for fiscal 2006-07 and sought suggestions from the trade bodies as per the tradition.

US trade deficit shrinks to \$65.7b in February

AFP, Washington

The US trade deficit narrowed to 65.7 billion dollars in February as imports slumped, government data showed yesterday, but economists said the respite would prove short-lived.

Even with the improvement from January's record-high deficit of 68.6 billion dollars, the Commerce Department said the February figure remained the third-highest yet.

The politically sensitive deficit with China narrowed to its lowest level in a year, but there is still plenty for President George W. Bush to chew over as he prepares to host Chinese leader Hu Jintao next week.

China, eager to smooth the path for president Hu's visit, vowed to tackle some of the biggest complaints levied by the United States over the two nations' skewed trade during annual talks here Tuesday.

After the trade meeting, US Commerce Secretary Carlos Gutierrez welcomed "clear progress" in intellectual property rights and market access.

French economy picks up

AFP, Paris,

The Bank of France upgraded its estimate of French growth in the first quarter on Thursday and reported a strong rise of business confidence.

Business leaders had told the bank that industrial activity had risen sharply in March.

The data fits a pattern of volatile indicators in recent weeks, some of which point to strong business confidence and some of which point to weak business investment and trade balance performance.

The central bank said that it had raised its estimate for growth in the first quarter by 0.1 percentage points to 0.7 percent, having previously estimated growth from the figure for the fourth quarter of last year at 0.6 percent.

The latest data signalled that if the economy showed now further growth this year, by the end of the year gross domestic product would have grown by 1.4 percent.

The bank also reported that its business climate confidence index had risen by five points in March to 108 from 103 in February, having stood at 105 in January. The figure of 100 corresponds to the long-term average for this measure.



PHOTO: MCCI

A delegation of Metropolitan Chamber of Commerce and Industry (MCCI), headed by its President Latifur Rahman, meets Chairman of National Board of Revenue (NBR) Khairuzzaman Chowdhury yesterday to discuss the chamber's proposals for the next budget.