

Star BUSINESS

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Adequate infrastructure key to luring FDI

Swiss envoy expects double taxation avoidance deal with Dhaka soon

STAR BUSINESS REPORT

The Swiss ambassador in Dhaka has said business- and investment-friendly regulations, functioning institutions and adequate infrastructure are key to attracting more foreign direct investment (FDI) in Bangladesh.

"If conditions are promising, more Swiss investment will come to Bangladesh. Apart from the existing industrial sectors, I see good prospects for the service sector such as banking," Dr Dora Rapold told the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce & Industry (Ficci) at a city hotel yesterday.

She said a double taxation avoidance agreement between Bangladesh and Switzerland is expected to be signed soon.

Over 100 companies of her country are represented in Bangladesh by themselves or by agents, which is an evidence of the

Swiss business people's interests here, the Swiss envoy said, noting that trade between the two countries marked a 60 percent rise in the last three years.

Rapold suggested diversification and quality control to enhance export trade.

She said adherence to the international standard of workers' rights and social and environmental

regulations are some key elements for boosting Bangladeshi exports to Switzerland and other European countries.

Ficci President Mashi-ul-Karim, Secretary M A Matin, Amcham President Sayed Ershad Ahmed and Ficci member Rudolph P Clinck attended the function among others.



PHOTO: FICCI

Swiss ambassador to Bangladesh Dora Rapold (2-L) speaks at a luncheon meeting in Dhaka yesterday organised by Foreign Investors' Chamber of Commerce & Industry (Ficci). Ficci President Mashi-ul-Karim (2-R) is also seen.

Duty on machinery to discourage new investment in textile

Says BTMA

STAR BUSINESS REPORT

New investment in the textile sector will be discouraged if the government finally imposes duty on both textile machinery and raw materials in the next fiscal year, textile millers said yesterday.

They also said the imposition of new import duty and VAT on viscose, polyester staple fibre and acrylic staple fibre will cast negative impact on the textile sector.

The textile millers said if the tariff structure of the proposed budget is implemented they will have to pay a total of 31.1 percent tariff against 4 percent the current fiscal year while importing raw materials.

On the other hand, the millers also will have to pay 36.9 percent duty on importing finished yarn under the proposed tariff structures, much to the frustration of local sweater and clothing factories, they added.

"Tk 30,000 crore industry will become sick if the government does not change the tariff structure proposed in the budget for 2007-08," said Abdul Hai Sarker, president of Bangladesh Textile Mills Association (BTMA), while talking to a group of reporters yesterday at BTMA office in Dhaka.

He also said the local industry will face uneven competition in the world market due to the proposed budgetary measures.

According to the BTMA, the local industry's competitors in India, Indonesia, and Vietnam receive huge incentives from their governments.

The cost of establishing a textile mill has gone up by 66 percent over the last three years due to currency depreciation and high construction cost, BTMA leaders said.

Therefore, additional 10 percent duty on import of capital machinery for textile will discourage investment in the sectors, they added.

The BTMA leaders recently met the finance adviser and urged him to reconsider the proposed tariff structure.

Two customs houses start functioning in Ctg from July 1

STAFF CORRESPONDENT, Ctg

Newly created Customs House (import) and Customs House (export), which came into being after the split of Customs House, Chittagong, are all set to start functioning from July 1.

After the two customs houses start functioning all sorts of import and export related activities of the present Customs House, Chittagong will be performed under two separate commissioners.

Md Farid Uddin, Commissioner of Customs House, Chittagong, said everything is ready for operations.

Both the customs houses will function for an interim period at the present Customs House, Chittagong.

SE Asia urged to push Doha trade talks

AFP, Singapore

Southeast Asian nations should not remain silent in the face of continued difficulties over the Doha round of global trade negotiations, business and other leaders were told Sunday.

Another bid to galvanise momentum fizzled on Thursday when negotiations among four key powers -- the United States, the European Union, Brazil and India -- failed to yield common ground on the global trade talks.

"We sit here today with considerable bad news over the latest discussions on the Doha Round and I think that certainly I would appeal to members of Asean to have become more involved -- for their voices to be heard, and clearly, with regard to the Doha Round," E. Neville Isdell, chairman and chief executive of the Coca-Cola Company, told reporters at the World Economic Forum on East Asia.

He was referring to the 10-member Association of Southeast Asian Nations.

The Doha round of global trade talks is currently stalled due mainly to differences over agricultural subsidies and trade tariffs among the key trading powers.

Sources said in Geneva on Friday that the 150-member World Trade Organisation (WTO) had three weeks to get multilateral talks back on track in the wake of the failed four-power talks.

"We must be contributing to and encouraging the process ..." Mari Pangestu, Indonesia's Minister of Trade, told the two-day forum attended by about 300 delegates.

"I think East Asia should and must play a continued leadership role in ensuring global and regional integration, and that's a dual role."

The multilateral talks, dubbed the Doha Development Round, were launched in the Qatari capital, Doha, in 2001 with the intention of ensuring that poor countries enjoy the fruits of free global trade.

Philippine President Gloria Arroyo, whose nation currently holds the Asean chair, said the regional bloc "are not the culprits" in failed efforts to reach a global trade deal.

The region would push for integration with or without a Doha agreement, Arroyo said.

Zero tariff facilities for raw materials should continue

Top business leaders reiterate demand

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Top business leaders have reiterated their demand for zero tariff facility for importing raw materials used in the local industries.

They urged the government to review the decision to lift such a benefit saying that the rise in duties on imported raw materials, intermediate inputs and capital machinery would hinder industrialization in general and hit badly the backward linkage industries in particular.

The issue was discussed when the business leaders met Finance Adviser Dr A B Mirza Azizul Islam at his office last Tuesday.

These leaders include Mahabubur Rahman, president of Bangladesh chapter of International Chamber of Commerce (ICC), Latifur Rahman, president of Metropolitan Chamber of Commerce and Industries (MCCI), Hossain

Khaled, president of Dhaka Chamber of Commerce and Industries (DCCI), Masih Ul Karim, president of Foreign Investors' Chamber of Commerce and Industry (FICCI), Anwar-ul-Alam Chowdhury, president of Bangladesh Garments Manufacturers and Exporters Association (BGMEA), Md. Fazlul Haque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Abdul Hai Sarker, president of Bangladesh Textile Mills Association (BTMA), R. Maksud Khan, executive board member of ICC-B and C K Hyder, secretary general of MCCI.

Withdrawal of the existing 4 percent infrastructural development surcharge from imports of finished and luxury goods will open up the market for cheaper imports and hurt local industries, the business leaders observed.

They suggested maintaining the existing level of duty on CI sheet, television parts and components, raw materials for electric cables.

They also lauded the adviser's budget proposal for widening the safety net for the poor.

They said the allocation of over 57 percent to the projects relating to poverty reduction is also praiseworthy.

The leaders also welcomed the proposed Tk 209 crore allocation for micro-credit, as it would help generate women employment.

Praising the allocation of Tk one billion for SME Fund, they said Tk 7.5 billion for diesel subsidy and Tk 15 billion for fertilizer subsidy would directly be useful to the agriculture sector.

The business leaders also expressed their happiness that the government has taken measures to cut discretionary powers of the tax officials and to contain price spirals.

Emphasis on tackling inflation and developing human resources development would yield positive results, they told the adviser during the meeting.

Myanmar RMG exports 'dire' because of US sanctions

AFP, Yangon

Myanmar's garment exports declined again last year under the weight of US sanctions, an industry group said, amid questions about whether the measures will persuade the military regime to reform.

"Our garment exports are still going down because of the US sanctions. There's been no recovery yet, even though we have tried to turn things around," an official of the Myanmar Garment Manufacturers Association told AFP.

"The situation is dire. We've made no improvement at all," he said, speaking on condition of anonymity because he was not authorised to talk to the media.

Myanmar exported 280 million dollars worth of garments in 2006, down more than 12 percent from the previous year's exports of 320 million dollars, he said.

Garment exports reached a high of 850 million dollars in 2001 but exports plunged after the United States toughened sanctions against the military government in 2003, in protest at the junta's detention of pro-democracy leader Aung San Suu Kyi.

The Nobel peace laureate was arrested after a pro-government mob ambushed her convoy in May 2003, in an attack that her National League for Democracy party says left nearly 100 dead.

The military then put her under house arrest for the third time. She has spent a total of nearly 12 years in detention since her first arrest in 1989.

Sanctions were first imposed in the mid-1990s, when Aung San Suu Kyi urged the world to put pressure on the junta to respect results of 1990 elections won by her party.

The United States now has a total ban on Myanmar exports, while the European Union maintains targeted measures including a travel ban on the junta, an arms embargo, and a ban on investment in state companies.

Uncertainty over duty free RMG export to India to go soon

Meeting told

UNB, Dhaka

The uncertainty over duty-free export of eight million pieces of apparel items from Bangladesh to India is likely to be resolved in a week or two, a meeting was told here Sunday.

Indian High Commissioner in Dhaka Pinak Ranjan Chakravorty conveyed the latest position on the export to Finance and Commerce Adviser Dr Mirza Azizul Islam.

"The Indian envoy assured that it will be resolved within a week or two," the adviser told reporters after a meeting with India-Bangladesh Chamber of Commerce and Industry (IBCCI) at the finance ministry conference room.

IBCCI President Abdul Matlub Ahmed led a delegation of the new chamber, scheduled for formal launching on July 22.

Dr Aziz said Dhaka already sent its comments to New Delhi on a draft memorandum of understanding (MoU), which India sent earlier proposing a modality for duty-free export of apparels.

India offered Bangladesh to allow duty-free import of the apparel items under Safta framework a year back, but the authorities could not yet finalise a modality in this regard.

The IBCCI delegation apprised the adviser of their efforts in reducing the huge trade deficit Bangladesh suffers with India.

"We'll take steps to reduce the

LSE to buy Italian bourse

AFP, London

The London Stock Exchange confirmed Saturday it is buying Borsa Italiana for 1.6 billion euros (2.15 billion dollars), bolstering the LSE amid takeovers of European stock markets by US rivals.

Shareholders of the Milan exchange will receive 4.90 LSE Group plc ordinary shares for each existing Borsa Italiana ordinary share, and hold 28 percent of the capital of the new group, according to a joint statement.

Based on LSE share prices and euro/pound exchange rates for June 19, the offer values Milan's Borsa Italiana at 1.634 billion euros. The combined group would be worth 5.777 billion euros.



Ian Gore

organisation, he said.

Skilled human resource can play a vital role in the growth of an organisation and thus help in the economic development of a country like Bangladesh, said Gore, who was in Dhaka recently on a two-day visit.

"We place top priority in developing our people, as we believe it is the key to shaping our success," said Gore adding, "besides providing a facilitating environment for our people to reach their individual potential, we leverage on our global reach and diversity to offer employees career options across our footprint, which spans over 100 countries."

"Citibank's philosophy centres