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Import tax cut fails to reduce prices in Vietnam

ANN/ VIET NAM NEWS

Import tax cuts, applied to cool inflationary pressures by lowering the end prices paid for goods by consumers, have yet to have their expected impact because supplies of goods imported before the cuts took effect are still being sold at the old prices.

The Ministry of Finance announced tariff cuts of 10-50 per cent on Aug 8 on more than 100 classes of goods, including foodstuffs, animal feed, and construction materials, after inflation hit an annualised rate 8.39 per cent in July, threatening to outpace GDP growth rates for the year.

However, the prices of many common products factored into the consumer price index (CPI), including meat, dairy products, eggs and vegetable oil, have not seen any adjustments since the Aug 8 cuts in import taxes.

Major retailers, including Big C, Intimex, Fivimart and the Phu Thai Group, said that they had not yet received any announcements of price decreases from suppliers or distributors.

The import tax on dairy products was lowered from 30 per cent down to 15 per cent, but the prices of most products, including Mead Johnson, Abbott, Dumex and Nestle infant formulae, have remained high. A 900g can of Enfapro A+, for example, still retails for \$242 to \$248,000.

Milk producers said that their products would not be affected much by the tariff cut because of the increasingly high cost of raw materials, currently double that of last year. Producers have raised prices by about 10 per cent.

"We are not earning any profits from the new policy. If the raw material price doesn't drop, we'll have to raise prices again," said Tran Bao Minh, Vinamilk's deputy general director.

Import duties on meat products were also slashed from 30 per cent down to 12 per cent but suppliers have yet to announce price cuts.

Nokia launches new handsets in local market

The world's leading mobile phone maker Nokia launched several new handsets in the local market.

The launching programme that began on August 5 in Bogra ended at a programme in the capital Thursday, according to a press release.

The company claims these new models provide functions and features specifically designed for consumers in Bangladesh.

The new models are Nokia 1200, Nokia 1208, Nokia 1650, Nokia 2630, Nokia 2760, Nokia 6500 classic, Nokia 6500 slide and Nokia 8600 Luna.

These phones include various features like one touch torch, longer battery life, Bengali interface, multiple phone book, loud speaker, FM radio and soft-touch stainless steel, the release adds.

Two Koreas may discuss trade pact

AFP, Seoul

Capitalist South Korea may discuss a free-trade pact with North Korea during an upcoming summit in hopes of encouraging the hardline communist state to open its markets, officials said Thursday.

"I'm aware that a possible free-trade deal between South and North Korea is under consideration as one of the agenda items for the summit," Trade Minister Kim Jong-Hoon told reporters.

President Roh Moo-Hyun has said economic cooperation will be a key theme of his meeting with North Korean leader Kim Jong-Il in Pyongyang on August 28-30.

The summit will be only the second in the two countries' history.

"For an FTA, rather than its name or form, what's more important is North Korea's willingness towards market opening and international trade," Kim said.

His remarks indicated both sides will probably discuss a comprehensive economic partnership agreement rather than a full-fledged market-opening deal, Yonhap news agency said.

Roh said Wednesday he will discuss forming an "inter-Korean economic community" with his counterpart.

Govt likely to impose NTBs on silk import

JASIM UDDIN KHAN

The government is likely to impose some non-tariff barriers (NTBs) on import of silk and silk products to safeguard the local silk industry.

The Ministry of Textiles and Jute recently asked the National Board of Silk to prepare a set of proposals in this regard.

The textiles ministry will make recommendations to the commerce ministry to impose some types of NTBs to discourage import of silk and silk products.

The textiles ministry will also ask the National Board of Revenue (NBR) to exempt silk industry from any type of value added tax (VAT) at production level so that local silk and silk products become competitive globally.

Presently, the local silk producers are facing stiff competition from abroad, said Md Fazlul Haque,

convener of sub committee on National Silk Policy-2005 Implementation.

Indian and Pakistani silk products are more attractive for which Bangladeshi silk products fail to compete with the neighbours," he said.

The government should give priority to protecting its local products and safeguard the interests of a huge number of female workers involved in the silk industry, Haque said.

Alauddin Ahmed, president of Bangladesh Silk Manufacturers and Exporters Association, pointed out that due to the government's faulty silk policy, 2.79 lakh pieces of silk products and 34.55 lakh pieces of ethnic products had to be sold at lower prices in 2006 as those products could not be exported or sold domestically at expected prices.

He said, "If the government

provides cash incentives or single-digit loan facilities for the sector, it can earn huge foreign exchange."

Alauddin Ahmed said the present taxation policy holds back the growth of the local industry as no VAT is imposed on import of silk yarn, while the local and poor rural producers have to pay 15 per cent VAT on silk production.

He said silk worth Tk 50 crore is imported each year, while the locals produce silk worth Tk 9 crore.

Maria Saz Hafiz, a fashion designer of Aarong, a leading local fashion house, said Bangladeshi silk products have huge potential due to their quality and variety.

If the fashion houses can introduce new varieties of silk products, silk could be one of the major export items in future, Saz said.



PHOTO: CSE

Monwara Hakim Ali, president of Woman Chamber of Commerce & Industry (WCCI), speaks at a seminar on 'Stock Market Investment' in Chittagong on Tuesday. AB Siddique, chief executive officer of Chittagong Stock Exchange (CSE), among others, was present at the seminar jointly organised by CSE and WCCI.

Capital investment in EPZs rises 35pc in FY '07

BSS, Dhaka

Total capital investment in the export processing zones in the country increased to US\$152.37 million last fiscal.

Sources in the Bangladesh Export Processing Zone Authority (Bepza) said the rise in such investment marked a 35 per cent over that in the same period of the previous financial year (2005-2006).

Enterprises invested US\$87.46 million in Dhaka EPZ followed by US\$ 32.62 million in Chittagong EPZ, US\$ 21.02 million in Comilla EPZ, US\$ 7.68 million in Adamjee EPZ, US\$ 1.24 million in Uttara EPZ, US\$ 1.91 million in Karnaphuli EPZ and US\$ 4.40 lakh in Mongla EPZ.

A total of 261 enterprises are now

operating in the eight EPZs. Of them, 135 are in Chittagong EPZ, 91 in Dhaka EPZ, 16 in Comilla EPZ, 12 in Mongla EPZ, three in Uttara EPZ, one in Ishwardi EPZ and three in Adamjee EPZ. Another 152 enterprises are in different stages of implementation.

The enterprises in the EPZs exported goods worth US\$ 2,063.67 million during 2006-07, which was US\$ 1,836.18 million during 2005-06. This shows an increase of 12.39 per cent.

In the export volume, the contribution from Chittagong EPZ was US\$ 971.54 million, from Dhaka EPZ US\$ 1,033.03 million, from Comilla EPZ US\$ 46.01 million, from Mongla EPZ US\$ 1.31 million, from Ishwardi EPZ US\$ 2.23 million, from Adamjee EPZ US\$ 9.47 million

and from Uttara EPZ US\$ 80,000 dollars.

The total export earnings of the enterprises in the EPZs stood at US\$ 13,165.15 million up to June 2007.

The Bepza generated jobs for 23,360 Bangladeshi nationals in 2006-07. Of them, 12,829 were employed in Chittagong EPZ, 9,750 in Dhaka EPZ, 318 in Comilla EPZ, 147 in Uttara EPZ and 191 in Adamjee EPZ, the sources said.

Presently, 2,01,169 Bangladeshi and 1,120 foreign nationals are working at the eight EPZs in the country. Of them, 64 per cent is female. Another 1,15,000 Bangladeshi will get jobs after completion of the ongoing work for setting up several industries.

China's new rich keen to invest in housing

ANN/ CHINA DAILY

China's new rich are exceptionally younger than those in its neighbouring countries and they are more keen on investing in the country's booming real estate market, a survey by credit card company MasterCard said.

MasterCard surveyed 900 people and interviewed 300 families in Beijing, Shanghai and Guangzhou whose annual income are above 16,000 U.S. dollars.

The survey showed that at least one quarter are among the affluent by internationally recognized standards, who earn more than 50,000 U.S. dollars annually.

Yuwa Hedrick-Wong, MasterCard's economic advisor, said the Chinese affluent people are "shockingly young" compared with their counterparts in developed

countries, citing the survey results that 64 per cent of the rich people are from 31 to 46 years old.

Statistics showed that about 70 per cent of the Japanese rich are older than 45 years old. In another developing nation, the Philippines, 95 per cent of the rich are older than 45.

Wong analyzed that young employees of multinational companies, senior members of the management of state-owned enterprises and business people in the private sector are the bulk of the Chinese urban rich.

The survey also indicated that every household of the affluent population own at least one apartment. Some 26 per cent of the surveyed each have bought three apartments, or a villa, and eight percent bought four apartments.

Most affluent people expect that investment in apartments would

make them wealthier in the thriving Chinese real estate market, Wong said. Meanwhile, they also have other channels for earn profits, such as securities, for financial investment.

The affluent people, according to the survey, usually favour spending more time with their families. They value happy families as "the most important for a successful life."

Some 73.6 per cent of the surveyed said they are willing to donate for charity.

A total of 92.6 per cent affluent people spent more than 10,000 U.S. dollars in travelling in 2006. Hong Kong, Macao, Thailand, Singapore and Japan were usually their favourite destinations.

Financial instts' help sought for women investors

Speakers at a seminar in Chittagong on Tuesday sought financial institutions' help for the development of women entrepreneurship. In a bid to raise awareness about portfolio investment and encourage womenfolk to invest in the capital market, Chittagong Stock Exchange (CSE) and Woman Chamber of Commerce & Industry (WCCI) have jointly organised a seminar for the members of the WCCI, says a press release.

Chief Executive Officer of CSE AB Siddique and President of WCCI Monwara Hakim Ali, among others, were present at the seminar held in the port city.

AB Siddique said women now do not need to go to any brokerage house to buy or sell shares, rather they can do it at home if they have internet facilities.

Monwara Hakim asked the financial institutions for offering credit at lower interest rates to develop women entrepreneurship.

Securities and Exchange Commission (SEC) should play an effective role for the sake of small investors, Monwara said, adding that manipulators are still active and they sometimes deprive the small investors of their due profit by taking advantage of frequent policy changes by the SEC.

Loopholes still exist in monitoring measures, she observed.

CCCI members now to get UK visa without hassle

STAF CORRESPONDENT, Ctg

The members of Chittagong Chamber of Commerce and Industry (CCCI) will now be able to get their UK visas within 24 hours they apply, provided all the documents are valid.

The CCCI at a formal ceremony here Thursday signed a memorandum of understanding (MoU) with the British High Commission in Bangladesh.

Jonathan Verney, first secretary and head of Immigration of the UK High Commission, and Saifuzzaman Chowdhury, president of CCCI, signed the MoU on behalf of their respective sides at the Chittagong Club Guest House.

The business community in Chittagong can avail of the opportunity to get hassle-free visa by applying at the Visa Application Centre of the high commission on the fourth floor of chamber building, said Verney.

Saifuzzaman hoped that the CCCI members and other business people of the port city would feel more encouraged to visit the UK after signing of the MoU.

Euro hits near 10-month low against yen

AFP, London

The euro slumped on Friday to a near ten-month low against the yen as traders sought security in the Japanese currency amid turmoil across financial markets, traders and analysts said.

The dollar meanwhile slid to a 14-month low against the yen in foreign exchange (forex) trading.

In early Europe trade, the euro dropped to 149.28 yen -- the lowest level since November 2, 2006. It later stood at 152.05 yen, compared with 152.85 yen late in New York on Thursday.

The European single currency has lost a huge 11.6 per cent in value against the Japanese unit since striking a record high of 168.95 yen on July 13.

"Forex markets are looking increasingly volatile as attention focuses on the higher yielding currencies and the prospect that central banks may now undertake a sustained run of rate cuts to try to ensure the credit squeeze has only a minimal impact on economic growth," said James Hughes, market analyst at CMC Markets.

Elsewhere on Friday, the dollar dived to 111.62 yen -- a level last seen on June 5, 2006.

It later stood at 113.23 yen, compared with 113.86 yen late on Thursday.

The dollar has fallen 10.1 per cent since reaching more than 124 yen in mid-June.

The yen is soaring against other major currencies as traders scramble to exit risky bets owing to the rout on global markets.

\$12B PENDING INVESTMENT PROPOSALS

Delay in decision may send wrong signal to international firms

Observes immediate past Bol chief

UNB, Dhaka

Inordinate delay in making decision on the pending investment proposals may give a wrong message to international investors about the country's willingness to attract investment.

Such a view was expressed by immediate past Board of Investment (BoI) executive chairman Nazrul Islam.

Talking to the news agency, Islam, who recently went on retirement from the government service, said decision should be made as early as possible on the US\$ 12 billion investment proposals now remain pending with the state-run investment promotional agency.

"This is really important to give decision without inordinate delay to keep the investors' confidence... otherwise, they will get wrong message," he said.

Of them, Indian industrial giant Tata Group had a US\$ 3.5 billion

offer, Mittal Group's US\$ 2.9 billion, UK-based Asia Energy's US\$ 2.8 billion and the rest from South-Korean Global Luxen and US-based Volcan Energy and some other companies.

But the immediate past BNP-led alliance government did not make any decision on Tata and some other investment proposals on the plea of impending general election.

Despite such delay in decision-making process, the BoI continued its efforts to attract investment from home and abroad.

Few months back, the BoI executive chairman traveled some countries in Europe to pursue non-resident Bangladeshis (NRBs) there and also international investors to come forward to invest in the country taking the advantages of cheap labour and other financial incentives.

Some NRBs and also some international companies responded very positively in this regard.

But after that initiative, no follow-up action was taken to make things happen.

Similarly, UK-based Indian Mittal Group signed a memorandum of understanding (MoU) with the BoI to invest US\$ 2.9 billion in energy and some other sectors.

Against this backdrop, the former BoI chief said that the caretaker government should take immediate steps to reach decision on the proposals.

Mentioning his experience as the BoI head, he said lack of coordination among the ministries and concerned authorities sometimes appeared as main obstacles to foreign direct investment (FDI).

Nazrul Islam also agreed with the idea that investors sometimes hesitate to come in and invest under an interim government.

"Rather, they take a 'wait-and-see policy' regarding their investment," he said.

Venture-capital firm raises record funds to invest in India

AFP, Bangalore

Venture-capital firm Sequoia said Friday it raised a record 300 million dollars to fund small Indian companies likely to benefit from the world's second-fastest economic growth.

It's the biggest fund raised by any venture capital firm to finance early-stage Indian companies, and takes to more than one billion dollars the amount of dedicated capital for the country put together by Sequoia.

"We look forward to continuing to partner with high-quality entrepreneurs to build large, valuable companies," Sumir Chadha, managing director of Sequoia Capital

India, said in a statement in Bangalore.

The US-based investment firm, which raises funds mainly from educational institutions and philanthropies, also uses its own money to provide seed capital to companies showing promise of future growth.

Globally, Sequoia Capital has been an early investor in such companies as Google, Yahoo, Apple, Oracle, Cisco and YouTube.

In India, Sequoia provided early-stage funding to companies such as Applabs, Bharti Telesoft, Cafe Coffee Day, FirstSource, GlobalLogic, IDEA Cellular, Indecomm, marketRx and SKS Microfinance.

HK GDP up 6.9pc in Q2

AFP, Hong Kong

Hong Kong's economy in the second quarter to June grew a sharp 6.9 per cent year-on-year, the government said Friday, prompting it to raise growth forecasts for the full year.

With a better-than-expected economic performance in the first half and the largely positive outlook for the global economy, the government has raised its full-year GDP growth forecast to 5.0 to 6.0 per cent from 4.5 to 5.5 per cent.

For the first half of the year, the economy grew 6.3 per cent year-on-year, underpinned by a broad-based upturn in the economy in the second quarter to June, government economist Kwok Kwok-chuen said.

He attributed the growth to vibrant exports to mainland China on the back of a buoyant economy. Those to the EU and Japan also showed faster growth, offsetting the softness of the US market.