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NBR moves to ease traders' contradiction to restructure duties

JASIM UDDIN KHAN

Country's tax-collection authority has initiated a drive to ease contradiction among businesspeople about the present duty structure of major importable products like edible oil and sugar, which would help restructure duties in the next budget.

The National Board of Revenue (NBR) is also working on setting up a product wise database to facilitate such restructuring.

Besides, it started assessing the actual annual requirement of raw materials for export-oriented industries to stop leakage from bonded warehouses.

As part of the drive, NBR Chairman Muhammad Abdul Mazid yesterday met with the leading importers in Chittagong and requested them to provide necessary facts and figures on specific products to remove contradictions.

The Chittagong Chamber of Commerce and Industry (CCCI) organised the meeting.

"Businessmen frequently tabled demands to the NBR for

particular products which seriously contradict each other making it difficult for the revenue officials to understand the real situation," Mazid told The Daily Star yesterday over telephone, elaborating that some traders of edible oil, sugar or plastic products demand imposition of huge duty on raw materials, some others demand duty-free facilities for importing the items.

The NBR chief sought cooperation of the businessmen to remove all controversies in order to restore confidence.

He also asked them to provide actual information on products so that policymakers can frame a policy that is business-friendly.

"The businessmen should consider collective interests, not individual ones," Mazid suggested.

He also pointed out that a section of businessmen's tendency to place their demands at the NBR on the fog end of the fiscal makes it tough for the NBR to ascertain the actual situation before preparing the national budget.

"We want to get all product wise information in the early period of

budgetary procedure so that the NBR can set its tax and duty related policy on review of the actual situation," the NBR chairman added.

When asked, Muhammad Abdul Mazid admitted that some traders export edible oil from Bangladesh to India at a rate much lower than the present market price.

"If the government can ascertain the annual requirement of raw materials it will help reduce tax evasion and stop selling of duty-free raw materials by some unscrupulous traders in the local market," Mazid added.

There are allegations that many businessmen import products under bonded warehouse facilities and sell those at open market making the local industry vulnerable and evading huge amount of taxes.

CCCI Acting President MA Latif, directors Amirul Haq, Mahabub Ali and Ershad Ullah, Bangladesh Shipping Agents Association Chairman Dr Parvez Sajjad Akter and C&F Agents Association President SM Akhter Hossain spoke among others.

Taka gets stronger against US dollar

UNB, Dhaka

The local currency, Taka (BDT), got stronger appreciating 0.7 percent against the US dollar in 2007, making a turnaround year from a trend of depreciation in the last few years.

"Improved remittance inflows and strong growth in exports have contributed to the strengthening of BDT," Citibank Bangladesh said in its annual financial market update released here yesterday.

This year only a 1.92 taka difference between yearly high (70.40) and low (68.48) of USD/BDT rates, a thin range compared to the last year's.

The BDT has seen rapid depreciation in the last few years -- 2.76 percent in 2004 and around 9 percent the following year. However, the pace of depreciation slowed down in 2006 when the BDT experienced a 4.4 percent decline in value.

The update said 2007 was a turnaround year for the BDT. Despite a downturn in the first quarter, the BDT value went up by 0.7 percent against the Greenback.

The update said foreign exchange remittance experienced a 24.5 percent growth in 2006-07 though exports slowed down during the second half of 2007.

In the first five months of FY08, the growth was 21.7 percent. "We

have also seen a major growth in the foreign exchange reserves of Bangladesh in 2007."

As per the latest report, foreign exchange reserve went up to USD 5.16 Billion from the last year's figure of USD 3.88 billion which indicates a 33 percent rise in national reserve.

The report said compared to the previous three years, USD/BDT rates were fairly stable in 2007. In 2006, USD traded within a 6.75 Taka range (66.20 - 72.95).

It observed similar scenario in 2005 (61.50 - 67.0) and 2004 (59.01 - 62.50).

"A significant trend in 2007 was a shift of volumes from the third currency based cross currency transactions to USD/BDT inter-bank transactions," said the bank's financial market update.

Last year, most of the inter-bank transactions were routed through the third currency trades. But as the USD/BDT exchange rates became relatively stable, market participants increased their trades to simpler and more customary USD/BDT channels.

By the end of December, almost all the trades were done through the USD/BDT inter-bank channels.

The market update said the inter-bank call money market was largely surplus most of the time due to a slowdown in credit growth in 2007.

EMBARGO ON USE OF UZBEKISTAN COTTON

Bangladesh may look for alternative sources if child labour issue not addressed

REFAYET ULLAH MIRDHA

The local textile and yarn producers may look for alternative sources for cotton if Uzbekistan, which supplies most of the cotton used in Bangladesh, does not stop using child labour in cotton production, said owners of some textile producing plants.

Recently an embargo has been slapped on the use of Uzbekistan cotton due to the child labour issue.

Some world famous retail buying houses of textile and garment products operating in Bangladesh said they will not buy the local products if those are made from Uzbek cotton, as the country uses child labour in cotton production, sources said.

Bangladesh uses more than 60 percent raw cotton of Uzbekistan because that country can supply quality cotton at affordable price, said a textile mill owner.

Talking to The Daily Star, President of Bangladesh Textile Mills Association (BTMA) Abdul Hai Sarker said the alternative

sources of cotton for Bangladesh might be USA, West Africa, Turkmenistan and some Commonwealth Independent States (CIS).

"But the matter is still at preliminary stage. If the Uzbek government can address the issue on time, there will be no problem for sourcing cotton from that country. Otherwise, the textile and yarn producers will have to look for alternative markets," the BTMA president said.

He said some cotton producing countries may do brisk business taking the opportunity of this embargo slapped by some renowned buying houses.

Sarker, also the owner of Shohagpur Textile Mills Ltd, said Bangladesh needs a cost effective cotton market to remain competitive in the world market. "The cotton market could be of Uzbekistan or other countries."

He said cotton is now selling at US\$0.74-\$0.78 per pound compared with \$0.59 only five months back.

The cotton price has gone up in

the world market as many cotton producing countries are now cultivating other crops for higher profit instead of cotton, the BTMA president said.

Echoing Sarker's views, Managing Director of Royal Denim Abu Jafar Nizami said the issue of looking for alternative sources for cotton is still at an initial stage.

"I think the Uzbek government is very serious about addressing the issue as early as possible as it is a matter of concern for that country," Jafar said.

The local textile and yarn producers have already talked with the leaders of the Uzbekistan trade bodies about the situation.

SA Nasir, a local buyer, said the matter is yet to be discussed widely among the local and foreign buyers.

"We will discuss the matter to take a decision soon," he said.

Nasir said most of the buyers are now on leave due to Christmas. The issue will be discussed widely among all the local and foreign buyers when they will join office, he added.

Stock market resumes trading

STAR BUSINESS REPORT

Bourses of the country resumed trading yesterday with slight gain in indices after a six-day holiday on the occasion of the holy Eid-ul-Azha and X-mass.

The DSE General Index rose by 3.86 points, or 0.12 percent, ending the day at 3028.66 points, while the DSE All Share Price Index increased by 0.71 points, or 0.02 percent, finishing at 2546.7 points.

A total of 3,875,295 shares and bonds worth Tk 120.61 crore changed hands on the Dhaka Stock Exchange (DSE).

Of the issues traded, 107 advanced and 99 declined with 18 unchanged.

The CSE Selective Categories Index rose by 10.09 points, or 0.2 percent, to close at 4937.6 points, while the CSE All Share Price Index increased by 5.09 points, 0.06 percent, to finish at 7689.13 points.

A total of 905,699 shares and bonds worth Tk 18.18 crore changed hands on the Chittagong Stock Exchange (CSE). Of the issues traded, 37 advanced and 66 declined with nine unchanged.

Developing states oppose US-EU proposal at WTO

ANN/ THE STATESMAN

Developing countries, led by India and Brazil, have opposed a proposal submitted by the USA and the EU at the World Trade Organisation (WTO) calling for liberalisation of trade in environmental technology.

India and other developing countries have termed the proposal, which calls for two-tier approach to environmental goods and services liberalisation, as "disguised protectionism to boost exports by developed countries."

The first tier in the proposal is for goods and services that directly relate to mitigating climate change. As per this 43 goods have been identified as climate friendly by a recent World Bank report on trade and climate change. The second tier is for negotiation of environmental goods and services agreement, which would have a standard tariff reduction formula.

Jute Spinners declares 20pc dividend

Jute Spinners Ltd, a jute yarn manufacturing company, has declared a 20 percent dividend for its shareholders for the year 2006-07.

The dividend was announced at the 28th annual general meeting (AGM) of the company held yesterday in Dhaka, says a press release.

Chairman of the company Muhammad Shams-ul Haque presided over the AGM, which was also attended by directors among others.

Export potential of Bangladesh goods in Bahrain untapped

12 local firms to take part in Manama fair next month

SUMON SALAH UDDIN

In an effort to explore huge export potentials of Bangladeshi products in Bahrain's untapped market, twelve local firms including four banks will participate in a trade fair due next month in the Middle Eastern country's capital city Manama.

Bahrain has also showed its keen interest to import Bangladeshi products, especially readymade garments, food products, spices, frozen shrimp and medicine.

"The friendly nation showed its interest to increase trade volumes at a recent meeting with a Bangladesh business delegation held in Manama recently," said Enayet Karim, president of Saudi-Bangladesh Chamber of Commerce & Industry, who led the delegation.

During the meeting, Bahrain Chamber of Commerce and Industry President Ibrahim Joyal showed keen interest to invest in Bangladesh's textile and garment sector, Karim said while talking to The Daily Star yesterday.

They also discussed investment opportunities in other areas like power, petro-chemical and financial sector, he added.

According to Karim, Bangladeshi products can easily grab a remarkable market share in Bahrain if the government takes

proper measures.

"We need more opportunities to showcase our products to the international markets through fairs and promotional activities, said optimistic Karim, adding, "In a bid to tap the potential consumer market, we have decided to take part in the fair."

As many as twelve companies from different sectors including garments and handicrafts, will participate in the Autumn Fair 2008 to be held between January 22 and 30, 2008 at the Bahrain Intl Exhibition Centre in Manama.

Four banks namely Prime Bank, Pubali Bank, Mutual Trust bank and National Bank, as well as one insurance company will take part in the fair to offer various services to the 1.5 lakh expatriate Bangladeshi workers living in the kingdom.

Popularly known as the Asian Gateway, Bahrain emerges as one of the most convenient market sources for Europe and America. Moreover, Bahrain is a consumer market and one of the high per capita earning countries in the world.

"As a result, the price of essential commodities in Bahrain is high, which makes it easy for Bangladeshi products to penetrate in the market," said Karim.

Dhaka International Exhibition Company is working with the Bangladeshi participating firms as the event management company.



PHOTO: STAR

Citibank N A Bangladesh Managing Director Mamun Rashid addresses a press conference in the capital yesterday. The bank announced that around Tk500 loan will be disbursed through seven NGOs for revival of the rural economy, especially for the rehabilitation of the Sidr-affected people.

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eBay initiates microlending for poor entrepreneurs

AFP, San Francisco

Online auction giant eBay has launched a microlending website that lets people invest in entrepreneurs in poor communities around the world and get a return on their money.

Unlike micro-finance organizations that make interest-free loans to people in developing countries, Microplace.com offers investors profits for funding folks trying to build better lives, said founder Tracey Turner.

"You are actually investing in the world's working poor," Turner told AFP. "And for the first time you get a return on investment. You can take the profit and invest in more people in a virtuous cycle."

Turner's vision of MicroPlace began taking shape in 2005, after she lived for a time with a Kenyan family comprised of a single mother caring for three children.

The Kenyan woman bought a sewing machine with 100 dollars she borrowed and started an income business making school

uniforms for local children.

The woman paid the debt and managed to send one of her sons to college in the United States.

"When you are out in the field talking to these women whose lives are transformed because of 30 dollars or 10 dollars, then you are part of the movement forever," Turner said.

California-based eBay bought Turner's business plan in June of 2006 and the website launched October 24 of this year.

Website visitors can browse investors by country, seeing pictures of people seeking loans and reading about their business goals.

MicroPlace connects investors with micro-finance organizations in the various countries. MicroPlace scrutinizes the organizations to check their legitimacy.

"Our job is to vet," Turner said. "We do a lot of research."

Turner said rates of return are modest but that investors at the website see value in addressing global poverty. Lenders shoulder the risk that loans will not be repaid.