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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 (CCCC) 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 flag 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 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 interbank 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

REPAYET 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\$0.74-50.78 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.

Iran, Malaysia sign \$6b gas deal

AFP, Tehran

Iran and Malaysia on Wednesday signed a multi-billion dollar contract to develop two offshore Iranian gas fields, officials said.

Iran's Pars Oil and Gas Company (POGC) and Malaysia's SKS signed the 6 billion dollar (4.15 billion euro) contract for development of Golshan and Ferdos gas fields at a ceremony in Tehran.

"The estimation for the investment for both the upstream and downstream sectors of the project is about 6 billion dollars," Oil Minister Gholam Hosseini Nozari said.

The project would be completed in about five and half years, he said.

Golshan's reserves amount to more than 50 trillion cubic feet (1.5 trillion cubic meters) of gas and it is expected to produce 2.5 billion cubic feet (70 million cubic meters) of natural gas per day.



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.

\$65m Citibank loan for revival of rural economy

STAR BUSINESS REPORT

Citibank NA, a Washington based global bank operating in Bangladesh, has been disbursing US\$ 65 million (equivalent to around Tk500 crore) loans through non-governmental organisations (NGOs) for reviving the rural economy, especially for the rehabilitation of the Sidr-affected people.

The bank has already released more than Tk 100 crore through four NGOs and more than Tk 400 crore would be released by January, said Citi group's Country Officer and Managing Director of Citibank N A, Bangladesh Mamun Rashid at a press conference in Dhaka yesterday.

He said the total amount of the credit will be disbursed through seven NGOs across the country with a tolerable interest rates set by the central bank under its Micro Credit Regulatory Authority (MCRA) guidelines.

"The time for relief operation in the Sidr-affected areas is over. Now, the

time has come for rehabilitation. So, the NGOs assigned for the credit disbursement have been specially directed to take extra care in such disbursement in the affected areas," Mamun told the press meet at the National Press Club.

Besides the officials from Citibank, representatives from Uddipon, HQ Group, Meghna Group, Square Group and PNR Fashions spoke.

The bank officials and employees had paid an extensive visit to the affected areas and distributed relief materials including 7500 pieces of clothes, 2000 bottles of drinking water and kitchen utensils over the last few days.

Initially, the bank's volunteers covered two villages --- Paarherhat and Shankarpasha --- in Pirojpur district, he said, adding that the bank has also a plan to re-build the damaged educational institutions in two upazilas, probably one in Pirojpur and the other in Bagerhat district.

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