Star Business
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Stocks

DGEN	▲ 0.75%	2,734.70
CSCX	▲ 0.36%	5,454.63

Asian Markets

MUMBAI	▲ 0.75%	15,073.54
TOKYO	▲ 2.63%	13,254.89
SINGAPORE	▲ 0.92%	2,886.78
SHANGHAI	▲ 1.06%	2,719.37

Currencies

	Buy TK.	Sell TK.
USD	67.95	68.95
EUR	103.68	108.27
GBP	131.25	136.51
JPY	0.62	0.65

SOURCE: STANDARD CHARTERED

Commodities

Gold	▼	$884.49 (per ounce)
Oil	▲	$119.62

SOURCE: AFP

(Midday London Trade)

China tax rebate may hurt RMG exports

REFAYET ULLAH MIRDHA


STAR

The file photo shows workers busy at a garment factory in Dhaka. Bangladesh will face tougher competition in global readymade garment exports as China raises tax rebate to 13 percent from 11 percent.

Bangladesh will face tougher competition in global readymade garment exports because of China's latest move to raise tax rebate to 13 percent from 11 percent, industry leaders said.

But an economist said there was not so much to worry about.

Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said the Chinese move on incentives for apparel exporters was meant only to offset the yuan appreciation against the dollar.

China, the world's largest apparel exporter, faced a tougher time in the wake of a strong currency that hurts exporters but benefits importers. The yuan traded at 6.8532 against the dollar, according to Wednesday's currency rate.

The Chinese government hiked tax rebate on exports on August 1 to help textile exporters cope with the fallout from a stronger yuan, falling demand and rising costs, the local industry leaders said.

Bangladesh Knitwear Manufacturers and Exporters Association president Fazlul Hoque said his organisation would hold a press conference on Saturday to ask the government to increase cash incentives for RMG exporters.

"Bangladesh will suffer to some extent because of the Chinese tax rebate for exporters," said Hoque.

China, the top player in the global apparel business, poses a big challenge to Bangladesh. China controls about 40 percent of global RMG business and Bangladesh, on the other hand, has only a 2 percent market share.

Both Bangladesh and China compete in the same markets such as EU and US.

Other competing countries such as India, Pakistan and Vietnam have also increased incentives to ride out the rising costs of production, Hoque said.

In the last fiscal year, Bangladesh rolled out Tk 700 crore in cash incentives on exports of RMG products and the government has a plan for the current fiscal year to disburse Tk 1,270 crore in incentives, which include arrears, for RMG exports, said the BKMEA chief.

The trends shows cash incentives for Bangladesh garment exports came down to 5 percent from 25 percent in the last six years.

"RMG exports may not be as smooth in future as in the previous years as the costs of production, wages and competition have been increasing, but the price index has been falling," Hoque said.

Despite an increase in the costs of around 15 percent last year, intense competition did not let producers pass higher costs on to buyers.

But the output of RMG is not increasing due to the shortage of skilled manpower and frequent outages of power and gas, he said.

CPD's Mustafizur Rahman discounted the fears of so much hurt to the local RMG sector.

"But Bangladesh should watch out, as safeguard measures on China from the US market will be gone from January 1 next year," the CPD executive director said.

According to export data from the Export Promotion Bureau, out of total exports worth $14.110 billion, only woven and knitwear, the two sub-sectors of RMG, fetched $10.699 billion in the immediate past fiscal year.

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Delhi ban on export of non-basmati rice to continue

OUR CORRESPONDENT, *New Delhi*

India has decided to continue the ban on the export of non-basmati rice, at least for another three months.

The decision to continue the ban, clamped in March this year to battle the rising inflation (which is close to 12 percent now), was taken at a committee meeting of senior ministers headed by External Affairs Minister Pranab Mukherjee here on Tuesday.

"Status quo will be maintained", an official told reporters after the meeting.

The Congress-led coalition government is keen on bringing down the inflation at any cost since parliamentary election is just nine months away.

Officials said the international price of non-basmatic rice is Rs 52 per kg and if the ban on its export is lifted totally, the entire domestic production might get diverted to the international market, something the government cannot risk in an election year.

The decision to continue with the ban by the Committee of Ministers was based on reports of overall performance of the agricultural sector in the last few months, taking stock of the prevailing crop situation.

While India has received requests from a number of countries, including Bangladesh, to allow rice export, it has not yet been decided which request India will honor if it decides to resume export of rice and what quantity to be exported, the officials said.

No hike in edible oil prices in Ramadan

Millers, importers assure

BSS, *Dhaka*

Representatives of edible oil refiners and importers have assured the government that the prices of oil will not increase during the upcoming holy month of Ramadan.

The assurance came at a meeting held yesterday between the government and the leaders of the Bangladesh Edible Oil Millers and Importers Association in Dhaka.

The millers and importers at the meeting told the authorities that edible oil will be sold from fair price shops across the country at reduced prices than those of the market rates during the period to keep the prices of this essential at a tolerable level.

Commerce Adviser Dr Hossain Zillur Rahman chaired the meeting.

The meeting was attended, among others, by President of the Vegetable Oil Mills and Exporters Association Abdur Rauf Chowdhury, commerce secretary, representatives of FBCCI and BDR and high officials of the commerce ministry.

Zillur Rahman said the meeting was a part of the government initiative to hold regular contacts and discussion with the trading community to keep the prices of essentials within tolerable limit during Ramadan.

Zillur said the business leaders assured the authorities that the prices of edible oil will not increase further in the coming days. Rather, steps will be taken to rationalise the present gap between the wholesale and retail prices, he said.

The government will also take initiative to reduce the existing prices of edible oil despite price hike of the item in the international markets, the adviser added.

Responding to a question, Rauf Chowdhury said there will be no shortage of stock during Ramadan. He said the country at this moment has a reserve of 2.5 lakh metric tons of edible oil, while another 50,000 metric tons are in the import pipeline. The country's monthly demand is 1.25 lakh metric tons.

The commerce adviser said the ministry sought some data about the present stock of edible oil in the country.

Zillur said the government will keep a close watch on the market of edible oil and other essential commodities so that people do not face any kind of sufferings during Ramadan.

More News

Real estate agent business gains recognition

Century is a company that provides housing related services such as residential and commercial space rental and sales, negotiation for selling and buying of land, etc. Its focus is to hire residential and commercial space for foreigners. The existence of such services is not new, they were previously known as 'dalal'. Formalisation is needed to bring them into the legal system.

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International

Kuwait raises minimum wage for state-contract firms

Kuwait has become the first Gulf state to set a minimum monthly wage at USD 150.4 for some companies with state contracts after Asian workers, demanding better pay, rioted in the country.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Grameen-Obopay to offer mobile banking service to Mumbai, Bangladesh

PALLAB BHATTACHARYA, *New Delhi*

Bangladesh's Grameen Solutions and US-based mobile payment service provider Obopay Inc have announced a tie-up to use cellphone technology to deliver banking services to Mumbai and Bangladesh.

The alliance will begin delivering its services in October this year and work initially in India's commercial capital and Bangladesh, the companies said in a statement issued on Tuesday.

"The Grameen-Obopay initiative will provide access to affordable financial services including cross-border remittances, money transfer, payment, savings and credit accounts", the statement said.

India has the second highest number of households without any bank account in the world (135 million households) and at the same time it is adding eight million mobile connections every month. Therefore, the scope for the Grameen-Obopay Bank initiative is huge, said Obopay Chief Executive Carol Realini.

Mobile technology can effectively deliver financial services to billions of underprivileged people, the companies said.

Under the tie-up, Grameen Solutions, founded by Nobel Laureate Muhammad Yunus, will provide the domain expertise, while Obopay will offer the technology platform.

"We are looking forward to working with Grameen Solutions to bring truly powerful mobile banking services to the people, Realini said.

Grameen Solutions Chief Executive Kazi Islam said, "We carefully evaluated globally available mobile money service providers with a view to identifying a partner that fits with our vision and mission. Obopay is clearly that partner and we look forward to maximising the global potential of mobile financial services with them."

"By using a technology that is already pervasive, the mobile phone, we will clearly be able to have a dramatic impact on global poverty", he added.

Mobile-based financial services will bring more power to the poor, Yunus was quoted as saying in the statement.