

Knitwear makers demand 10pc export bonus

STAR BUSINESS REPORT

Knitwear manufacturers yesterday demanded a 10 percent export performance bonus for all readymade garments to be more competitive in the time of global recession.

Citing different stimulus packages already offered by the competing countries, Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said any delayed stimulus package might not work effectively for Bangladesh to offset the losses of recession.

He said there is a fear of losing the existing markets of Bangladesh if the government makes further delay in offering a stimulus package as the competing countries would be more competitive.

Hoque was speaking at a press conference at the BKMEA office where he also forecast a gloomy future of the country's RMG sector due to the recession. The RMG sector is not only affected by the recession, but a 50 percent cut in power and gas is also taking a heavy toll on the largest export sector, he said.

"We have been facing frequent

outage and reduced gas pressure from the very beginning of the summer. The government must improve power and gas supply for smooth running of the factories," Hoque said.

He said 70 percent of RMG factories are located in Narayanganj, Chittagong and Gazipur, but the severe problem of power and gas supply started from those areas.

The BKMEA chief said attaining a 26.17 percent export growth in seven months (July-January) does not reflect the actual export of the sector as many deferred payments were realised during this period. "But the real slowdown pinch in apparel export will be felt from now," Hoque said.

He said India offered \$8.1 billion stimulus package (between December '08 and January '09), devalued its currency by 24.6 percent (January '08-January '09), gave 5.0 percent subsidy on bank interest, increased duty drawback, disbursed \$10.5 billion until March 31, 2009 through technology upgradation fund, and provided \$1.09 billion through modified revival scheme to apparel sector.

China provided with 63 varieties of subsidies to its textile sector. Its recent VAT reduction programme will raise

the subsidy to \$29 billion on \$177 billion yearly textile and garment export, Hoque said.

The tax rebate has already been increased to 17 percent from its previous 11 percent in China, he said.

China being the largest RMG supplier in the world injected \$586 billion to its economy in November 2008 to fight the recession, Hoque said.

He said in December 2008 India announced an additional allocation of Rs1,400 crore under technology upgradation fund scheme and interest sops.

He said Pakistan devalued its currency by 26 percent (January '08-January '09), provided 6.0 percent subsidy in research and development, reduced bank interest rate from 7.5 percent to 6.5 percent for reinvestment and gave 3.0 percent interest subvention on the credit taken for the spinning sector.

The Vietnamese government plans to provide producers with around 40 dong for each dollar earned from export and has already pledged \$17.2 billion to fight global recession, Hoque said.

The Philippines reduced interest rate from 9 percent to 3 percent, Hoque said.

Obama shifts to more upbeat economic message

AP, Washington

President Barack Obama is shifting to a more upbeat economic message as he talks of working to create a "post-bubble" model for solid economic growth once the recession ends.

But first, Obama cautions, "We've got to get through this difficult period."

The days of overheated housing markets and "people maxing out on their credit cards" are over, Obama said Friday in describing that "post-bubble" model.

Lawrence Summers, Obama's top economic adviser, said there were "modestly encouraging signs" on the economy including indications that consumer spending had stabilized after taking a dive over the holiday season.

White House attempts to be positive matched a fourth day in a row of stock market gains. The Dow Jones industrial gained 53.92 points Friday to cap Wall Street's best week since November.

Administration officials were criticized earlier this year for painting too dark a picture of the economy in an effort to win congressional passage of the president's \$787 billion stimulus package. But more recently, the president and others on his team have tempered their comments in hopes of building confidence, including the president's suggestion last week that it was a good time for those with a long-term perspective to buy stocks.

Despite the new enthusiasm at the White House and on Wall Street, there was little solid evidence to suggest an end was in sight to the severe recession that has already cost four million American jobs, driven home values down and sent foreclosures soaring.

And there were fresh signs of financial stress.

The Commerce Department reported Friday that the US trade deficit plunged in January to the lowest level in six years as the economic downturn cut America's demand for imported goods.

Also, China's premier, Wen Jiabao, expressed concern over the US economy and the value of his own nation's vast holdings in Treasury bonds. China is Washington's biggest foreign creditor, holding an estimated \$1 trillion in US government debt.

EU-Hanoi trade ties get a boost

ANN/VIET NAM NEWS

Co-operation between Vietnamese and European Union businesses in the fields of trade, investment, sea transport and tourism is tipped to develop strongly.

Deputy Minister of Industry and Trade Le Danh Vinh said Thursday that Vietnam's WTO membership had opened up new opportunities and the business communities of both sides were urged to exchange more business delegations and seek trade and investment opportunities.

Vinh told a conference of Vietnamese and EU business people that economic relations between them had flourished, with the country's trade and investment ties with Belgium as a good example.

Two-way trade with Belgium reached US\$1.37 billion last year, with more than \$1 billion coming from Vietnamese exports, including footwear, coffee, clothing, rubber and handicrafts, marking a year-on-year increase of 20 per cent.

Last year, Vietnam imported \$350 million worth of goods from Belgium, up 12 per cent against 2007.

Up to March, Belgian enterprises have pumped \$78 million into the 32 projects in Vietnam, ranking the 32nd among 77 investor countries and territories. These projects mainly were in industry and service sectors.

Belgian Ambassador to Vietnam Hubert Cooreman agreed the only way out of the economic crisis was in more international co-operation.

The business delegation of 50 enterprises from Belgium, Greece, Spain and Denmark proved there was increasing interest in the Vietnamese market among European firms.



Latifur Rahman (left), chairman of Transcom Beverages, gives gifts to Raghnath Medge (middle), president of New Mumbai Tiffin Box Suppliers Association, and another association member in Dhaka yesterday. Transcom Beverages organised a presentation on the "Dabbawalas of Mumbai" to celebrate the PepsiCo Bottler of the Year Award 2008. (Story on B4)

China 'worried' about US Treasury holdings

AP, Beijing

China's premier didn't say it in so many words, but the implied warning to Washington was blunt: Don't devalue the dollar through reckless spending.

Premier Wen Jiabao's message is unlikely to be misunderstood at the White House, which responded by asserting there is no safer investment in the world than the United States.

It is counting on Beijing to help pay for its stimulus

package by buying U.S. bonds. China already is Washington's biggest foreign creditor, with an estimated \$1 trillion in U.S. government debt. A weaker dollar would erode the value of those assets.

"Of course we are concerned about the safety of our assets. To be honest, I'm a little bit worried," Wen said at a news conference Friday after the closing of China's annual legislative session. "I would like to call on the United States to honour its

words, stay a credible nation and ensure the safety of Chinese assets."

The appeal suggested the outlines of Chinese President Hu Jintao's stance.

Wen gave no indication whether Beijing wants changes in US policy. But economists said his comments reflect fears that higher US budget deficits from Washington's \$787 billion stimulus package could drive down the dollar and the value of China's Treasury notes.

Fake TIN amnesty gets good response

UNB, Dhaka

The National Board of Revenue (NBR) has received "good responses" to the amnesty it offered to fake taxpayer identification number holders to legalise their TINs by April 30, the NBR chief said yesterday.

"We're getting good responses from the fake TIN holders," NBR Chairman Muhammad Abdul Mazid told the news agency by phone.

Mazid said NBR would continue the survey against the fake TIN holders more effectively to identify more people. "We've already formed several committees and engaged those in different sectors like BRTA, chambers and such other organisations."

The NBR chief said the committees would continue the survey.

On March 5, NBR offered the amnesty to legalise fake TINs by April 30. The fake TIN holders could avail themselves of the opportunity by paying Tk 3,000 in advance income tax, or the entire taxable amount, to the deputy tax commissioner of Tax Circle.

Those who do not have taxable incomes can still legalise their TINs by paying Tk 3,000 in advance tax, which would be refundable.

NBR also warned that after April 30 it would go for punitive actions, including jail terms and fines, against the fake TIN holders.

The NBR chairman said the trend of using forged TINs in land and flat registrations by the Land Registration Authority, motor vehicle registration and fitness issuance and renewals by Bangladesh Road Transport Authority (BRTA), renewal of trade licences by the City

Corporation and issuance of credit cards by commercial banks is going up at an alarming rate.

Recent NBR surveys have identified 826 TINs out of the 4996 filed from BRTA personnel as fake. Also, 179 TINs out of the 648 from the Jewellery Association were found fake.

NBR is also investigating TINs from other business associations. It has already asked all banks to submit the list of TINs of their clients. Holding a fake TIN is a fraudulent activity and a punishable offence.

Rules of different organisations also allow punitive actions against anybody resorting to such activity. In line with the income tax ordinance, there is a provision of jail sentences, ranging from three months to three years, for such offences.

The revenue-collecting agency took the decision to give amnesty to the fake TIN holders as they found out that a considerable number of TIN fakers use their TINs for various purposes.

An NBR study found fake TINs used in 50 percent cases of land registration and obtaining credit cards.

The survey shows fake TINs used in about 33 percent cases of car purchase, 2.38 percent for opening LCs and 3.92 percent for availing of bank loan amounting to over Tk 5 lakh.

NBR conducted the survey in the offices of Bangladesh Road Transport Authority (BRTA) in Mirpur and Keraniganj, sub-registrar offices in Uttara, Gulshan, Badda, Dohar, Sutrapur, Keraniganj, Nawabganj,

Demra, Tejgaon, Khilgaon, Mohammadpur, Mirpur and Savar, and different branches of banks that issue credit cards.

The NBR data showed the number of TIN holders till October 31 of this year as 2,262,885 although only 676,100 people submitted their tax returns for fiscal 2008-09, prompting the agency to go tough to net the tax-dodgers for giving a boost to income-tax collection.

Currently, TIN is mandatory for purchasing land, apartment, house, car and getting credit card.

The matter of fake TINs surfaced during the submission of application for housing plots in Uttara and Purbachal with innumerable people queuing up in front of designated banks to stake a claim.

Later, the NBR sat with Rajuk to stop the use of fake TINs in applying for plots and April 30 is the last date for submitting application for Purbachal and Uttara plots.



NBR Chairman Muhammad Abdul Mazid attends the discussion on 'CSR and Corporate Philanthropy: Two Sides of the Same Coin' at Brac Centre in Dhaka yesterday.

Top revenue collector terms corporate tax high

STAR BUSINESS REPORT

In line with corporate people views, the country's top revenue collector has now labeled the corporate tax rate as high.

"Corporate tax in Bangladesh is higher", said Muhammad Abdul Mazid, chairman of National Board of Revenue (NBR), told a discussion in Dhaka yesterday.

He said keeping this fact in mind the government decided that the corporate houses spending a certain amount of their profit on corporate social responsibility (CSR) would get 10 percent corporate tax

rebate from next financial year.

Organised by the Bangladesh Freedom Foundation, the discussion on 'CSR and Corporate Philanthropy: Two Sides of the Same Coin' was attended by prominent corporate personalities, academics and development workers.

However, the NBR chief made a reminder that companies should perform their CSR obligations only after paying reasonable salaries to its employees, paying due taxes to the government exchequer and meeting its environmental obligations.

"Your ties with the government will be strengthened by paying tax because the money would be utilised for citizens' welfare," Mazid added.

Samson H Chowdhury, chairman of Square Group and member trustee of Bangladesh Freedom Foundation, chaired the session.

In his keynote paper, Monzurul Haque, chairman of Aims of Bangladesh, described CSR as 'not charity, rather a good business that goes beyond philanthropy.'

CSR is an activity that requires transparency, integrity and honesty, but moral degradation is a reason

behind the slow progress of CSR in the country, Niaz Rahim, director of Rahimafrooz Group, pointed out.

"If we want to put poverty in museum we have to generate employments for the rural poor, which calls for a considerable amount of investment," said Golam Morshed, managing director of Hathay Bunano, a hand knitted children's toy manufacturer, urging the investment of CSR money in rural areas.

Hafiz G Siddiqui, vice chancellor of North South University, among others, was also present at the function.