

Lobby backs bidi sector

Health risks ignored

SOHEL PARVEZ
A section of lawmakers have urged the government not to impose new taxes on bidi on the grounds of saving workers from joblessness, neglecting that nearly 1.2 million people are suffering from tobacco-related diseases.

Anti-tobacco campaigners said taxes should increase on all the tobacco products -- bidi, cigarettes and jarda -- to discourage consumption amid a rise in consumers.

In the last five years to 2009, the number of tobacco users increased by 8.7 million people to total 41.1 million in a population of 150 million, meaning that one in every four consumes tobacco products, according to the International Tobacco Control Policy Project report on Bangladesh.

Of the total number of tobacco users, 20.9 million smoke either cigarettes or bidis (paper-wrapped, hand-made cigarettes), the report added.

Some lawmakers requested the government last month not to impose new taxes on bidis for fiscal 2010-11, on the grounds that a spike in taxes would hurt employment in the sector.

Mujibur Rahman, a lawmaker of Lalmonirhat-2, told The Daily Star that they have requested the authorities not to increase the taxes on bidi.

The lawmaker said: "We don't want the government to raise the taxes on bidi because many workers of the bidi factories will lose job."

He said a large number of bidi consumers have switched to cigarettes because of the low prices of cigarettes, posing a threat to the bidi producers.

"If the taxes on bidi increase, bidi consumers will smoke cigarettes and

many producers as well as workers will be affected. So, we requested the government to keep the tax on bidi as it is," Rahman said.

Golam Mostafa, a lawmaker from Joypurhat-2, said: "I am not in favour of smoking. But I placed the request to the government on human grounds as many people working in the bidi industry will become unemployed for any sharp increase in the taxes."

Their request came at a time when the bidi industry stakeholders -- the owners and workers -- are demanding tax amnesty to save the sector, which employs around 25 lakh.

The sector accounts for around two-thirds of the annual estimated market for sticks at about 155 billion.

A World Health Organisation study, conducted in 2004-05 in Bangladesh, estimated that every year, about 1.2 million people suffer illnesses including lung cancer, stroke and heart disease, because of the tobacco use.

The estimates also show that 57,000 people die every year mainly of tobacco-related diseases.

"The taxes on all tobacco products should increase because the economic loss from tobacco is higher than income," said Zulfiqar Ali, senior research fellow of Bangladesh Institute of Development Studies.

According to the National Tobacco Control Cell of the health and family welfare ministry, the net loss to the economy due to health care costs for tobacco-related diseases stood more than the revenue earned in 2004.

Hasanul Haq Inu, a lawmaker from tobacco-producing region Kushtia, said he favours a ban on tobacco use.

"But if the government can't impose

a ban, it should eliminate the discrimination in taxes between bidis and cigarettes, to protect the bidi industry from ruins," said Inu.

He said a reduction in taxes on cigarettes by the previous caretaker and the BNP-led alliance governments encouraged a portion of smokers to switch to cigarettes from bidi.

It led to the closure of several bidi factories and many workers lost job, he said.

"Either the government imposes high taxes on bidis and cigarettes to discourage consumption or stop the conspiracy to wipe out the bidi industry," Inu added.

Unnayan Shamannay, a research organisation, earlier urged the government to impose a 79 percent tax on cigarettes along with 15 percent value added tax, in a bid to cut consumption of tobacco products.

It also suggested imposing an additional 26 percent tax on bidi.

Chinmoy Mutsuddi, project coordinator of Policy Advocacy for Tobacco Taxation of Unnayan Shamannay, said an increase in taxes on cigarettes will cut consumption by between 96 crore and 139 crore sticks.

It may also generate an additional Tk 903 crore in revenues for fiscal 2010-11, he said. Additional revenue worth Tk 68 crore will come from the increase in taxes on bidis, he added.

"If the government spends 16 percent of the revenue, it will be able to generate self-employment for 847 workers by giving Tk 50,000 to each of them," he said, citing a study by Unnayan Shamannay.

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Bangla Perfumes opens its third outlet at Plaza AR at Dhanmondi in Dhaka yesterday. The organisation's Chief Executive Officer Khondokar Nazrul Islam attended the inaugural along with beautician Farzana Shakil, singer Shahed and models Sharmin Lucky and Moonmun.

New MD for BRAC Bank



STAR BUSINESS DESK

Syed Mahbubur Rahman has been appointed managing director and chief executive officer of BRAC Bank, the bank said in a statement yesterday.

Prior to this appointment, Rahman was the deputy managing director (DMD) for the same bank.

He began his career with Saudi Bangladesh Agricultural and Industrial Investment Company and also worked with IDLC, Standard Chartered bank, ANZ Grindlays, Citibank NA.

An MBA of Institute of Business Administration under Dhaka University, Rahman was the DMD of Prime Bank before joining BRAC Bank.

Bureau Veritas regional boss in town



STAR BUSINESS DESK

Vincent Guilbert, regional chief executive officer of Bureau Veritas South Asia, arrived in Dhaka yesterday on a three-day visit, the company said in a statement.

During the visit, Guilbert will be meeting key industry leaders and present a keynote speech to a seminar on conformity assessment at Dhaka Sheraton Hotel on June 6.

Guilbert is responsible for Bureau Veritas Group's industry and facility service lines in South Asia.

Boeing looks to Asia for overseas defence business

AFP, Singapore

Boeing wants to expand its defence business outside the United States as it moves to compensate for Washington's cuts in defence spending, a leading executive said Friday.

Dennis Muilenburg, president and chief executive of Boeing Defense, Space and Security, said the aerospace giant aimed to sell more fighters such as the F-15 and F/A-18 Super Hornet, airlift planes and unmanned systems in Asia.

The international market now accounts for about 16 percent of Boeing's total annual defence revenues of 34 billion dollars and the company plans to expand this to 20-25 percent in the next five years, Muilenburg said.

The Asia-Pacific now contributes half of non-US revenues, he told reporters in Singapore, where he was attending a security forum.

"We've seen some flattening in the US defence budget and that has impacted us in a couple of areas like missile defence," he said.

"As we see our international business growing to roughly 25 percent of our business, the Asia fraction of that will grow a little above 50 percent just because of the market here and the opportunities that we see."

With demand for its main products remaining robust, the company is expanding into other businesses such as unmanned systems, computer systems security and protection for electrical power grids.

It is also expanding its business outside the US military and looking for more contracts in countries such as India, Singapore, Australia, South Korea and Japan, Muilenburg said.

"Our international business segment is a strong growth area," he added.

The need for new aircraft in humanitar-

ian relief missions and disaster rescue is driving demand for its Chinook helicopters and C-17 military transport planes, he said.

India has signed a deal to buy eight P8i anti-submarine aircraft from Boeing and has expressed an interest in purchasing 10 C-17 military transport aircraft.

Boeing is also one of several companies battling for a contract, worth almost 12 billion dollars, to supply 126 fighter jets to the Indian air force.

Boeing is touting its F-18 "Superhornet" while another US firm, Lockheed Martin, is offering the F-16. The other rivals include European, Russian, French and Swedish contractors.

Boeing's F-15s are key elements in several Asian air forces, including in South Korea, where tensions with its communist northern neighbour are rising after the sinking of a South Korean warship in March.

A multinational investigation team concluded last month that a North Korean submarine torpedoed the Cheonan, killing 46 sailors, and prompting Seoul to announce a series of reprisals.

Muilenburg said Boeing would continue to provide South Korea with its defence needs.

"It's an honour and privilege for us to support them and we continue to provide that support even in the current dynamic environment," he said.

Boeing in 2002 won a contract to supply South Korea with 40 F-15 fighter jets in a deal worth more than four billion dollars.

"We see our role as wanting to make sure that we're meeting our commitments and that we're delivering on our promises to that very important customer," said Muilenburg.

Singapore has also chosen Boeing to supply its air force with 24 F-15s.

US pushes for yuan reform

AFP, Busan, South Korea

US Treasury Secretary Timothy Geithner urged China Saturday to let the yuan appreciate as a critical part of its economic reforms.

Geithner, speaking after a Group of 20 finance ministers' meeting, said the grouping had discussed "a more flexible exchange rate policy" in China.

He said this would be an important part of wider economic reforms pursued by Beijing to make its economy less dependent on exports and drive up domestic demand.

"China has laid out very ambitious reforms designed to help strengthen growth in household income, consumption growth and to strengthen domestic demand," Geithner said.

"A necessary part of that reform is to resume reform of their exchange rate mechanism."

International Monetary Fund managing director Dominique Strauss-Kahn told a separate news conference that "something obviously has to be done" about the value of the Chinese currency.

"The IMF still believes that the renminbi (yuan) is substantially undervalued," he said.

But even a 20-25 percent appreciation would not resolve the issue of global imbalances. "So it is only part of the problem," he said.

In a communique following the two-day meeting, the G20 warned that market convulsions sparked by Europe's debt crisis posed major challenges to the global economy. They did not single out specific currencies for mention.

Critics of China's currency policy say Beijing keeps the yuan artificially low to make its exports cheaper.



Janata Bank Chairman Abul Barkat speaks at a meeting with the bank's branch managers of Rangpur division at a local motel on Friday.

Matia points to seed, fertiliser price cuts for farmers

BSS, Habiganj

Agriculture Minister Matia Chowdhury said yesterday the government reduced the prices of seeds and fertiliser to help farmers.

"The government has also taken various programmes for the welfare of the people," she said, while distributing relief materials, including food, among tea workers under the support services programme at Surma Tea Garden in Madhabpur.

District Awami League President Mushfiq Hossain Chowdhury, Madhabpur Upazila Chairman Zakir Hossain Chowdhury and Akbar Hossain, a lawyer, also addressed the function. Additional Deputy Commissioner Mohammed Nurunnabi presided over the function.

Social Welfare Minister Enamul Haq Mustafa Shahid was also present.

Janata may introduce interest-free loans for the distressed

RAFIQUE SARKER, Rangpur

Janata Bank is likely to introduce collateral- and interest-free loans for the distressed people soon, the bank's chairman has hinted.

"We want to make two-way profit -- financial and social profit. This year our bank gained the highest operating net profit and we want to keep financial profit up. Besides, we want to earn social profit by introducing interest free-loan for the dis-

tressed people,"

Dr Abul Barkat told a meeting with the bank's branch managers of Rangpur division on Friday.

He also urged the bank officials to be more service-oriented to benefit the demand of the time.

Janata chief also suggested that the officials should facilitate investments in potential sectors in Rangpur region.

Several directors of the bank were present in the discussion.

Exim Bank reappoints MD



STAR BUSINESS DESK

Kazi Masihur Rahman has been reappointed managing director of Exim Bank, the bank said in a statement yesterday.

An MA in economics from Dhaka University, Rahman joined Exim as deputy managing director in 2006.

He started his career as probationary officer at Sonali Bank in 1977. He also served Prime Bank as deputy managing director and BASIC Bank as company secretary.

Merkel: Deficits must be cut

AFP, Meseberg, Germany

German Chancellor Angela Merkel hit back on Saturday at criticism that Europe was threatening growth by slashing spending, saying deficits had to be cut in the wake of the Greek crisis.

"[For] the government and for Germany, the issue of not having excessively high deficits must play a key role," Merkel said after talks with Russian President Dmitry Medvedev outside Berlin ahead of a G20 summit in late June.

"We believe that growth cannot come at the expense of high deficits, but that growth must be generated in a sustainable fashion." Medvedev meanwhile said that while Russia was extremely concerned by the eurozone crisis, he was "satisfied with the explanations" of the German leader and confident that the euro had "good perspectives."

Alongside Greece, Portugal and Spain -- all of whom have seen their borrowing costs rise sharply in recent months as investors fret over their solvency -- other EU members like Italy and Britain are slashing spending. France also wants to tighten its belt, and

in Germany, Europe's biggest economy, Merkel's government is working on a package of swingeing spending cuts that press reports put at around 30 billion euros (35 billion dollars).

The cuts have led to concerns that the recovery in the global economy after its worst slowdown in decades last year might be stopped in its tracks.

The US Treasury Secretary made a pointed comparison between China and Europe in a visit to Berlin on May 27, saying Beijing had implemented measures that had boosted consumer spending. He did not repeat the compliment for Europe.

But with Greece's debt crisis shaking the eurozone to its foundations, European governments, faced with the long-term challenge of ageing populations, are highly wary of ramping up their borrowing.

Although Germany's public finances are solid compared to Greece, it is still on course to record a budget deficit nearly double the maximum allowed under EU rules, with projected borrowings totalling around 80 billion euros.



A 32-member delegation of Dhaka Chamber of Commerce and Industry, led by its Senior Vice President M Shahjahan Khan, poses before leaving Dhaka to attend the 18th China Kunming Import and Export Commodities Fair 2010, on Friday. (Story on B1)