

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES					
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY		
0.85%	1.19%	\$1,650.11	\$102.17	0.33%	1.74%	0.14%	Flat	81.25	103.78	126.54	0.99		
5,417.92	10,081.18	(per ounce)	(per barrel)	17,150.95	9,470.64	2,992.12	2,357.03	BUY TK	SELL TK	82.25	107.81	130.56	1.06

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DHAKA TUESDAY APRIL 17, 2012, e-mail:business@thedailystar.net

Duty-free garment exports to US hinge on new trade deal

TICFA will bolster bilateral trade: Mozena

STAR BUSINESS REPORT

US Ambassador Dan W Mozena yesterday linked Bangladesh's demand for duty-free access for garment exports to the Trade and Investment Cooperation Framework Agreement (TICFA) that both countries may sign in future.

Bangladesh has been demanding a duty-free access for garment products to the US market for long, as the country pays more than 15 percent tariff to get in.

"Soon we hope to conclude a bilateral TICFA, which will establish a forum that will identify and address obstacles for increased trade and investment between the two countries," Mozena said at a discussion on US-Bangladesh Trade Relations at the FBCCI office in Dhaka.

The TICFA came as the second effort from the US after the first effort, the Trade and Investment Framework Agreement (TIFA), did not get through.

The US government later redesigned the TIFA as TICFA that promises to protect investment and form a platform to hold dialogues to remove obstacles in bilateral trade.

"The demand for duty-free access of Bangladesh products to the US market is a very valid one, but if we can form the forum we will be able to identify the problems and opportunities for accelerating the bilateral trade," he said.

Bangladesh is the second largest ready-made garment (RMG) exporter to the US after China. "Everyone should rejoice this," he said.



Dan W Mozena

In fiscal 2010-11, Bangladesh exported \$5.10 billion to the US, of which 90 percent take up garment items. In the same period, Bangladesh imported goods worth \$676 million from the US.

A total of 97 percent Bangladeshi goods enter the US market without any duty, but the garments, the country's main export items, have been left out.

As a result, the country's RMG products have to enter the US market paying a 15.3 percent duty and facing a stiff competition from China, India and Pakistan.

The resolution of getting duty-free access to the US market is not a decision of the Obama administration and the US embassy, it is the decision of the US Congress, he said.

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RMG workers block road over pay

STAFF CORRESPONDENT

Hundreds of workers of Mascot Apparels Ltd yesterday blocked the road through Mohakhali in the capital for three hours, demanding their due salaries for the last three months.

The workers took to the streets around 9am after they heard that the factory would be relocated soon. Morning traffic came to a halt on the Airport Road, leaving commuters stranded in adjoining areas, Rafiqul Islam, officer-in-charge of Gulshan Police Station, told The Daily Star.

Police calmed the demonstrators with an assurance that they would negotiate with the factory management so that their demands were met, Islam said.

"We later called the factory authority. They said there is no such plan to shift the factory for now," said Md Mamunur Rashid, officer-in-charge of Banani Police Station, who was also present on the scene.

"If they do, they will inform the workers four months before shifting."

Rashid said the protests stemmed from a misunderstanding. "Workers took to the streets, influenced by a rumour."



Workers of Mascot Apparels Ltd chant slogans in Mohakhali in Dhaka yesterday, demanding their due salaries. They halted traffic for three hours, leaving hundreds of morning commuters stranded on their way.

EU-India free trade to hurt Bangladesh exports

Analysts say Bangladeshi garments will lose competitiveness in EU

REFAYET ULLAH MIRDHA

Bangladesh's exports to the EU are likely to be affected if the proposed India-EU free trade agreement (FTA) is signed and apparel items are included in the deal, said an official of the commerce ministry of Bangladesh.

Both India and the EU are hopeful of closing the deal by the year-end as negotiations that began in 2007 already reached the final stage.

The agreement was scheduled to be signed last month, but it could not happen due to protests by Indian farm and manufacturing sectors.

Media reports said India and the European Union are looking at reaching a bilateral trade of \$200 billion by 2013, up from \$107 billion now. The EU accounts for 14 percent of India's foreign trade.

Bangladesh's exports to the EU will be affected if both India and EU include garment items in the agreement, because apparel is Bangladesh's main export and the EU is its largest destination, said the

official, asking not to be named.

"We have not conducted any study on the possible impacts. But, the commerce ministry has already asked the Bangladesh mission in Geneva to follow the progress of the proposed deal so we can take steps to keep the Bangladeshi exports unhurt," he said.

Bangladesh has little to do if the agreement is inked because the matter is absolutely bilateral, he said.

Still, Bangladesh has something to worry about as the EU is its largest trading partner, while India has the same exportable items and competes in the same market, he added.

Even in fiscal 2010-11, Bangladesh's total exports to the EU were more than \$10.51 billion of which 90 percent came from garments. The FTA aims at cutting tariffs by up to 90 percent on goods and services. "But, it is difficult to say now the extent of losses Bangladesh will face due to the proposed deal until it is signed," he said.

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DSE to award top 30 listed companies

STAR BUSINESS REPORT

The Dhaka Stock Exchange yesterday decided to award top 30 firms listed on the premier bourse.

The DSE also decided to form a jury board that will select the top 30 companies, Ahmed Rashid Lali, senior vice-president of the Dhaka bourse, told journalists after a board meeting.

The juries will select the companies after adopting a set of criteria including business growth, performance and dividend payout ratio, he said.

Presently, 232 equity companies are listed on the prime bourse.

Lali said they will also submit a proposal to the Securities and Exchange Commission to allow them to reschedule the existing trading hours -- from 10:30am to 2:30pm, instead of existing 11:00am to 3:00pm.

Stocks back in red ink

STAR BUSINESS REPORT

Indicators of twin bourses closed in the red yesterday as investors sold shares and mutual fund units to take profits.

The DGEN, the gauge of Dhaka Stock Exchange, finished the day on 5,417.92 points, after falling 46.23 points or 0.84 percent.

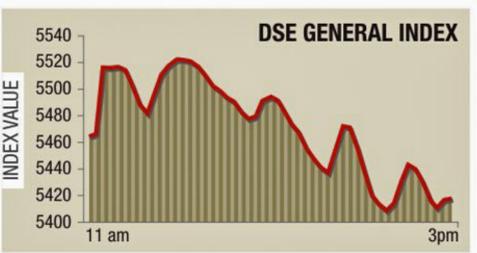
"Profit-taking mood pushed down the indices of the bourses. The correction was normal with investors' healthy participation," Green Delta Securities said in its daily market analysis.

Investors gained confidence as the market is on the way of gaining stability, said Akter H Sannamat, a market analyst and chartered accountant.

Turnover lost 6.7 percent compared to the previous day. A total of 2.18 lakh trades were executed, generating a turnover of Tk 1,120 crore with 20.23 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the total 265 issues that traded on the DSE, 83 advanced, 160 declined and 22 remained unchanged.

Grameenphone, which represents the telecoms sector, lost 1.85 percent, power 2.02 percent and



pharmaceuticals 0.78 percent, while non-bank financial institutions gained 0.24 percent and banks 0.02 percent.

The cement sector also gained 0.46 percent as Lafarge Surma Cement yesterday closed 2.7 percent higher following their corporate declaration.

Lafarge Surma Cement also topped the turnover leaders with 1.72 crore shares worth Tk 69.02 crore changing hands.

Islamic Finance and Investment was the biggest gainer of the day as it rose 9.87 percent. The biggest loser was National Tea that slumped 27.94 percent.

Higher duty takes shine off handmade shoes

STAR BUSINESS REPORT

Handmade shoes face stiff competition from the imported ones due to a narrow price gap between the two types.

Imposition of a supplementary duty on import of raw materials in the current budget has reduced the price difference.

A body of the footwear makers, who use their hands rather than machines to make shoes, shared their problems at a pre-budget discussion at the National Board of Revenue (NBR) yesterday.

"The demand for handmade shoes has fallen after prices went up

close to those of imported ones due to the imposition of the supplementary duty," said Zahiruzzaman Zahir, treasurer of Bangladesh Chamra O Rexine Jatiyo Paduka Prastutkarok Samity, at the discussion.

Zahir said the duty on imported footwear and raw materials for locally made shoes stands at 119 percent and 105 percent respectively.

The reduced duty gap has affected around 25,000 handmade shoe manufacturers, who created tens of thousands of jobs, he said.

The shrinking demand has also led to closure of many factories in the old part of Dhaka, he added.

Zahir said these shoemakers

have to depend on 5-10 importers for raw materials as they do not have the financial ability to import raw materials directly.

"We are too small to import raw materials on our own," he said, urging the tax collector to rationalise duty structure in the next budget to help them survive.

In another proposal, Bangladesh Paint Manufacturers Association also called upon the NBR to withdraw 5 percent supplementary duty on locally made paint products.

Paint makers said the sector suffers from a slowdown in sales due to a slack demand from realtors.

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Power to take centre stage in next budget: Muhith

UNB, Dhaka

The next national budget will prioritise electricity, agriculture, human resource development, health and communication, the finance minister said yesterday.

AMA Muhith said the annual development programme for the next year will be around Tk 54,000 crore, while the budget size will be below Tk 1.9 lakh crore.

Muhith spoke at a pre-budget meeting with the chairmen of different parliamentary standing committees (first phase) at the NEC in Dhaka.

The VAT bill will come in the budget session although it would take three years to become fully effective while the Income Tax Bill would come in parliament in September.

He said inflation would be just below 10 percent in the current year, up from the targeted 7.5 percent with the GDP growth close to the fiscal target of 7 percent.

He admitted that the trend of import in the current fiscal year is less than last year while the agricultural loan disbursement is not up to the mark.

The target of the government's bank borrowing has also increased in the current year due to inappropriate adjustment of subsidies as well as shortfall in other areas.

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