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Star BUSINESS

DHAKA SUNDAY JULY 29, 2012, e-mail:business@thedailystar.net

Duty-free access for RMG hinges on good ties with US: Mozena



STAR Second from right, US Ambassador Dan W Mozena speaks at a discussion on "Bangladesh-US bilateral trade: the way forward" organised by Dhaka Chamber of Commerce and Industry (DCCI) at its office in the capital yesterday. DCCI President Asif Ibrahim and AmCham President Aftab ul Islam are also seen.

STAR BUSINESS REPORT

US Ambassador Dan W Mozena yesterday said Bangladesh should create a good climate in relationship with the US to get duty-free access for its readymade garment items to the US market.

Mozena also said getting such an access and the benefit of Generalised System of Preferences (GSP) from the US is a political process.

He suggested Bangladesh should lobby the US Congress, which decides on giving the duty-free market access to any country.

Mozena spoke at a discussion on 'Bangladesh-US bilateral trade: the way forward' organised by Dhaka Chamber of Commerce and Industry (DCCI) at its office in the capital.

Bangladesh has been lobbying the US for quite a long time to get the trade benefit, but the US has been

delaying it.

Under the current customs rules of the US, 97 percent Bangladeshi products enjoy duty-free access to the US market, but the country's key export item, garments, are excluded from the package.

Though Bangladesh is a least developed country, it has been exporting garment items to the US by paying an average duty at 15.3 percent, which is higher compared to what developed and developing countries pay.

Bangladesh paid more than \$600 million in duty for exporting garments worth \$5.10 billion in 2011, while China, world's largest apparel supplier, pays 3 percent duty on garment exports to the US market.

"The good idea is to create a good climate in relationship between Bangladesh and the US," Mozena said.

"Telling the ambassador (to give

the duty-free access) is just wasting your time. It is the political process."

The ambassador also said Bangladesh needs to deliver a powerful message to the US that the country ensures rights of its workers.

On labour rights grounds, the American Federation of Labour and Congress of Industrial Organisations (AFL-CIO) has already filed a petition to the United States Trade Representative (USTR) to cancel the GSP benefit that Bangladesh had earned earlier from the US.

However, after a hearing in January this year, the USTR decided to continue the GSP benefit for Bangladesh and review the country's labour rights issues further.

The US government had earlier extended the GSP for Bangladesh up to July 31, 2013. Currently, GSP covers less than 1 percent of the total export to the US from Bangladesh.

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Drought hits aus farming

SOHEL PARVEZ

Drought has brought about a fall in acreage of aus rice crop, agriculture officials said.

Area under aus dropped from 11.38 lakh hectares to 10.50 lakh hectares this season, according to a preliminary estimate by the Department of Agricultural Extension (DAE).

"It is due to drought. Rainfall was not uniform in all regions," said an official of the DAE, requesting not to be named.

Cultivation was mainly affected in the southwest region surrounding Jessore, but some districts in the north and northeast also suffered, DAE Director General Md Abdul Latif told The Daily Star.

DAE had earlier set a target to bring 11.50 lakh hectares under aus cultivation to yield 28.98 lakh tonnes of rice this season.

Aus production stood at 23.33 lakh tonnes in fiscal 2011-12, up from 21.33 lakh tonnes of the previous fiscal year, according to Bangladesh Bureau of Statistics.

The decline in aus acreage comes at a time when the government is looking to rejuvenate the cultivation of the rice crop, which was the second biggest contributor to the national rice basket in the eighties.

Aus rice now lags behind boro and aman crops in terms of contribution to annual rice output.

This season, the agriculture ministry has allocated Tk 35 crore for provision of fertilisers and an African drought-tolerant rice variety called Nerica, to small and marginal farmers to encourage cultivation of aus rice.

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Hard time for mutual funds

SARWAR A CHOWDHURY

Half of the mutual funds are trading below their face value, showing that the sector is going through hard times.

Many mutual fund units will fail to announce dividends for the unit holders, as the net asset value (NAV) of the units dropped below their face values.

On the last trading day, 22 mutual funds, out of 41, traded below their face value, while the NAV of a third of the total listed mutual funds dropped below their face value.

The NAV of a mutual fund shows its ability to give dividends to the unit holders. When the NAV of a fund rises beyond

its face value, it is more able to give dividends.

A mutual fund is a professionally managed collective investment scheme that pools money from many investors and invests it in stocks, bonds and short-term money market instruments.

A prolonged downtrend in share prices since the market debacle in January-February last year is mainly responsible for the hard times.

DGEN, the benchmark index of the Dhaka Stock Exchange, went down by 48 percent or 4,020 points to 4,284 on July 26 this year from 8,304 points on January 2 last year.

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Green Delta to sell 10pc stake to IFC

SAJJADUR RAHMAN

Local insurance giant Green Delta has reached final stages to sell its 10 percent share to the International Finance Corporation (IFC), a wing of the World Bank Group, a top official of the insurer said.

Green Delta's board approved the proposed subscription of the IFC on Thursday last.

"We'll issue new shares for the IFC subject to the approval of regulators," Nasir A Chowdhury, managing director of Green Delta Insurance, told The Daily Star yesterday.

The present paid-up capital of the non-life insurer is at Tk 51 crore. So, the issuance of 10 percent new shares will raise the capital by Tk 5.1 crore to Tk 56.1 crore.

Both parties agreed that price per share would be set based on the average price for six months preceding the date of subscription by the IFC, but the price will no way exceed Tk 165 a share. Each

Green Delta share was traded at Tk 91 on the Dhaka Stock Exchange on Thursday.

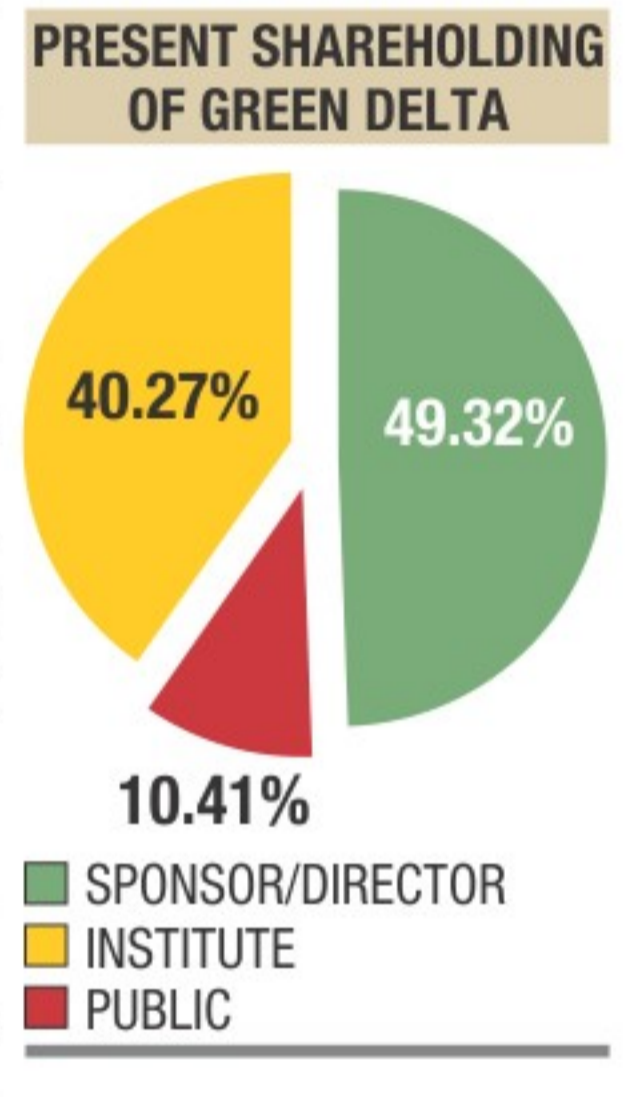
According to Green Delta, the IFC has been in talks with them for more than one year to buy the shares.

"The IFC has meticulously been examining our activities -- from insurance premium to reinsurance and claim settlement," said Chowdhury.

He said the IFC's entry will add further value to the company.

"It'll not only help us in doing international business, but also improve corporate governance," said Chowdhury who has been in the insurance industry for more than 50 years.

He said the deal might be settled in two months subject to the approval of the board of directors of the IFC, general shareholders of Green Delta and regulators that include Securities and Exchange Commission (SEC) and Insurance Development and Regulatory Authority (IDRA).



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Govt to set up Jamdani sales centre in N'ganj

STAR BUSINESS DESK

The government plans to set up a display and sales centre for Jamdani saris in Narayanganj to help weavers get fair prices, the industries ministry said in a statement yesterday.

Bangladesh Small and Cottage Industries Corporation will establish the centre at Noapara in Rupganj upazila, Industries Minister Dilip Barua said at the inauguration of the month-long Jamdani and Tant (handloom) Clothes Export Fair in Dhaka.

Jamdani weavers can borrow money from SME Foundation at a single-digit interest rate.

"The demand for Jamdani is increasing, especially from the expatriate Bangladeshis," Barua said.

Bangladesh Weavers Products and Manufacturers Business Association is organising the fair at Siddheswari Girls High School on Bailey Road in Dhaka on the occasion of Eid-ul-Fitr.

The fair will remain open to all from 10am to 10pm.

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