

Lift VAT on crockery, plastic toys

Manufacturers place 15-point demand



STAR BUSINESS REPORT

Plastic goods makers and exporters have demanded withdrawal of value-added tax (VAT) on crockery and plastic toys in the national budget for 2021-22 fiscal year.

It was proposed in the new budget that the corporate tax on plastics sector will be reduced by 2.5 percentage points to 30 per cent, but plastic goods makers want it to fix at 10 per cent.

These were two of the 15 demands that Shamim Ahmed, president of Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA), placed yesterday at a press conference at the association's office in the city's Paltan area.

"We want the government to reduce the existing tariff rate from 10 per cent to 5 per cent on filler master batch and color master

batch," he said.

The association also suggested the government cut the tariff rate of aluminum bottom foil and aluminum blister foil from 5 per cent to 1 per cent.

Since domestic toys are of very high quality and an alternative to imports, BPGMEA urged the government to reconsider the proposal to increase the tariff on imported toys.

A lot of factories in the plastics sector got closed and listed as sick industries since the beginning of the Covid-19 pandemic, Ahmed said.

Thousands of employees and officials have become unemployed from the labour intensive industry and the owners of the factories are now struggling to repay loans.

Even many export-oriented companies are being listed as sick industries, he said.

In this context, the 3 per cent advance tax imposed on the plastics industry in the proposed budget for FY22 will only create pressure on the local players, Ahmed said.

READ MORE ON B3

Northern districts, the dark horse of local tea industry



Tea cultivation has created employment opportunities for about 25,000 people, a large number of whom are women, in Panchagarh and Thakurgaon. The photo was taken recently.

PHOTO: QUAMRUL ISLAM RUBAIYAT

QUAMRUL ISLAM RUBAIYAT, Thakurgaon

Most of the land in Rangpur's Panchagarh and Thakurgaon districts, particularly those that border India, were non-arable just a few decades ago, when the region closely resembled a desert of sand and stone.

Besides, the job scarcity in northern districts meant that local low-income groups faced many hardships.

Considering the situation, Prime Minister Sheikh Hasina visited the region in 1996, the same year she assumed office, to speak with the then Deputy Commissioner of Panchagarh, Rabiul Islam, about the prospect of tea cultivation.

After hearing his opinion, the prime minister asked Islam to begin cultivating tea on an experimental basis.

At first, Islam planted the tea in pots before transplanting them onto a piece of land.

Hasina also asked her principal secretary to immediately instruct the tea board's chairman at the time to conduct a feasibility study on tea cultivation in the country's northern regions.

Inspired by the success of the experimental

phase, she then asked the authorities concerned to redouble their efforts.

As such, the tea board formed a three-member committee on October 13, 1999, to complete the feasibility study.

After visiting different upazilas of Panchagarh and Thakurgaon, the survey team compiled a report where they mentioned that the two districts collectively had about 40,000 acres of land that were suitable for tea cultivation.

Seeing potential in the industry, several members of Tea Professional Welfare Society decided to set up a small-scale tea plantation in Panchagarh under the banner of Tentulia Tea Company.

Brig Gen Daniel Islam, chairman of Bangladesh Tea Board at the time, formally inaugurated the company's compound on April 2, 2000, the same year that Kazi and Kazi Tea Estate began commercial production on a large scale in the same district.

In 2001, a sub-centre of Bangladesh Tea Research Institute was set up in Panchagarh.

The board went on to take numerous other initiatives to expand cultivation in the region, including discussion meetings, providing

training, distributing saplings, and arranging loans from Rajshahi Krishi Unnayan Bank at low interest rates.

It also provided irrigation sets for small growers under a "Development of Small Holding Tea Cultivation in Northern Bangladesh" project.

With this support and other motivations, tea cultivation enjoyed great success in the northern districts with farmers constantly becoming more interested to involve themselves in the industry.

Since then, the tea cultivation has created employment opportunities for about 25,000 people, a large number of whom are women, in Panchagarh and Thakurgaon.

Many of those who had very little to eat in the two districts are now self-reliant thanks to the industry. As such, Panchagarh and Thakurgaon have helped Rangpur emerge as the third largest tea producing division in the country after Chattogram and Sylhet.

Across five northern districts -- Panchagarh, Thakurgaon, Lalmonirhat, Dinajpur and Nilphamari -- there are about 50,000 acres of land suitable for tea cultivation, of which 10,170 acres are being used for that purpose this season.

READ MORE ON B2

Take bold initiative to re-skill workforce

Speakers urge govt at DCCI-Buet event

STAR BUSINESS DESK

Bangladesh should sort out the problems facing the industrial sector, ensure wider use of technologies, and take a bold initiative to re-skill the workforce to address the challenges of the fourth industrial revolution, speakers said yesterday.

"Bangladesh is going to be a developing nation. For this, we have to prepare ourselves to identify the problems of the industrial sector and ensure wider use of innovative technology and research," said Prof Satya Prasad Majumder, vice-chancellor of the Bangladesh University of Engineering and Technology (Buet).

Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry (DCCI), echoed Majumder.

"Considering the challenges of the fourth industrial revolution (4IR), it is the best time to take the initiative of re-skilling

and upskilling our workforce," Rahman said. They came up with the comments at a virtual signing of a memorandum of cooperation between the DCCI and Buet, said a press release of the chamber.

Speaking at the ceremony, industry people and academia put emphasis on developing technologies and sector-specific research that met the demand of the industry.

They said Bangladesh was set to encounter a lot of challenges on its way to transformation.

"Buet will also focus on industry-driven research," Majumder.

The industry-academia collaboration will foster skill development as per the needs of industries, Rahman said. DCCI Senior Vice President NKA Mobin, Vice President Monowar Hossain and Buet's Pro-Vice Chancellor Prof Abdul Jabbar Khan were also present.

GLOBAL BUSINESS

China's imports grow at fastest pace in decade as materials prices surge

REUTERS, Beijing

China's imports grew at their fastest pace in 10 years in May, fuelled by surging demand for raw materials, although export growth slowed more than expected amid disruptions caused by Covid-19 cases at the country's major southern ports.

While a brisk recovery in developed markets has bolstered demand for Chinese products, a global semiconductor shortage, higher raw material and freight costs, logistics bottlenecks and a strengthening yuan have dimmed the outlook for the world's largest exporting nation.

China's exports in dollar terms in May grew 27.9 per cent from a year earlier, slower than the 32.3 per cent growth reported in April and missing analysts' forecast of 32.1 per cent.

"Exports surprised a bit on the downside, maybe due to the Covid cases in Guangdong province which slowed down the turnover in Shenzhen and Guangzhou ports," said Zhiwei Zhang, chief economist at Pinpoint Asset Management, adding that turnover at ports in Guangdong will likely remain slow in June.



REUTERS/FILE

Containers are seen at the Yangshan Deep Water Port in Shanghai, China, as the coronavirus disease outbreak continues, on October 19, 2020.

Major shipping companies warned clients of worsening congestion at Shenzhen's Yantian port in Guangdong province after the discovery of several cases among port staff. On the ground in Guangdong, factories have yet to report widespread capacity cuts over the outbreak but admitted efficiency issues as they tried to meet overseas demand.

Chen Linsheng, chief operating officer at Anlan, a Shenzhen-based manufacturer of skincare and beauty-care devices, told Reuters while there was no impact on production, staff are now subject to a series of Covid tests and not allowed back into the factory without a negative result.

"We are not allowed going out (of the city). We need to report in advance and cannot even go to Guangzhou or Foshan on our own," said Chen, adding that a lot of meetings have moved back online.

Besides the impact of Covid cases in Guangdong, the global chip shortage has started to hit all of China's export items related to semiconductors, said Iris Pang, Greater China chief economist at ING. For example, auto processing products and parts, the biggest export item, fell 4 per cent from a year earlier, Pang added.

NEWS In Brief

Euro zone investor morale rises to highest level since Feb 2018

REUTERS, Berlin

Investor morale in the euro zone rose for the fourth month in a row in June, reaching its highest level since February 2018, lifted by reopening restaurants and tourism resuming as coronavirus cases fall, a survey showed on Monday.

Sentix's index for the euro zone climbed to 28.1 from 21.0 in May. A Reuters poll had pointed to a reading of 26.0. A current conditions index surged to 21.3 from 6.3. An expectations index eased to 35.3 from 36.8 a month earlier.

"The eurozone is increasingly leaving the painful losses of the Corona year behind," said Sentix Managing Director Manfred Huebner. "However, there is a downside to the strong economy and that is foreseeable rising prices."

Sentix surveyed 1,139 investors from June 3 to June 5.



REUTERS/FILE

People enjoy an evening drink at Place de la Contrescarpe in Paris as cafes, bars and restaurants reopen after closing down for months amid the coronavirus disease outbreak in France, on May 19.

G7 tax deal does not unfairly benefit US, OECD says

REUTERS, London

A landmark deal to reform corporate tax payments proposed by the Group of Seven on Saturday will not unfairly benefit the United States, the Organisation for Economic Co-operation and Development said on Monday.

"I wouldn't agree with your characterisation that this particularly benefits the US," OECD Secretary-General Mathias Cormann told BBC radio.

"I think you'll find that there are a number of very large multinational US companies that will end up paying more tax in countries around the world, where perhaps at the moment that is not the case," he said.

Cormann said he expected Amazon would be among the companies covered under the new rules. The OECD has been instrumental in drawing up new international tax proposals.

US officials up pressure on firms over cyberattacks

REUTERS, Washington

US officials on Sunday ratcheted up pressure on companies and foreign adversaries to fight cybercriminals, and said President Joe Biden is considering all options, including a military response, to counter the growing threat.

The Biden administration is looking at "all of the options," to defend the country against ransomware criminals, US Commerce Secretary Gina Raimondo said in an interview on Sunday, when asked if military action was being considered.

Raimondo did not detail what those options could look like, but said the topic will be on the agenda when the president meets with Russian President Vladimir Putin this month. The rising threat

of cyberattacks has pushed the Biden administration into a more aggressive stance against Russia, which is thought to be harboring some of the perpetrators.

"We're not taking anything off the table as we think about possible repercussions, consequences or retaliation," Raimondo said. Last weekend, the world's largest meatpacker was targeted by cybercriminals and in May, the largest fuel pipeline in the United States was attacked, stoking fears over supply disruptions of food and fuel.

US adversaries have the ability to shut down the country's entire power grid, Energy Secretary Jennifer Granholm said separately in an interview with CNN, noting "thousands of attacks on all aspects of the energy sector".



REUTERS/FILE

US Energy Secretary Jennifer Granholm speaks about the Colonial Pipeline cyberattack shutdown during a press briefing at the White House in Washington, US on May 11.