

Customs officials urged to prepare for free-trade regime

State Minister for Finance and Planning Shah Mohammad Abul Hossain has asked members of BCS (Customs & Excise) Association to prepare themselves for the challenge of free market regime.

He was speaking as chief guest at the installation ceremony of the executive committee of the association for 2002-2004 term at a city hotel recently, says a press release.

The state minister said in the changed situation, the government will have to reduce its dependence on import duties gradually, in the future budgets. Revenue collection will have to be increased from internal sources, he added.

Dr. Shoeb Ahmed, Secretary of the Internal Resources Division and Chairman of the Board of Directors of the National Board of Revenue, was the special guest at the ceremony.

President of the association Alauddin Chowdhury was in the chair on the occasion.

Members of the association were also present.

The special guest, in his speech, thanked the members of the association for realising more revenues than the target during the last year.

Microsoft to declare first-ever dividend

AFP, Redmond

Software giant Microsoft Corp. said Thursday it would pay its first-ever dividend, as it reported a quarterly profit of 2.55 billion dollars.

The earnings, a 12 per cent jump from the same period a year ago, amounted to 47 cents a share.

But the profit news was overshadowed by the news that the world's biggest software company, in a major shift in strategy, would pay a dividend to shareholders of 16 cents a share. The dividend will be paid ahead of a 2-1 stock split.

The move represents a shift in strategy for the prototypical "growth" company that normally reinvests profits instead of paying them to shareholders.

"Declaring a dividend demonstrates the board's confidence in the company's long-term growth opportunities and financial strength," said John Connors, chief financial officer at Microsoft.

"We are especially pleased to be able to return profits to our shareholders, while maintaining our significant investment in research and development and satisfying our long-term capital requirements."

IBM net profit plunges

AFP, Armonk, New York

International Business Machines Corp. said Thursday net profit plunged in the last quarter of 2002.

Net profit tumbled to 1.02 billion dollars or 59 cents a share in the three months to December 31, down 56.4 per cent from 2.33 billion dollars or 1.33 dollars a share a year earlier.

Sales rose 7.0 per cent to 23.68 billion dollars. But the computer giant said its gross margin -- gross profits divided by sales -- was squeezed to 38.8 per cent from 40.3 per cent a year earlier.

Losses from discontinued operations also amounted to 893 million dollars from 232 million dollars.

"In one of the most challenging years in business, we delivered a solid quarter and finished the year strong," said IBM chairman and chief executive Samuel Palmisano.

"We continued to gain share in our core businesses and managed our company very well in a tough environment."

For the whole of 2002, IBM said net profit tumbled 53.6 per cent to 7.71 billion dollars. Revenue slipped 2.3 per cent to 81.18 billion dollars over the same period.

Argentina, IMF reach deal on \$6.6b debt

AFP, Buenos Aires

Argentina and the International Monetary Fund struck a deal Thursday to roll over 6.6 billion dollars of the crisis-torn country's debt to the IMF, both sides said.

The agreement, which must still be approved by the IMF executive board in Washington, wraps up a year of negotiations about how best to haul Argentina out of economic turmoil.

In the end, Argentina secured only an interim agreement -- a stop-gap measure until after a new government is chosen by elections April 27. President Eduardo Duhalde quits his office May 25.

Recessionary trend persists

MCCI publication observes

STAR BUSINESS REPORT

The recessionary trend continues in the economy despite the FY03 budget has announced some positive measures, the Metropolitan Chamber of Commerce & Industry (MCCI) has observed.

Judged on the performance during the first half of the current fiscal (FY03), the overall economic scenario does not appear optimistic to MCCI, the Chamber said in its monthly publication, Chamber News.

Indifference to supporting domestic demand is one of the major causes of industrial stagnation, which can be staved off by taking appropriate measures to boost demand, the Chamber said.

The proof of dull investment can also be seen in the slowdown in the import of capital machinery and intermediate goods, which fell by 34.1 per cent and 8.8 per cent respectively, during the first four months of the current fiscal, it added.

"All this can be explained by the

deepening of stagnation in the manufacturing sector. In fact, the slowdown in term loans and the fall in the import of capital goods do not have much room for optimism about manufacturing growth in the near future."

On the fiscal front, revenue collection increased during the first five months of FY03, but the success was more pronounced in the collection of internal trade-related taxes (local value added tax and supplementary duty) than import-related ones (import VAT and SD).

Revenue collection from the latter category remained below target because of sluggish import growth. Income tax collection also suffered a 10.5 per cent shortfall.

In this backdrop, if the government attempts to achieve the revenue target through enhanced collection of internal trade-related taxes like local VAT and SD, it may dampen consumer demand and thus exert recessionary pressure on the domestic investment situation.

At the same time, in order to achieve the budgetary target of

lowering the fiscal deficit to below 4 per cent of GDP, the government has followed a tight expenditure policy. The government has cut down its expenditures on public works programmes in the rural areas, which has an adverse impact on rural employment, income and poverty.

The stagnation of investment in manufacturing is reflected in the low disbursement of term loan, which fell by 18.4 per cent in the first quarter of FY03, compared to a 47 per cent increase during the same period of FY02. The growth of term loan disbursement has in fact been slower than recovery.

The sign of investment stagnation is also manifested in the accumulation of excess liquidity in the banking system to the tune of Tk 75 billion at the end of the first quarter of FY03, which is 14 per cent higher than that of end June, 2002.

The Chamber also stressed the need for adopting appropriate steps to remove the structural and institutional constraints that impede industrial growths. The Chamber

has always emphasised the need for well-directed public investment programmes which will 'crowd in' private investment.

Improvements in physical infrastructure, rural development, irrigation and agricultural extension are some such areas where public spending can contribute to raising rural income and demand for manufacturers and thus induce private investment.

The investor's confidence is vitiated by law and order situation, inefficiencies in public services, disruption in power supplies, congestion in ports and weak infrastructure services. A strong dose of reform is needed in these areas, particularly in the infrastructure sector -- power, ports and roads in order to enthrone investors over the long term.

The government-related factors will contribute to inhibit private investments. Problems of law and order, administrative corruption, growth of illegal financial extortion, often under political patronage, menacingly contribute to the cost of doing business in the country.

Govt to help set up white cement industries

State minister says at Birla White cement launch

STAR BUSINESS REPORT

State Minister for Industries Professor Rezaul Karim yesterday said the government will support entrepreneurs to establish white cement industries in the country.

He also said local industry will help reduce dependence on imported white cement.

The state minister was speaking at the launching ceremony of Birla White cement at a city hotel.

Nitol Cement Industries, a subsidiary of Nitol Group, is going to manufacture Birla White cement with the technical support of Birla White, a sister concern of Birla Group, India. Nitol Cement Industries is importing clinker, the main raw material of cement, from Birla White factory in India.

On the occasion, Nitol Group Chairman Matlub Ahmad said the quality of the cement will be maintained by Birla White. "Our aim is to

fulfill local demand and then to export the white cement," Ahmad added.

Birla White Executive President SN Jajoo and Senior Vice-president (Marketing) BC Chattopadhyaya, Nitol Group Director Humayun Kabir Khandakar and Bangladesh Mosaic Merchants Association President Amir Hossain also spoke on the occasion.

G7 finance summit delayed

AFP, Paris

A finance summit of the Group of Seven leading industrialized nations, scheduled for January 31 and February 1 in Paris, has been delayed, a French finance ministry spokesman said Thursday.

"Several G7 finance ministers told us they had a problem in attending the February 1 meeting," the spokesman said. "We are in consultations to find a new date," he added.

Finance Minister Francis Mer later said the meeting would be postponed "15 days."

The German finance ministry said earlier Thursday that the scheduled meeting of the finance ministers of the G7 -- Britain, Canada, France, Germany, Italy, Japan and the United States -- as well as Russia, comprising the Group of Eight, had been postponed to the middle or end of February.

Mer, questioned about a new meeting date on the sidelines of a parliamentary meeting, only replied "15 days."

"One can perhaps hold a G7 without the Americans even, because Mr Snow ...," he said, without completing the sentence.

According to a source close to the discussions, the postponement mainly was due to the fact that the nomination of the new US treasury secretary, John Snow, had not yet been approved by the US Senate.

Koizumi urged to promote foreign investment

AFP, Tokyo

European and American business representatives urged Japanese Prime Minister Junichiro Koizumi Friday to promote greater foreign investment in Japan, which lags behind other advanced economies.

The delegation included the president of the European Business Community Richard Collasse, and three American executives including lawyer Robert Grondine, a former president of the American Chamber of Commerce in Japan.

"We told him that he had to champion direct investments into Japan so there will be a change in public opinion and the attitude of bureaucrats," one of the participants told AFP after the meeting with Koizumi and other top officials.

In contrast to the situation in the United States and Europe, foreign direct investment (FDI) is still regarded with distrust in Japan, which is still struggling to throw off its legacy of being closed to the outside world.

Despite an improvement in recent years, in 2000 Japan still ranked 24th amongst the largest recipients of FDI, according to figures from the Japan External Trade Organisation (JETRO).

FDI plunged by 28.8 per cent to 12.56 billion dollars in the first half of 2001, according to the latest JETRO figures available.

A recent report by the Pacific Council think-tank said the level of per capita FDI in Japan was only 198 dollars in 2001, compared with between 1,800 dollars and 8,000 dollars in the United States and European countries.

"Investment from abroad will be helpful for the revival of the Japanese economy," Koizumi said, according to Jiji Press agency.



PHOTO: JANATA BANK

Managing Director of Janata Bank Murshid Kuli Khan inaugurates an electronic fund transfer system on Thursday at the bank's Dilkusha Corporate Branch in the city to facilitate remittance from Canada to Bangladesh. Deputy Managing Director M Ziaul Huq, general managers of head office Md Ashraf Ali, Syed Abdul Hamid and Md Mahbulul Alam were also present.

22,000 visit BCS show

7-day annual computer exposition ends today

STAR BUSINESS REPORT

Some 22 thousands people yesterday visited the 12th BCS Computer Show 2003 as the seven-day annual exposition concludes today.

President Iajuddin Ahmed is expected to attend the concluding ceremony of the fair.

The visitors showed immense interest in various new products in the exhibition.

Tri-Gem Computers brought Bangla to English and English to Bangla talking dictionaries, Easy Bangla 1.0 software for Bangla typing by using mouse and Car

Puzzle, a game software.

BDCom Software brought ISP-Soft for Internet service providers in the computer fair. The company also brought ITMS software for textile management, Electricity Billing and Accounting Management System software for electricity billing.

CSL Software Resources Ltd's Face of Mars game software attracted huge visitors, especially kids.

Spectrum Engineering Consortium Ltd introduced the server of 'Intel Duel Processor' in the fair.

The seminars on Apple product launch, video editing and + + Sat ACC, Sat News, Sat SMS were held at the fair.

A seminar on community based pay phone will be held today. Bangladesh Telecommunication Regulatory Commission Chairman Syed Marghub Morshed is expected to attend the seminar as chief guest. BRAC University Vice Chancellor Professor Jamilur Reza Chowdhury will preside over the seminar.

On the occasion of closing ceremony, the fair will remain closed for visitors from 2pm to 5pm.

Govt ups cotton prices

DELWAR KABIR, Jhenidah

The government has increased the prices of cotton in a bid to encourage farmers, who will receive Tk two more for every kilogram of their produce.

The decision to raise the prices came at an inter-ministerial meeting held late last month. Representatives from Cotton Development Board (CDB), Ministry of Agriculture, Ministry of Textile, Bangladesh Jute Marketing Association and Department of Agriculture Marketing attended the meeting.

According to decision of the meeting, price of CB-5 variety (seed cotton) has been re-fixed at Tk 27 from Tk 25 and the price of non-seed variety has been re-fixed at Tk 25 from Tk 23.

Besides, price of CB-9 seed variety is upped at Tk 25 from Tk 23 and non-seed variety at Tk 23 from Tk 21.

Talking to this correspondent, Md Ghulam Rasul, senior marketing officer CDB at Dhaka, said the re-fixation of cotton price would encourage the growers to regain their confidence in cotton farming.

Pakistan forex reserves rise to \$9.429b

REUTERS, Karachi

Pakistan's foreign exchange reserves rose to \$9.429 billion in the week to January 11, up \$50 million from the previous week, the central bank said Thursday.

The State Bank of Pakistan gave no reason for the rise, but bankers said it was partly due to higher remittances from expatriate Pakistanis who have been using official channels since a crackdown on money laundering after September 11, 2001.

Huge turnout at DITF

STAR BUSINESS REPORT

The ninth Dhaka International Trade Fair (DITF) saw a huge turnout of visitors yesterday.

Sadat, who visited the fair with a few of his friends, said they had intended to visit the fair few days ago but they were compelled to change their decision because of the cold wave sweeping across the country. However, city dwellers yesterday experienced lesser chilly weather.

Organisers were upbeat on huge

turnout. They said large number of visitors came as the day was a weekly holiday and the weather was also good.

Visitors were mainly crowding the stalls of cosmetics, show pieces, handicrafts, leather goods, textile and garment products, toys, jewelry, ceramics, melamine and plastic products.

Besides, stalls of Iranian, Pakistani, Japanese and Korean stalls witnessed huge visitors.

Many companies announced special discounts and lucky cou-

pons on purchase to attract customers.

Sharmin Chowdhury, a resident of city's Jatrabari area, said she bought a microwave oven in the fair.

The fair has been jointly organised by the Ministry of Commerce and Export Promotion Bureau (EPB).

A total of 426 local and foreign companies are participating in the fair this year. Of them, 392 are local companies and 34 are foreign firms.

India may cut edible oil duty

REUTERS, Mumbai

India is expected to lower the base import price of soyoil soon, but will hold off making a 10-per cent cut in the import tariff on crude palm oil until the budget in February, industry officials said Thursday.

India, the world's largest importer of edible oil, secures more than two-fifths of its needs overseas, mainly from Malaysia, Indonesia, Brazil and Argentina.

"I don't think the government will alter the duty structure now with only a few weeks left for the budget," said Rajesh Agrawal, chairman, of the Soybean Processors Association of India.

The annual budget is usually presented on the last day of February.

A food ministry spokeswoman told Reuters there was no proposal

from her department to cut the duties, but added the finance ministry could make changes in the budget.

Finance ministry officials were not available for a comment.

Domestic edible oil prices have risen more than 40 per cent in the last year due to a sharp fall in local oilseed output after poor rains and a surge in global prices.

There has been market talk the government would reduce tariffs to provide relief to consumers. India has an 85-per cent basic import duty on refined oils, a 65-per cent duty on crude palm oil and a 45-per cent duty on soyoil.

But traders said the government was expected in the next week to reduce the base import price of soyoil to \$540-\$550 a tonne from \$600. The base import price is used to calculate tariffs.

"The reduction in the base import prices is overdue," said Atul Chaturvedi, senior vice president of Adani Exports, a leading importer of edible oils.

Base import prices are fixed by the government based on world trends to check revenue losses due to under-invoicing by some importers. The last revision was done on December 3.

Imported prices of crude soyoil were quoted at \$528 a tonne CIF (cost, insurance and freight) at Indian ports on Wednesday, down from \$588 a tonne in early December.

According to trade estimates, India's winter oilseed output fell 21 per cent from a year earlier to 9.72 million tonnes, and the summer output is expected to drop 4.9 per cent to 7.51 million tonnes due to the impact of the worst drought in 15 years.

US manufacturing index hits five-year high

AFP, Washington

A barometer of future activity in the manufacturing industry hit a five-year high in December, the Manufacturers Alliance/MAPI said Thursday.

The composite index of future business activity, based on a quarterly survey of the industry, rose to 67 points in December, up from 59 points in the previous survey in September.

It was the highest level since December 1997.

A reading above 50 points indicates that overall manufacturing

activity is expected to increase over the next three months.

"The results from the latest survey send a strong signal that activity in the manufacturing sector will grow in 2003," survey coordinator Donald Norman said.

A profit margin index leapt to 63 points in December from 45 in September. A capital spending index climbed to 57 points from 45, breaching the 50-point mark for the first time since December 2000.

"The jump in the profit margin and capital spending indexes are particularly noteworthy given that

these indexes have remained stubbornly low throughout the past two years," Norman said.

"The real question now concerns just how strong a recovery we can expect to see in 2003."

The orders index, comparing expected orders for 2003 with 2002, edged up one point to 75.

The shipments index, based on prospective shipments in the first quarter of 2003, increased nine points to 71. The export orders index increased five points to 59. The inventory index fell two points to 22.