

Issue managers of securitised bonds exempted from taxes

Bid to facilitate bond market, resource mobilisation

MONJUR MAHMUD

In order to facilitate securitised bonds, the government has exempted issue managers of such debt instrument from paying all kinds of taxes including value added tax (VAT), income tax and stamp duty.

These issue managers, known as special purpose vehicles (SPVs), are non-profit organisations working as a trust. They are formed for issuing bonds against assets transferred to their account.

Sources said the government decision would make these securitised bonds viable and lucrative to investors. The Ministry of Finance has issued separate notifications to exempt the SPVs from VAT, income tax and stamp duty.

However, the SPVs must have approval from the central bank for getting the tax exemption.

With the exemption, analysts say cost of each bond will come down by six to seven per cent which will pave the way for formation of a wider bond market.

"The non-banking financial institutions will be able to mobilise their resources and transfer them to these SPV trusts who will issue bonds at market determined price and mobilise more resources for them," an analyst said.

There is a provision of the Income Tax Ordinance for deduction of tax at a rate of 10 per cent on the interest on savings or term deposits of the scheduled banks. Since SPV is not a scheduled bank, deduction of tax at source will not be

applicable to the interest of the SPV, an official of the National Board of Revenue said.

"Any income including interest, capital gain, dividend and other fees and commission from operating, management and investment activities of a SPV registered either in the form of trust or a non-profit company for the sole purpose of asset or mortgage securitisation, and such income shall also be exempted from any tax deduction at sources," said an NBR official.

BASIC Bank, Bay Leasing sign loan agreement

BASIC (Bangladesh Small Industries and Commerce) Bank Limited and Bay Leasing and Investment Limited signed a loan agreement for Tk 40 million at the bank's head office in Dhaka on Sunday.

GM Salehuddin Ahmed, managing director of Bay Leasing, and Mobarak Hossain Chowdhury, deputy general manager of the bank, signed the agreement on behalf of their organisations, says a press release.

The loan will be utilised for financing leasehold machinery and equipment of small-scale industries.

Among others, Md Salehuddin Quasem, managing director of Basic Bank, Md Mosaddiqur Rahman, general manager of the bank, and Md Mushfiqur Rahman, AVP of Bay Leasing were present.

Singer launches 4 new kitchen appliances

Singer Bangladesh Limited has introduced four new kitchen appliances.

The new items -- food processor, electric blender, hand blender and toaster -- are available at Singer's 86 sales centres and 89 exclusive sales agent shops across the country, says a press release.

Singer provides one-year guarantee for food processor, electric blender and toaster and six months warranty for hand blender.

Andes to handle promotion of Siemens home appliances

Ad agency Andes Limited will handle advertising, promotion and public relation works of Siemens home appliances in all media.

The products, which include cooling appliances, laundry appliances, kitchen appliances and consumer products, will be launched for the first time in Bangladesh.

Siemens Bangladesh Limited and Andes Limited signed a contract to this effect on Sunday in Dhaka.

Peter E Albrich, CEO and managing director of Siemens Bangladesh Limited, and Aneela Haque, chief executive officer of Andes, signed the agreement, says a press release.

Emirates passengers grow

The number of travelers carried by Emirates Airline increased by more than 27 per cent in August this year compared to the corresponding period of last year.

The Dubai-based carrier transported a total of 1,009,636 passengers during the period against 792,399 in August last year, says a press release.

Emirates also carried 52,430 tonnes of cargoes during the same time.

Fresh investment in EPZs clocks 85pc rise in FY 03

ZAHIDUL HAQUE

Fresh investment in the export processing zones (EPZs) registered an 85 per cent growth in 2002-03 fiscal year over the previous year.

The six EPZs saw new investment of \$103.13 million in 2002-03 against \$55.70 million in 2001-02, sources in the Bangladesh Export Processing Zones Authority (BEPZA) said.

"The success came mainly because of building more awareness on existing facilities of BEPZA among local and foreign investors," BEPZA Executive Chairman Brig Gen (Retd) M Mofizur Rahman told The Daily Star.

Exports from the EPZs also increased by 11.42 per cent in the last fiscal year when goods worth \$1.20 billion were exported. The previous year's figure was \$1.07 billion.

"Apart from providing electricity, water, gas and telecommunication facilities to the investors, BEPZA also runs a one stop service centre from where the investors can receive all types of services required for investment," said

Rahman.

But the BEPZA executive chairman regretted that only a few local investors were aware of the facilities. Most of the local investors know a little about EPZs and think these are exclusively for foreigners, he said.

"That's why we have given more emphasis on increasing awareness among local investors. We arranged seminars in different districts to talk with the local businessmen and motivate them," he added.

At the same time, BEPZA tried to keep existing foreign investors satisfied. "We believe their views on the facilities in Bangladesh would encourage other foreigners. This will be more effective than our campaign," said the executive chairman.

Rahman said they held presentations on BEPZA facilities at different embassies and foreign organisations in Dhaka with a view to promote investment in EPZs.

About law and order situation in EPZs he said it is better than other parts of the country.

Besides the Dhaka and Chittagong EPZs, the government

has set up four new zones at Mongla, Comilla, Ishwardi and Nilphamari. The BEPZA is now making vigorous efforts to attract investors in these zones.

The BEPZA executive chairman said they offer some special facilities in the four new EPZs. The investors can take plots on lease at 50 per cent less rate.

The other facilities include issuance of export-import permit by the zone authority within 24 hours and issuance of work permits by BEPZA.

The fiscal incentives provided by BEPZA include ten years tax holiday, 50 per cent income tax rebate on export sales after expiry of ten years and exemption of income tax on interest on borrowed capital and relief from double taxation.

The prospective entrepreneurs can also enjoy the facility of duty free import of machinery, equipment and raw materials for construction of factory buildings in the zones area and duty free export of goods produced in the zones.

The EPZs so far attracted investment worth \$634.04 million, BEPZA sources said.

ECNEC okays Tk 7,309cr uplift schemes

BSS, Dhaka

The Executive Committee of the National Economic Council (ECNEC) yesterday approved 12 development projects of Tk 7,309.22 crore including Tk 4,428.13 crore as project aid.

The approval was given at the meeting of the ECNEC with Prime Minister and Chairperson of the National Economic Council (NEC) Khaleda Zia in the chair.

Of the 12 projects, development of primary education got priority as highest amount of Tk 4,933.08 crore was allocated for the primary education development programme-2.

The rest of 11 development

projects are : expansion of the distribution system of nine rural electrification associations under the power division, rural infrastructural development project in the districts of Kishoreganj, Netrakona, Sherpur, Jamalpur and Tangail under the local government division, rural development project in Feni, Laxmipur, Noakhali, Chittagong, and Cox's Bazar districts and Mohra water supply project, Khaliajuri flood control and extraction project, construction of alternative embankment and drainage sluice project, and implementation of Ashuganj Palash Agro Irrigation (third phase).

Besides, construction of

Shaheed Zia Smriti Complex at Kalurghat in Chittagong, development and beautification of road from Banani railway crossing to Zia International Airport and road network development and maintenance under the ministry of communications, and setting up of 500-bed Dinajpur Medical College Hospital (first phase) under the health and family welfare ministry were also included in the approved projects.

The meeting decided to implement the expanded rural social work phase under the revenue budget.

The meeting was attended, among others, by Finance and Planning Minister M Saifur Rahman.

World leaders seek global recovery at Dubai talks

AFP, Dubai

The world's economic leaders meet for their annual talks this week in the hope of nudging the world economy into a sustained recovery, with concern mounting that Europe is being left behind by vigorous US growth and a resurgent Japan.

They will also have to grapple with the renewed failure at the weekend of trade negotiators to find a deal in Cancun to free up world trade, a setback seen as bad news for the emerging economic recovery.

The United States should be able to boast a return to impressive growth rates when representatives of the IMF, the World Bank and the G7 nations converge on Dubai from Thursday, but European leaders will have to explain once again why the continent is teetering on the brink of recession.

Even Japan, long regarded as the sick giant of the world economy, has managed to return to robust growth rates after years of stagnation, even though worries remain about the country's fragile banking

system.

Japan's economic output grew by 3.9 per cent in the three months to June compared with the year earlier, while the United States revved up at an impressive 3.1 per cent pace in the same period.

The Financial Stability Forum, which brings together G7 members and central banks, said after a meeting last week "there has been general improvement in financial conditions and the increasing, if uneven, signs of a global recovery."

But the euro zone, which brings together the 12 nations using the single European currency, saw its economy contract by 0.1 per cent in the second quarter after stagnation in the first.

Germany, the Netherlands and Italy have all slipped into recession, while a fearsome row is simmering within the bloc over the budget policy of several member states.

The EU's executive arm has been urging France to bring its bloated public deficit into line with EU rules, but Paris has insisted that it needs to take measures to stimulate sluggish growth.

France was on the receiving end of stinging rebukes from the EU Commission and other euro zone countries at a finance ministers meeting in Italy last week, with the Netherlands even threatening to take Paris to court over the issue.

However questions may also be asked of Washington by the IMF and fellow members of the G7 leading industrialised nations group (Britain, Canada, France, Germany, Italy, Japan) about how the US intends to sustain its colossal budget and current account deficits.

The US budget deficit is projected to balloon to 480 billion dollars in fiscal 2004, even without the White House's latest request for 87 billion dollars of extra funds for the reconstruction efforts in war-ravaged Afghanistan and Iraq.

Another item of contention could be the refusal of China and other Asian nations to change their currency policies, with western countries alleging that their refusal to let weak currencies rise is unfairly hurting US and European manufacturers.



PHOTO: STAR

Though a countrywide dawn-to-dusk strike called by Jute, Cotton and Textile Mills Workers and Employees Action Committee crippled economic activities yesterday, workers of Karim Textile Mills keep looms busy at Fatullah in Narayanganj. The strike, which earned support of the main opposition Awami League and left-leaning parties, was called in the wake of government decision to close down some state-owned mills.

Aid groups blame the rich for trade talks debacle

REUTERS, London

Food aid charities and environmentalists blamed the rich world on Monday for the collapse of trade talks, saying wealthy nations had gone to Cancun unprepared to make concessions that would help the poor.

The talks in the Mexican Caribbean resort collapsed on Sunday after developing countries refused to agree new rules to reduce trade red tape.

Charities said the emergence of a group of poor countries acting as a bloc to press their interests against the mighty EU and United States

was a good sign.

But they lamented the lost opportunity to start unwinding the massive subsidies rich countries pay to their farmers, which poor countries say keep them poor.

"Rich countries overplayed their hand and misjudged the strength of feeling and unity of the developing world, who want to make trade fair and have a stake in global prosperity," aid group Oxfam said in a statement.

"Oxfam takes no delight in this failure. It is a missed opportunity."

Britain's Catholic Fund for Overseas Development, Cafod, singled out "arrogant and disdainful"

EU negotiators for pressing ahead with discussion of issues that poor countries wanted shelved, while refusing to yield on farm subsidies.

"On agriculture -- the litmus test of rich countries' commitment to development -- the conference was heading toward a deal that would have offered only crumbs to developing countries, especially the poorest of them."

"The EU must grapple with its morally repugnant and economically crazy Common Agricultural Policy."

Charlie Kronick, chief policy adviser on trade issues for environmental group Greenpeace said

Cancun proved that the entire international trade system needed to be rethought, with greater attention to the needs of the poor and the environment.

"The bottom line is that no deal is much better than a very bad deal," he said.

"They made it very clear at this meeting that these weren't rogue states that were trying to scupper the deal," he said. "The developing countries were sick of being patronized and being told what a fantastic deal this was for them and that they should just take it."

Proshika Computer launches Internet service in Ctg

STAFF CORRESPONDENT, Ctg

Proshika Computer Systems (PCS), an Internet and IT service provider, launched its services in Chittagong on Monday.

At a press conference, General Manager of PCS Qazi Rubayet Ahmed said the company will provide both the broad band and dial-up connection with the help its own V-SAT and 5.8 Hrtz frequency radio technology.

A Tk 90 registration card will offer 100-minute service to the users while there would be Tk. 300 silver card, Tk 500 gold card and Tk. 1000 Platinum card to refill, Rubayet Ahmed said.

Proshika Retail Manager Abu Hasroonor Rashid, PCS Finance Manager Hari Kishore Datta, Chittagong Branch Manager Mohidul Mowla, were also present at the press conference.

UK audit report on power trading discussed

BSS, Dhaka

A presentation on an audit report on "New electricity trading arrangements in England and Wales" was held at the office of the Comptroller and Auditor General (CAG) of Bangladesh in Dhaka yesterday.

The National Audit Office of England prepared the audit report, a press release said.

Golam Mustafa, member (Finance) of Dhaka Electricity Supply Authority (DESA), presented the report while CAG Asif Ali presided over the discussion.

The audit report covering electricity generation, trading arrangement, electricity market, electricity industry and distribution were elaborately discussed in the context of Bangladesh.

Officials of several audit directorates took part in the discussion.

S'pore sees Asean moving towards common market

REUTERS, Singapore

Leaders of the 10-nation Association of Southeast Asian Nations could endorse plans to move toward a common market at their annual summit next month, Singapore's Prime Minister Goh Chok Tong said.

Southeast Asia leaders were aware they faced growing competition from China and India, and needed to become more attractive to international investors, Goh said in an interview published in the Financial Times on Tuesday.

The push for an Asian regional free trade agreement may gain momentum after the collapse of World Trade Organisation talks in Mexico this weekend.

"The leaders understand the need to integrate the economies,

but the will to move faster is not yet clear, partly because of their own domestic considerations," Goh said.

Economic ministers from the Association of South East Asia Nations (ASEAN) plus China, Japan and South Korea are due to report on the feasibility of developing a vast East Asian Free Trade Agreement (EAFTA) at a leaders' summit on the Indonesian island of Bali in October.

"I think the leaders will endorse this idea in Bali," Goh said.

Southeast Asian nations have already agreed to implement an ASEAN Free Trade Area which aims to eliminate intra-regional tariffs and non-tariff barriers.

ASEAN founders Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand cut the vast majority of

their tariffs on goods to between zero and five per cent from this year. The four less-developed members are to reduce tariffs in the next decade.

ASEAN groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Singapore, whose combined imports and exports are three times greater than its gross domestic product, has been a pioneer of free trade agreements.

It has signed deals with Japan, New Zealand, Australia, the United States and the European Free Trade Association in the hope of spurring its Southeast Asian neighbours in particular to respond in kind.

Ford, Chrysler announce deal with workers

REUTERS, Detroit

Ford Motor Co and Chrysler announced contract agreements with the United Auto Workers, leaving General Motors Corp. as the last holdout among Detroit's Big Three in coming to a four-year labor pact with one of America's leading trade unions.

UAW boss Ron Gettelfinger and Ford Chairman and Chief Executive Bill Ford Jr. on Monday declined to disclose details of their tentative agreement, which also covers auto parts supplier Visteon Corp, a former Ford subsidiary.

But at a late night news conference, Bill Ford said it posed no obstacles to his company's turnaround plan. The plan calls for the closing of at least two US assembly plants and two part plants.

ants.

The report indicated that broadband access, which allows faster and higher capacity Internet connections, may help fuel consumer spending on communications technology.

ITU argued that high speed connections provide "greater access at lower cost" to the consumer, but it also admitted that some economies are struggling with the high fixed costs of setting up a broadband network.

"While broadband is accelerating the integration of the Internet into our daily lives, it is not a major industry driver in the same way that mobile cellular (phones) and the Internet were in the 1990s," Tim Kelly, head of the ITU Policy and Strategy Unit said.

AFP, Geneva

The number of high speed Internet subscribers in the world grew by 72 per cent to 62 million last year, with home users driving most of the demand for broadband services, the International Telecommunications Union said Tuesday.

High speed cable and digital line subscribers form 10.7 per cent of Internet users, against 7.4 per cent in 2002, the ITU said in its "Birth of Broadband" report.

South Korea is the leading market for broadband, with 21 subscribers for every 100 inhabitants, more than twice as many as third placed Canada (11), the report said.

Hong Kong ranks second in the world for high speed internet use, with 15 subscribers per 100 inhabit-