



HYUNDAI

CARS THAT MAKE SENSE

China approves construction of third nuclear power plant

BEIJING, May 7: China has approved construction of its third nuclear power plant with the help of state loans from Russia to finance the purchase of Russian generators. Xinhua news agency said Saturday, reports Reuters.

With total investment of 27 billion yuan (3.2 billion dollars), the plant will be powered by two Russian 1,000 megawatt pressurised reactors in its first phase. Xinhua said.

The plant has been under discussion for months and preparatory construction work is already underway.

The news agency did not say which department had approved the plant.

The new plant will be outside the city of Wafangdian on Southern Liaoning Peninsula, less than 50km (30 miles) from the Bohai sea, Xinhua said.

The plant is expected to have four 1,000 megawatt generators by the time it goes into full operation, it said.

In addition to Russian government loans, China National Nuclear Corp, Liaoning provincial government and Northeast Power Group Corp will participate in the investment, Xinhua said. It gave no breakdown of investment.

Russia will be responsible for technical installation at the plant while the no. 2 research and designing institute under the nuclear corp and northeast power design institute will give technical assistance, it said.

Electricity-hungry China plans to increase substantially nuclear energy generation by 2010 when capacity is expected to reach 20,000 megawatts.

MCCI demands continuation of tax holiday for investors

The Metropolitan Chamber of Commerce and Industry yesterday strongly advocated continuation of tax holiday, an incentive for investors that will expire in June this year, upto year 2000, reports UNB.

"Both foreign and local investors are perturbed that our tax-holiday scheme will be discontinued from 1st July this year," MCCI President M Anis Ud Dowla said, viewing that it has "upset the investors' confidence."

His anxiety was shared by the members of the chamber who attended a meeting with officials of the National Board of Revenue (NBR) to discuss the MCCI proposals for next national budget.

Added Samson H Chowdhury, MCCI Vice-president and Chairman of Square Pharmaceuticals: "When a policy is declared, it should not be changed unless there are strong reasons for changing."

The tax-holiday provision, introduced to have a favourable impact on investment climate, was cut short to June 1995 from the earlier proposal for upto 2000 AD.

Dowla informed the meeting that the neighbouring countries were giving tax-holiday when Bangladesh set to discontinue the facility which has remained a part and parcel of income tax law since the beginning.

"Even in this year's budget, India has introduced five years tax-holiday scheme for any enterprise in manufacture and other social sectors," he said.

NBR Chairman Dr Akbar Ali Khan, in his bid to defend the government policy, said the Board was looking for suitable alternative incentives to replace the holiday system.

"The government policy to provide incentives for the investors will continue," he assured, saying that the withdrawal would not create much problem as it was notified four years back in 1991 budget.

The MCCI, the most influential chamber in the country, also opposed the recent circular of NBR which made capital gains on stocks and shares bought from secondary market taxable.

This is a "serious contradiction" in terms of the finance minister's 1992-93 budget speech where he categorically stated that the gains on sale of stocks and shares of public companies would be exempt from tax, Anis Ud Dowla said.

He said the NBR itself stated that capital gains on sales of stocks and shares would be exempt from tax. "The NBR's recent circular should be withdrawn," he insisted.

The chamber president also

drew the attention of the NBR chairman to an issue regarding providing for insurance to bank deposits. "Such insurance cover will be in conformity with the finance minister's commitment to safeguard depositor's interests," he said.

On budget proposals, Dowla was with the view that corporate tax be lowered to 35 per cent for public limited companies, 40 per cent for other limited companies and 45 per cent for banks, insurance and financial institutions.

"We strongly feel that the next budget has a special responsibility to help improve the local industry's supply response to the challenges of trade liberalisation," he said.

The chamber in the meeting put forward a number of proposals regarding taxation, customs duty and value added tax (VAT) for consideration of the Board.

But the NBR officials found "no rationale or logic" behind the proposals in most of the cases while assured a look into some others.

The NBR, however, responded positively to a suggestion for setting up a complaint cell at the Board to dispose of the matters regarding refund of advance tax from the Tax Department.

Abdul Hafiz Chowdhury, Chairman of the chamber's Taxation Sub-committee, put the proposals while former MCCI President Latifur Rahman and members S H Kabir, Amjad Hossain Khan and Syed Manzoor Elahi took part in the pre-budget debate.

NBR members KG Sarwar, AFM Tayebur Rahman and SI Khan replied to different proposals of the chamber.

BTMA office shifted

By Staff Correspondent

The office of Bangladesh Textile Mills Association (BTMA) has been shifted from Chand Mansion, 66 Dilkusha Commercial Area, Moon Mansion, 6th floor, Block-M, 12, Dilkusha Commercial Area, Dhaka.

In a press release yesterday, the BTMA has requested all concerned to contact with their new address.

The telephone number of the BTMA is 860537. Fax: 880-2-863442.



Dr Akbar Ali Khan, Chairman of National Board of Revenue, met the members of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) yesterday to discuss MCCI's proposals for the next budget of the government.

Rao attaches priority to provide jobs for youths

NEW DELHI, May 7: Indian Prime Minister PV Narasimha Rao said Saturday that his top priority was to provide jobs for the growing number of educated youths in the country, reports Reuters.

"If there is a new slogan that we can have today, it is: 'remove unemployment,'" Rao told 5,000 delegates at a convention of the student wing of the ruling Congress Party.

Rao, who faces a general election within the next year and criticism from party dissidents that his economic reforms have not helped the poor, said the policies he started in 1991 had reversed a "Brain Drain" of educated Indians seeking jobs abroad.

The government has also specifically targeted programmes to create jobs for the rural poor and youths holding high-school qualifications. Rao said.

Bangladesh Dyeing declares 10 pc dividend

By Staff Correspondent

The Bangladesh Dyeing and Finishing Industries Ltd, an enterprise of Doel Group has declared 10 per cent dividend for the year 1994.

The dividend was declared yesterday at the 2nd Annual General Meeting (AGM) of the company at a local hotel.

Deokinandan Kejriwal, Chairman and Managing Director of the company presided over the meeting while a large number of share holders attended. Other directors of the company were also present at the AGM.

In his annual report DN Kejriwal said, during the year, the company's production level exceeded the target by 17 per cent. It was estimated that about 1.09 million kilogram of fabrics would be produced during the first full year of operation, he hoped.

Terming the performance of the company as 'excellent' he said, the actual perfor-

mance of the company revealed highly satisfactory results, while sales exceeded the estimates 162 per cent, gross profit exceeded the target by 208 per cent.

In view of attainment of higher profits than estimated the company has decided to declare a dividend of Tk 10 per share of Tk 100 for the year ended 31st December 1994, he mentioned.

On the socio-economic situation of the country, the annual reports said, the first operating year of the company has passed through a period of socio-economic stability despite political and industrial unrest. The country's export earnings especially from the RMG sector have upsurged, the report said.

In order to step up industrial investment in the country, the report stressed a stable political and industrial environment as the key issue.

ADB not ready to start lending to Myanmar

AUCKLAND, May 7: The Asian Development Bank (ADB) is not yet ready to start lending to Myanmar because of the human rights situation in that country, ADB President Mitsuo Sato said here Saturday, reports AFP.

"At the moment, it might be too early for us to do that," Sato told a news conference at the end of the ADB's three-day annual meeting here. He said the bank will "take a closer look at what's going on" before lending.

Sato cited the case of Vietnam, which began receiving ADB loans in 1993, after the communist regime made efforts to shift to a market-based economy and improve its human rights record.

"I very much hope to be able to do that to Myanmar," he said.

The Yangan government is ruled by a military junta which refused to hand down power to a democratically elected leader.

Myanmar's delegate to the ADB conference, Brigadier General Win Tin, did not make any special appeals for aid in his speech Friday, but said he looked forward "to closer co-operation with the bank in the coming year."

He told the hundreds of central bank chiefs, finance ministers and other senior officials of the Philippines-based ADB's 55 member countries gathered for the meeting that Myanmar's economy grew by 6.9 per cent last year, foreign investments were increasing and state enterprises were being privatised.

Win also said that Myanmar had hosted a forum of countries in the Mekong sub-region on transport and energy in cooperation with the ADB.

US-Russia economic ties put on back burner of Moscow summit

WASHINGTON, May 7: The United States has placed economic cooperation with Russia on the back burner for the Moscow summit as leaders tackle difficult foreign policy issues that will have an impact on all bilateral ties, reports AFP.

While president Bill Clinton was to reassess US support for Russian free-market reforms, he was also to warn Moscow that its conduct at home and abroad will determine the course of future economic co-operation with the west.

"This is not an economic summit," Treasury Secretary Robert Rubin told reporters ahead of the May 9-10 meeting.

But he added: "on the other hand, economic policy is integrally related to foreign policy."

The administration has argued that Moscow's failure to end the bloodshed in Chechnya and its planned sale of nuclear reactors to Iran might stall full membership

into the group of seven club of rich countries.

"As far as the penalties, I can only repeat that the trend of Russia's acceptance into western institutions will be importantly influenced by the way they conduct themselves in such matters as Chechnya as well as others," Secretary of State Warren Christopher said Wednesday.

The carrot-and-stick approach to Russia has toughened as Moscow has shown a firm resolve to forge ahead with a one-billion-dollar contract to supply Iran with nuclear reactors, which the United States contends Tehran will use to build bombs.

Clinton was to remind president Boris Yeltsin ahead of the G-7 summit in Halifax, Canada, next month that "one of the G-7 countries feel that it's safe to cooperate with Iran on nuclear matters," Christopher said.

President Boris Yeltsin has called for widening the G-7 to

include Russia into a G-8 and views membership into the top club as the crowning achievement of Moscow's efforts to gain access to the wealth of the west.

The move to tone down economic cooperations comes amid mounting criticism from Republicans in Congress that the administration is handing out rewards to Russia as Moscow pursues anti-western policies.

Rubin said the United States was prepared to support in 1996 Russia's longstanding demands for debt rescheduling, "if Russia sticks with its programme."

"This is an enormous incentive in addition to the IMF programme for sticking to reform," he said.

After more than two years of difficult reforms, Russia finally won in 1995 the blessing of the International Monetary Fund for its efforts, earning approval of a 6.8 billion dollar financial aid package.

Some thoughts on the recent crisis in fertiliser distribution

By SA Azim

The recent crisis in fertiliser distribution affected only the distribution of urea. Urea constitutes about 80 per cent of the total fertiliser used and the balance is provided by imported potash and phosphate. There was no crisis regarding these fertilisers.

Urea was selling at Tk 220 to Tk 230 a bag till mid-1994 at the farmers' end. In early 1995, the price shot up to Tk 1000 per bag in some areas. Since privatisation in 1990, and until mid-1995, under the aegis of IFDC (International Fertiliser Development Centre), the prices had remained stable. It will be useful to study what changed with their departure.

IFDC Conditions

With the commencement of privatisation in 1990, the following pre-conditions had been accepted by the government.

Any trader with a trading license and GIR number can lift fertiliser from the factories.

The minimum quantity of lifting will be 300 tons on cash payment (bank draft/pay order/ILC).

At Tk 4500 per metric ton (the price during the peak period at the factory gate), the value per lifting was Tk 13,50,000 for 300 tons. The minimum lifting was fixed so that only big traders could come into this business. Small traders were meant to get their supplies from the big traders.

There will be no price control or distribution control once the fertiliser leaves the factory premises.

The price at the farmers' level will be controlled by market forces. A 20 per cent stock at the factory level during the peak period should be kept so that any endeavour by any group of traders to monopolise or form cartels can be preempted. A careful monitoring of the market prices had to be done.

Variable prices at the factory gate — i.e., high prices at peak season and low prices during lean season. This was done mid-1990 at the following rates:

Price in Takas

Name of factory	July	August	September
Chittagong Urea Fertiliser Co. Ltd.	3650/-	3950/-	4250/-
Zia Fertiliser Co. Ltd.	3875/-	4175/-	4415/-
Palash Urea Fertiliser Factory Ltd.	3900/-	4200/-	4425/-
Natural Gas Fertiliser Factory Ltd.	3600/-	3600/-	3725

The idea was that traders should lift during the lean season to meet the demand at the peak period and thus assist to even out the demand-supply situation. Fertiliser distribution is essentially a seasonal business, and prices vary accordingly.

Bangladesh Fertiliser Association

The number of dealers in 1990 was nearly 190 and by 1994 the figure went up to 1300. These dealers are mem-

bers of the Bangladesh Fertiliser Association (BFA), which was formally registered on 17th August 1994, an ex CSP and ex-Chairman of BADC.

Private fertiliser distribution proved to be very successful, and had earned applause from many quarters. According to US Ambassador David N Merrill, the privatised fertiliser distribution network had saved the Government 100 million dollars in subsidies since 1988, had created 60,000 full-time and 100,000 part-time jobs. Fertiliser consumption had gone up from

1.3 million tons to 2.3 million tons and foodgrain production from 16 million tons to 22 million tons from 1987 to 1993. Bangladesh was seen to be on the verge of food autarky.

Warnings to the government

BFA tried to warn the Government that some of their actions would lead to disaster, but to no avail. This was after the departure of the IFDC in mid-1994. One of these actions was the unilateral withdrawal by BCIC of all the conditions of fertiliser distribution



Dr Fasih Uddin Mahtab, Chairman and Mustafa Aminur Rashid, Managing Director of Agrani Bank gave a personal interview with entrepreneurs, businessmen and industrialists of Chittagong area at General Managers Secretariate in Chittagong. Zahir Uddin Ahmed, General Manager, Chittagong Circle, was also present.

Agrani Bank Chairman visits Ctg

Dr Fasih Uddin Mahtab, Chairman of Board of Directors of Agrani Bank, accompanied by Mustafa Aminur Rashid, Managing Director of the bank, recently visited port city of Chittagong on a business expansion tour, says a press release.

During the tour, they met with local businessmen and entrepreneurs of different industrial units financed by the Agrani Bank and discussed with them bilateral issues individually at GM's Secretariat in Chittagong.

They also enquired about recovery and latest position of outstanding loans. They took information about the problems facing by the entrepreneurs on Banking and in possible cases they gave spot decisions.

While discussing with the businessmen and entrepreneurs, they exchanged views regarding the problems in connection with shrimps processing and export of processed shrimps financed by Agrani Bank. Also they pointed out the most vital problems of shrimps cultivation related to Banking and resolved the problems.

Russia hopes to join WTO soon

MOSCOW, May 7: Russia has prepared answers to almost 400 questions from the World Trade Organisation (WTO) about its trading practices and hopes to join the trading body soon, foreign trade minister Oleg Davydov said on Friday, reports Reuters.

Davydov told a news conference that he hoped a new round of talks could be held in June, once the WTO had considered Russia's replies.

"We see joining the world trade organisation as a key part of Russia's course towards integration in the world economy," he said.

Russia was not seeking special treatment from the WTO but wanted to be treated as a country in transition, in line with the provisions of the Uruguay Round of world trade talks.

An aide to Davydov said Russia was already amending customs tariffs in its efforts to meet WTO conditions. Import tariffs above 30 per cent were being lowered and tariffs would average 12 or 13 per cent. Many imports are also subject to value added tax.

WTO officials in Moscow told Davydov before the news conference that they intended to accelerate work on Russia's entry to the organisation.

'Emirates Holidays' entry into Asia reaping positive results

Emirates holidays' entry into Asia is beginning to reap positive results. The Asian markets are now registering significant growth rates for the Dubai based leisure management division, says a press release.

Another interesting trend is that regions outside the UAE — including Turkey, Cyprus and Asia will account for almost 60 per cent of the total number of passengers handled by Emirates Holidays.

Growth out of Asian countries is outpacing that of other regions for Emirates Holidays, with a business mainly in the free independent traveller (FIT) category.

In 1993/1994, Asia accounted for 0.7 per cent of Emirates Holidays' total volumes. The contribution grew to 2.9 per cent in 1994/1995, and is projected to leap to 12.9 per cent in 1995/1996.

Asia's contribution is fuelled by the region's booming economies, which have given rise to a growing demand for leisure travel. A significant development is the shift away from mass group travel to independent travel, another factor which makes Emirates Holidays products even more attractive to the Asian custom.