

# Pakistan unveils budget without new taxes

ISLAMABAD, June 14: Prime Minister Nawaz Sharif's government on Friday unveiled a new national budget that he said would stimulate the ailing economy without new taxes, reports Reuters.

"It is the best budget in the worst economic conditions", he told reporters after Finance Minister Sartaj Aziz unveiled the budget for fiscal 1997-98 (July/June) in Parliament.

The first response of the business community was positive. But opposition leader Benazir Bhutto denounced the measure as "shocking," designed to benefit foreign investors at the expense of local industry and consumers.

The budget, the first of Sharif's 16-week-old government, allocated 134 billion rupees (3.3 billion US dollars) for defence out of total expenditure of 552 billion rupees. It was a two per cent nominal increase over last year, but a decrease in real terms after inflation that is now running at about 13 per cent.

Pakistan, long at odds with India, is due to host a new round of talks between top foreign ministry officials next Thurs-

day designed to reduce political and military tension with its giant neighbour.

The total budget outlay of 552 billion rupees represents an increase of 10.4 per cent over last year's 55.2 billion.

Aziz told Reuters Financial Television that apart from debt servicing, he would curb all areas of spending, including defence to cut the budget deficit to five per cent of gross domestic product from this year's 6.2 per cent.

"We have continued this policy for the next year to keep a very strong curb on the other expenditure, and that includes defence expenditure," he said. "We are now focusing on the revival of the economy."

"These are our four critical targets seven per cent industrial growth, five per cent agricultural growth, six per cent GDP growth, and 15 per cent export growth."

In his budget speech Aziz estimated revenues at 487.4 billion rupees compared to spendings of 552 billion rupees, leaving a gap of 64.6 billion rupees which he said would be partly met by bank borrowing of about 55 billion.

The remaining gap of 9.8 billion rupees would be filled by additional revenues of 6.2 billion expected from tax reforms without imposing new taxes and 3.6 billion rupees from additional profit from the state telecommunications utility.

Inflation would be cut to single figures in 1997-98 if production picked up and money supply was restrained, he said. "The poor will benefit from this budget," Sharif said later.

He said international donor agencies such as the World Bank and the International Monetary Fund had "full confidence" in the policies of his government.

"This is a budget of disinflation. This is shocking," Bhutto told reporters after Aziz's speech in which he blamed her government for creating an economic crisis.

Bhutto, whose government was dismissed by President Farooq Leghari in November on disputed charges of corruption and misrule, said tax and tariff cuts would benefit the rich and foreign investors and hit local industry. "It amounts to bribing western producers."

## Rangs Electronics sales & service centre opens at Pabna

Rangs Electronics Ltd has opened its 23rd sales and service centre at Nag Supermarket, Abdul Hamid Road in Pabna under its Expansion and better Customer Service Programme of 1996-97, says a press release.

The centre was inaugurated by Aktar Hussain, Managing Director, Rangs Electronics Ltd, the sole authorised distributor of Sony audio video, AIWA audio video, Sharp home appliances and Rangs products in the country.

M Gani, Director; Kazuyuki Sakoda, Marketing Consultant of Sony International; Sabur Ahmed, General Manager; Masud Ali Khan, Manager (Administration) of Rangs Electronics and the elite of Pabna and Rajshahi division were present.

Apart from the sales and service centres, Rangs Electronics has a network of 150 authorised dealers in the country.

Representatives from Sony International are currently visiting Bangladesh with a view to giving logistic support to the special marketing programme of Rangs Electronics and extending better after sales services to the people of the country.



Aktar Hussain, Managing Director, Rangs Electronics Ltd, inaugurated the 23rd sales and service centre of the company at Nag Supermarket in Pabna.

## Russia, Chechnya sign oil deal

MOSCOW, June 14: After months of wrangling, Russia and Chechnya signed a key economic agreement Friday on transporting oil across war-torn Chechnya, a news agency reported, reports AP.

Russia and the breakaway republic of Chechnya remain at odds politically following their 1994-96 war, but the oil deal showed that the two sides want to maintain economic ties.

The deal was struck in the Black Sea resort city of Sochi, where Russian Prime Minister Viktor Chernomyrdin met with visiting Chechen President Aslan Maskhadov.

Chernomyrdin said the two-day talks between a Russian government team and top Chechen officials was "very productive," the ITAR-Tass news agency reported.

## IATA plan to tap internet market

GENEVA, June 14: The global airlines body IATA, seeking to tap the booming internet market, announced plans on Wednesday to recognise for the first time flight reservations by online service providers, reports Reuters.

From August 1, the International Air Transport Association said service providers of electronic reservations would be allocated unique industry code numbers to enable airlines to identify these online bookings.

Requirements for the so-called Electronic Reservations Service Providers (ERSP) to receive IATA accreditation will be less strict than those for the world body's accredited travel agents, it said in a statement.

Such online service providers handle reservation booking services for clients and may also offer some additional ticketing and payment possibilities if an airline allows them to do so, the Geneva-based IATA said.

## Business community happy with Sarif govt's budget

Tariq Butt writes from Islamabad

The business community of Pakistan is happy with the Nawaz Sharif government's budget over the sharpest cut so far in defence spending in real terms.

Pakistan's stock markets reacted positively to the 1997-98 budget announced by Finance Minister Sartaj Aziz, with a record turnover of more than 71 million shares the day the fiscal measures were unveiled.

Karachi Stock Exchange President Arif Habib said the decision to allow investment in fixed income securities was expected to boost foreign investment.

"It (the budget) would give a fillip to the sluggish industrial sector," said Ilyas Bilour, president of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI).

"It is the first time that the government has given priority to the suggestions made by the business community," he said.

Bilour said the government has reposed its confidence in the business community and "now it is up to us to work hard for the success of the bold measures."

Another top business leader, S.M. Muneer, said the decision to declare tax amnesty for all was a revolutionary step, which would bring every non-tax payer into the tax net.

Leader of Opposition and former Prime Minister Benazir Bhutto was the only one to criticise the budget which she described as full of "deceit and disinformation" while demanding the resignation of the Finance Minister.

## Annan praises China's policy on Hong Kong

UNITED NATIONS, June 14: UN Secretary-General Kofi Annan said here today that Hong Kong will continue to be dynamic economic and financial centre as it has been until now, reports Xinhua.

In an exclusive interview with Xinhua, Annan said that China's policy of "one country, two systems" toward Hong Kong is a very wise policy, which allows Hong Kong to operate the way it has done.

With the policy of "one country, two systems" to be applied in Hong Kong, everybody will gain — the people live in Hong Kong and other parts of China and the people in the rest of the world, he said.

Since China's economy is dynamic and China itself goes through progressive and dynamic changes, Hong Kong will remain a dynamic centre.

On Chinese government resuming the exercise of sovereignty over Hong Kong on coming July 1, he said it is a historical occasion. He himself will be there to witness the transfer of power.

On the smooth transition of power, he said that the Chinese and British governments have handled the issue very well and set a good example for other regions to solve disputes through dialogue and discussions.

"It is always better to settle the territorial question through dialogue and negotiation rather than through military means," he stressed.

## ITU urged to study impact of US global telecom rates on Asia

SINGAPORE, June 14: A group of Asia-Pacific Nations called on the International Telecommunications Union (ITU) today to study the impact of the US global telecom accounting rates on Asia's developing countries, reports Reuters.

The group, which includes Tonga, Papua New Guinea, Nauru and Western Samoa, urged that the ITU to study carefully the financial and economic implications of global accounting rates declared by US regulators last year.

It said the ITU should decide if the rates are "far to the telecom operators of the Asia Pacific region".

The US Federal Communications Commission (FCC) announced last December that Washington would cut its accounting rates paid to foreign telecom operators to complete international calls, sparking protests around the world.

## US seeks WTO dispute panel on Indonesia's car policy

GENEVA, June 14: The United States, in a move clearly boosting pressure on Indonesia over its national car policy, is seeking a World Trade Organisation (WTO) dispute panel on the issue, officials said on Friday, reports Reuters.

The US request was placed on the agenda of the next meeting of the WTO's dispute settlement body (DSB) only hours after it set up a three-man panel to consider complaints from the European Union and Japan on the policy.

US sources said Washington would have no objection to joining in the EU-Japan panel, which once it is constituted within the next 20 days will have from six to nine months to come up with a ruling.

The United States, like the other two trade powers, argues the policy giving tax and import duty breaks to an Indonesian car firm headed by a son of President Suharto, discriminates against its exports and violated a range of WTO accords.

But Indonesia will be able to block the US request at the coming DSB meeting on June 25, as this will be the first time Washington has formally asked for a panel. The next time, the request will be approved by the DSB automatically.

Dr John B Swanson of Food Security Team, US Agency for International Development (USAID), at Business Advisory Services Centre in the city Thursday distributed certificates among the participants of the training workshop on Beef Cattle Fattening, organized by (BASC).



# Squatters causing delays to major infrastructure projects in Asia

SINGAPORE, June 14: Squatters are causing delays to major infrastructure projects in Asia costing millions of dollars and fuelling a debate over the merits of public and private sector roles, transport experts say, reports Reuters.

They said projects in India and the Philippines have suffered serious delays because of squatters living in shanty towns on the sites.

Experts are concerned the problem could affect other infrastructure projects around the region.

"Squatters are a major problem," Paul Daza, Vice-President of Metro Rail Transit Corporation in the Philippines, told Reuters at a regional conference on urban transport in Singapore.

The timetable for his own company's project, a 655 million US dollar rapid transport system for Manila, has been derailed by squatters occupying 10 of the 16 hectares (25 of 40 acres) of government-allocated land on which the line is being built.

The private sector funded project has been delayed by about 12 months by the squatters—mostly job-seekers from rural areas — still awaiting re-

location by the government, Daza said.

"If it's left to the government it's a mess."

Under the terms of the project, the government must compensate Metro Rail Transit Corp for any earnings shortfall incurred because of the delays caused by squatters, as well as paying the relocation expenses, Daza said.

He called this wasted money and said the whole project, including squatter relocation, should be the developer's responsibility.

"This is something in which the private sector should be taking the lead. Moving squatters should be part of the project cost and factored into the budget," he said.

Private firms moving squatters politically sensitive but having private firms undertake such politically sensitive measures is a cause for concern, other delegates said.

They said squatters being moved by companies rather than governments could provoke serious public hostility that administrations wanted to avoid.

"It's a complex problem involving many people and insti-

tutions," said James Luk, Chief Scientist of Australia's ARRB Transport Research.

"Political, technical and social issues all have to be addressed," Luk told the conference.

"There are problems involved in removing anybody whatever way they are living, authorised or unauthorised, especially in this part of the world," B I Singhal, Managing Director of Rail India Technical and Economic Services Ltd (RITES), told Reuters.

Singhal is working on 1.4 billion US dollars government-funded Delhi mass rapid transport project which faced similar squatter problems.

Relocation of the squatters, some to purpose-built multi-storey apartments, was carried out by the Indian government and included in the total project cost, Singhal said.

"It is an integrated part of the project," he said.

Private sector, he says, can help resolve problems.

Daza said he believed public sensitivity to issues such as squatter relocation should not confine their resolution to government alone. "The private sector should be allowed to act," he said.

The intervention of private companies in politically sensitive affairs is an issue in Asian countries where privatisation is becoming a major trend.

"Privatisation is the thing in most of the Asian countries nowadays," said Wang Liang Hwee, Executive Director of New China Hong Kong Development Ltd, an infrastructure developer. "Governments should create the framework conditions necessary to raise finance and allow the private sector to participate," said Koji Kashiwaya, a former director of the World Bank in Tokyo and now head of Aidec Management Co Pte Ltd.

Question is how much participation is appropriate.

The question lies in how much the private sector should be allowed to participate as politicians cannot solve the problems of infrastructure shortage alone, Kashiwaya said.

"Infrastructure will have to depend on the private sector as governments have no money," Kashiwaya said. "In the next century, more than this, almost all infrastructure will be privatised."

# চট্টগ্রাম বন্দরে মালামাল দ্রুত

নিরাপদে ওঠানামার রেকর্ড সৃষ্টিতে

## সকলের সার্বিক সহযোগিতা একান্তভাবে কাম্য

# চট্টগ্রাম বন্দর কর্তৃপক্ষ

(জাতির সেবায় নিয়োজিত)