

Textile owners want withdrawal of duties on machines, raw materials

By M Shamsur Rahman

Textile mills owners have demanded an across-the-board withdrawal of all types of taxes and duties on import of raw materials and machinery for the sector.

The Bangladesh Textile Mills Association (BTMA), which groups the textile mills owners, in its budget proposal to National Board of Revenue (NBR) said, the high taxes and duties imposed on the industry will thwart the development of the sector.

The textile industry at present is the most potential sector contributing significantly to-

wards increase of the GDP, BTMA claimed.

"But the currently imposed 30 per cent duty on import of dye and chemicals, 2.5 per cent infrastructure development surcharge, 2.5 per cent license fee 15 per cent VAT along with 2.5 per cent advance income tax totaling 52.50 per cent duty and tax are hindering the government plan to reach its target to make the country self-sufficient in textiles by the year 2005," the Association said.

"Since our textile industry is fully dependent on import of raw materials, the high rate of

duty on import is increasing our cost of production, causing difficulties for the exporters to compete in the international market," it pointed out.

The government has set a target to set up 242 spinning mills, 476 dyeing mills and 475 dyeing printing mills to meet the domestic demand for local yarn, fabrics and ready-made garments by year 2005.

The Association also demanded reimposition of 30 per cent duty on commercial import of yarn till the year 2005. The government had reduced the duty on foreign yarn from

30 per cent to 7.5 per cent making local yarn producers vulnerable to foreign competition, BTMA said.

The BTMA also demanded banning import of pocketing/interlining fabrics through back to back L/C arrangements.

It also said that most of the 500 specialised textile and power loom industries of the country are capable of producing these types of fabrics of international standard. It said these industries are becoming sick as pocketing/interlining fabric are now being imported.

BJP-led govt faces another hurdle Jayalalitha puts forward budget blueprint for India

NEW DELHI, May 11: India's Hindu nationalist-led government's debut budget faced its first hurdle when a key ally in the coalition put forward its own blueprint, the Business Standard newspaper said today, reports AFP.

The daily said a powerful southern ally of the government, whose previous demands led last month of the resignation of two cabinet ministers, insisted on revamping the income tax structure.

The leader of the AIADMK party, Jayalalitha Jayaram, said that the present three-tier tax structure should be replaced and two income tax slabs of 25 per cent and 50 per cent should be introduced.

Jayaram's demands comes after the last federal budget (1997-98), hailed as the "dream budget," cut income tax rates and corporate taxes in a bid to bolster revenues, but failed following a huge shortfall in government revenues.

The last budget had tax slabs of 10, 20 and 30 per cent. The Business Standard said Jayaram also wanted to "strengthen small scale industries and the public sector" and "reduce interest rates for labour-intensive industries."

State-run companies still continue to dominate the economy spanning sectors such as telecommunications, aviation, defence, shipping, banking, insurance and power.

Indian Finance Minister Yashwant Sinha has vowed not to allow a monopoly in either the public or the private sector saying that "days of licences and quotas are over... we must work in a free atmosphere".

The federal budget is due on June 1.

India's economy is in the grip of a slowdown. Sinha, unveiling an interim budget last month, said the economic growth during fiscal 1998 would be five per cent rather than the seven per cent forecast by the previous coalition government.

He said the fiscal deficit was higher than forecast, at around 6.1 per cent of gross domestic product (GDP), and unlikely to fall during the next 12 months.

Thai rice industry heads for trouble

BANGKOK, May 11: Thailand's rice industry is headed for trouble as more than 2,000 millers have defaulted on loans during the past two months. The Nation newspaper reported Monday, says AFP.

Thailand is the world's largest rice exporter, and although agriculture is only about 10 per cent of the gross domestic product, more than 60 per cent of the people work in agriculture or related industries.

The Nation said millers have defaulted on more than 5 billion baht (130 million dollars) in loans, are burdened with foreign exchange losses and can't borrow from commercial banks because of Thailand's liquidity crunch.

Consequently, many have stopped stockpiling supplies, which in turn is threatening to push up the price of rice, the staple of the Thai diet.

Thailand exports about 500,000 tons of rice a month. The Nation said this was the first time in Thai history that an economic crisis had hit millers harder than farmers.

The paper quoted the head of the Thai Rice Mills Association, Niphon Wongrang, as saying that even though the payment period for short-term loans had been extended from 15-30 days to 60-75 days, many still could not pay on time.



Mir Zahir Hossain
New chairman,
vice-chairman
of NCCBL

Mir Zahir Hossain and Yakub Ali have been elected chairman and vice-chairman respectively of the Board of Directors of National Credit and Commerce Bank Limited with effect from Sunday, says a press release.

Both of them have been the sponsor directors of the bank since its inception.

Hossain is the Managing Director of Mir Akhter Hossain Limited, one of the leading construction and engineering firms in Bangladesh, both in the roads and buildings sectors. He is a Fellow of the Bangladesh Institute of Engineers, as well as one of the founders and former member of the Faridpur Chamber of Commerce and Industry.

All is currently the Managing Director of Habib Steels Limited, Diamond Cement Limited, Habib Shares and Securities Limited & MTS Steels Limited.

He is a Director of Chittagong Chamber of Commerce and Industry.

Digital, DHL launch new logistics project

The cooperation between Digital Equipment BV and DHL Worldwide Express has now been extended with a new Pan European logistics programme: 'Repair & Return Service' (Mobile Repair).

Paul Aerts, European Distribution Purchasing Manager of Digital, and Marc Duale, Regional Director-Western Europe and Northern Africa of DHL Worldwide Express in Nijmegen, officially launched this logistics project yesterday.

According to a press release, this new service gives Digital a great competitive advantage in the market. DHL also offers various 'value added services' for this programme. Thus, a user with a defective Notebook no longer has to go to a Digital repair centre. If a user no longer has the original packaging for dispatch, DHL shall send a box to the user.

A DHL employee stationed in Dublin, ensures that the entire operation proceeds smoothly, the release added. Communication between Digital and DHL is fully automated.

Congress agency says US govt unable to ensure safety of imported foods

WASHINGTON, May 11: More than one-third of all fresh fruit and 12 per cent of vegetables consumed in the United States now come from overseas. But a study released today by Congress' investigative agency said the federal government is unable to ensure that imported foods are safe, reports AP.

The findings by the General Accounting Office could boost President Bill Clinton's efforts to strengthen the Food and Drug Administration's authority to require that other countries adopt safe practices for fruit, vegetables, fish and processed foods.

If Congress passed pending legislation giving FDA that authority — which the Agriculture Department already has for imported meat and poultry — it would "provide greater assurance that the imported foods it is responsible for are safe," the report said.

The study did not conclude that imported foods are more dangerous than those produced domestically, but imports grew more than 50 per cent since 1990 to reach some 33 billion dollars in 1996.

There have been some high-profile incidents of illness from imported foods, including Guatemala raspberries, Mexican cantaloupes and alfalfa sprouts from the Netherlands.

"An increase of this magnitude demands more certainty that our food supply is safe," said Sen. Susan Collins, a Maine Republican who requested the GAO report as chairwoman of the Senate Permanent Subcommittee on Investigations.

The study found that the FDA's reliance on port-of-entry inspections meant that only 46,395 or 1.7 per cent, of more than 2.7 million imported food shipments in 1997 were actu-

ally checked by an inspector. Of those, only 16,000 underwent a laboratory analysis for disease-causing organisms or other problems.

The Agriculture Department, on the other hand, visually checked every shipment and did inspections on about 20 per cent of 118,000 meat and poultry imports. In addition, USDA officials visited 30 countries and checked 336 foreign plants to ensure their safety practices were equal to those in this country.

In a written response to the audit, FDA Associate Commissioner Diane Thompson said the agency is seeking congressional approval for authority to check foreign practices. But to prevent disruptions in foreign trade, Thompson said they should not be a requirement for all imported foods.

"Such a requirement could have the undesirable effect of forcing FDA to bar entry to imports from most of the world" until each country's practices were certified, she wrote.

The FDA also has proposed safety rules regarding seafood and juice processing that would apply to imports. The agency is pushing voluntary agriculture practices for both foreign and domestic fruit and vegetable growers and processors.

The GAO report found other gaps in the imported food safety system, including:

USDA's food inspection service focuses too much on violations such as missing shipping labels that "bear little relationship to food safety" and should instead use health data to zero in on foods likely to pose the greatest hazards.

Importers, not the FDA, choose which laboratories do sampling when a shipment is held up over food safety questions.

Foreign car makers gear up to take on China market

BEIJING, May 11: Major foreign car manufacturers are preparing to launch new models in a bid to boost their share of the Chinese market, the China Daily business weekly said yesterday, reports AFP.

Volkswagen, Honda, General Motors and Citroen are set for new launches to boost their current market share, while others are looking to open new projects to maintain a presence, the English-language newspaper said.

Shanghai-Volkswagen, a 50-50 joint venture between Shanghai Automotive Industry Corp (SAIC) and Germany's Volkswagen is to launch the Passat B5, a model tailored for the Chinese market which will be added to the popular Santana range, it said.

It is likely to face stiff competition from the accord which is to be built by a joint venture involving Japan's Honda, which, the newspaper said, has taken over the debt-ridden Guangzhou Peugeot Automotive Co in return for paying 100 million dollars owed by the failed company.

Volkswagen has a second card to play with the Audi C5 to be launched by its second joint venture FAW-Volkswagen, in which First Automotive Works (FAW) owns 60 per cent equity, the newspaper said.

Other bids to join the market include a 1.57-billion-dollar joint venture between SAIC and US giant General Motors which will launch the Buick GL in April 1999, while the Dong Feng Citroen Automotive Corp is set to launch a five-door car late this year to extend its Fukang Hatchback family.

The Wuhan-based Sino-French joint venture hopes to develop two models simultaneously around 2000, having recently gained an 850-million-franc (137-million-dollars) credit from the French government and 500 million yuan (60 million dollars) from China, the paper said.

Toyota has set up an Engine Plant in Tianjin and is negotiating with the Tianjin Automotive Industry Corp to introduce the Corolla to upgrade its Xiali model.

Other foreign firms, unable to set up complete new car and engine projects after the central government stopped approving them last year, are looking at setting up engine plants to maintain presence in China.

The move by the Beijing government also forced domestic auto makers to look for deals with foreign firms in the form of "technical renovation" projects, the weekly said.

Japan's Mitsubishi took advantage of this to sign two engine joint venture agreements last year with a subsidiary of aviation industries of China in Harbin and a firm operating under the umbrella of the China National Aerospace Corp.

Both Fiat auto of Italy and France's Renault are also eyeing the market potential and looking for local partners to help produce their own models, it said.

Japan's Nissan Motor Corp, however, has instead decided to increase exports, the paper said, adding it had reportedly sold some 100,000 vehicles in China since 1972.

G-15 summit opens in Cairo Suharto pledges reforms, urges Indonesians to show patience

CAIRO, May 11: President Suharto of Indonesia said Monday he is committed to economic reforms required under the aid package of the International Monetary Fund, but he urged his countrymen to show patience and discipline, reports AP.

The Indonesian leader spoke at the opening of a summit of developing nations that is seeking ways to encourage economic growth while avoiding the pitfalls that have led to the current financial crisis in Asia.

Opening the meeting of the so-called G-15 countries, Egyptian President Hosni Mubarak urged poor nations to learn from the current Asian crisis and advised rich ones to keep promises to help the developing world.

"This episode has shown us the weaknesses of our global system," he said. "We have an obligation to learn from this crisis."

The three-day summit is being held at the Ithiyadiya palace built for King Farouk, Egypt's last monarch before his 1952 overthrow.

Mubarak referred to the current crisis as "but a passing pause in the impressive record" of Asian economies.

"This crisis will pass," he said. "Stronger, more robust economies will emerge."

But for now, huge problems confront Indonesia and

Malaysia, two of the G-15's members hit hard by the financial turmoil that since last June has weakened currencies, bankrupted companies and eroded stock markets.

In addition, widespread riots have erupted in Indonesia in protest against rising prices and lost jobs.

Suharto acknowledged that the crisis has been "devastating" and said his country's growth rate of seven per cent for the past 20 years is now forecast to shrink by 4 per cent in 1998.

"To reverse these ... trends, Indonesia must now implement a series of integrated reforms ... including those already underway in cooperation with the IMF," he said.

The IMF demanded reforms in return for loans of 43 billion dollars. Suharto warned that Indonesians will have to make "painful sacrifices and summon our reserves of endurance and social discipline."

He attributed the crisis to a lack of openness in the global financial markets, but his speech did not mention the political reforms that Western nations have recommended as a way of avoiding future crises.

Many blame nepotism, corruption and secrecy in Suharto's government for aggravating the financial problems. Also, the unrest in Indonesia has been attributed to Suharto's iron-fisted rule for more than

three decades.

Suharto and Mubarak said an important lesson from the crisis is the need for greater openness in currency trading and short-term capital flows.

Mubarak said the crisis has also shown that:

— Economic liberalisation must be gradual and should come only after domestic institutions are strengthened.

— Countries must exchange information on financial policies, capital inflows and interest rate policies.

— International aid programmes should not demand deep cuts in spending that would impoverish the recipient country's population.

— The need for regulatory and supervisory standards cuts across all countries.

Mubarak said that the G-15 — which actually now has 16 member states — must become "a strong voice" to represent the views of poorer nations in world economic forums.

The Egyptian leader had earlier spoken with British Prime Minister Tony Blair to urge that the developing nations' voice be heard at the upcoming London meeting of the G-8, the world's richest nations.

The G-15 countries are Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Kenya, Nigeria, Malaysia, Mexico, Peru, Senegal, Venezuela and Zimbabwe.

Social unrest in Indonesia spooks Asian currencies

HONG KONG, May 11: Most Asian currencies were spooked by the deepening social unrest in Indonesia during the week, while the Japanese yen took its cue from the impending G7 meeting in London, reports AFP.

JAPANESE YEN: The yen gained slightly against the dollar in narrow-range trading during the week before a meeting of finance ministers from the Group of Seven (G7) industrialised nations in London dealers said.

It was quoted at 132.84-87 against the dollar in late Friday trading compared with 133.00-03 yen a week earlier.

The yen declined earlier during the week as share prices here tumbled. But yen-selling pressure was limited as concerns about intervention by the Bank of Japan, dealer said.

Investors refrained from taking long positions before the G7 meeting in London and this supported yen-buying sentiment, dealers said.

AUSTRALIAN DOLLAR: The Australian dollar slid badly over the week, closing Friday at 63.83 US cents compared to 65.34 US cents a week earlier.

The trouble began with Monday's report on a record trade deficit which sparked rumours that Australia's sovereign credit rating might be downgraded.

The Reserve Bank of Australia's frank semi-annual statement on monetary policy,

which outlined the impact of the Asian woes and suggested it had an easing bias on monetary policy, helped push the currency to a low of 63.40 US cents during the week.

However, central bank governor Ian Macfarlane's statement that provided some relief.

SINGAPORE DOLLAR: The Singapore dollar fell over the week to 1.6230 against the US dollar from 1.5845 the previous week.

HONG KONG DOLLAR: The Hong Kong dollar closed Friday at 7.7494-7.7499 to the US dollar compared to 7.748-7.749 the previous week.

INDONESIAN RUPIAH: The Indonesian rupiah closed the week 619 rupiah weaker at 8,669 rupiah to the dollar, as the country was rocked by riots and protests amid the deepening economic gloom.

MALAYSIAN RINGGIT: The ringgit briefly breached its psychological barrier of 4.00 to the dollar on Wednesday amid social unrest in Indonesia but pulled back to end the week at 3.8050, from 3.7150 previously.

Dealers said the ringgit, made vulnerable amid fears of a fresh round of assault on regional currencies, would look to regional developments for a clearer direction.

PHILIPPINE PESO: The Philippine peso rose 1.5 per cent against the dollar in the past week, closing at 39.61 against the greenback on Friday

from 40.20 previously.

SOUTH KOREAN WON: The won weakened from 1,336 per dollar a week earlier to close at 1,387 Friday because of uncertainty in the region and concerns over the country's restless labour unions.

Foreign investors, dissatisfied with the lack of progress in restructuring banks and large business, dumped shares and bonds worth 66.7 billion won (48 million dollars) on Thursday and Friday alone.

TAIWAN DOLLAR: The Taiwan dollar slipped 0.8 per cent over the week to settle at 33.225 Friday, pressured by the weakness of other Asian currencies.

Analysts said they expected it to slide further in the short term.

The currency remained relatively stable early in the week but fell to 33.136 Thursday, dragged down by falls of regional currencies over unrest in Indonesia.

THAI BAHT: The baht closed Friday at 38.65-75 units to the dollar, compared to the previous week's close of 38.55-70.

The baht remained stable throughout the holiday-shortened week, despite briefly dipping below 40 to the dollar on Thursday amid uncertainty over the situation in Indonesia.

The impact of the resignation Monday of central bank governor Chaiwat Wibulswasdi was limited by the speedy announcement of successor.

Most Asian stock markets rise

HONG KONG, May 11: Most Asian stock markets rose Monday, but Seoul's key index slumped 3.5 per cent because investors were disappointed that President Kim Dae-jung did not announce any measures against rising unemployment, reports AP.

In Sunday's televised "conversation with the people," Kim appealed to South Koreans to endure "the pain of reforms" to overcome the country's deepening economic crisis.

Kim predicted that South Korea's economy would begin to recover in the latter part of 1999 if reforms are carried through smoothly.

The South Korean market was also pushed down following an announcement by Moody's Investors Service that it has lowered the long-term debt ratings of South Korean banks.

The Seoul Stock Exchange's Korea Composite Stock Price Index fell 13.18 points, or 3.5 per cent, to 361.58.

Japanese stocks rose sharply following reports that Daimler-Benz is in talks to acquire an affiliate of Nissan Motor Co.

Tokyo's benchmark 225-issue Nikkei Stock Average rose 232.90 points, or 1.54 per cent, to finish the day at 15,381.90 points. On Friday, the average gained 5.97 points, or 0.04 per cent.

Daimler-Benz has reportedly approached Nissan about taking over its struggling truck unit, Nissan Diesel Co. That news encouraged overseas in-

vestors to be net buyers of Japanese stocks for the first time in weeks, traders said.

Meanwhile, the US dollar was quoted at 132.54 yen, down 0.32 yen from late in Tokyo on Friday and also below its late New York level of 132.83 yen Friday.

Share prices also closed sharply higher in Taiwan, with brokers saying that bargain-hunters stepped into the market in the belief that stock prices had bottomed out following recent sharp falls.

The Taipei market's key Weighted Stock Price Index rose 168.04 points, or 2 per cent, to 8,378.88.

The market was closed in the Philippines for national elections. Markets were also closed in Singapore, Malaysia, Thailand and Indonesia for religious holidays.

Elsewhere:

HONG KONG: Share prices closed generally lower for the second straight session in this trading. The Hang Seng Index rose 35.99 points, or 0.3 per cent, closing at 10,096.37.

WELLINGTON: New Zealand share prices closed higher, with the market boosted by gains in forestry and telecommunication stocks. The NZSE-40 Capital Index rose 16.05 points, or 0.7 per cent, to 2,245.74.

SYDNEY: Australian share prices closed broadly higher on the eve of the announcement of the federal budget. The All Ordinaries Index rose 17.1 points, or 0.6 per cent, to 2,797.6.

business tips

STRATEGY

Danger Ahead

Many business crises or downturns can be avoided at an early stage by recognizing the signals of potential problems. Smart Business Supersite (<http://www.smartbiz.com/>) identifies two of them:

Sense of urgency vs. laid-back culture. Are employees driven to get jobs done and find new ways to meet customer needs, or do they put off projects and make excuses? Without a company-wide sense of urgency, decisions are frequently a day to late.

Staff tenure vs. industry change rate. People with long tenure at one firm don't bring the benefits of different methods of doing business at other organizations. For example, design companies that fought the move to CAD/CAM were soon outpaced, outpriced, and outperformed by their competitors.

Growth Is an Option

While bringing in as much revenue as possible is nice, it's not always essential. *Sales & Marketing Management* magazine asserts that some companies are content with their numbers, and don't even want to grow. Why? The hassles that often come with growth — restructuring, hiring, training, and so on — are major investments. Also, growth-averse companies realize that growth doesn't always mean more profits.

MANAGING PEOPLE

Criticize Your Stars

To make the tough task of criticizing your top performers easier, follow these tips from *Communication Briefings*:

Mix criticism and diplomacy by starting with a positive. Example: "I know you're always pushing yourself to excel. Here are some ideas to help you improve your performance further."

Communicate like a coach, not a critic, by replacing "should have" with future-looking phrases such as "next time" and "from now on."

Start with a question to give the person a chance to see the project. Example: "What were you trying to accomplish with that project?" Then you can follow up with, "How did you determine that?" Asking questions also protects you if you learn you're basing your criticism on bad data.

The Root of Unethical Behavior

Wondering why some of your key employees engage in unethical acts such as lying on an expense account, accepting kickbacks, falsifying reports, and forging signatures? One or more of these factors might be the culprit, according to The Management Advantage, Inc. (<http://www.managementadvantage.com/>):

- Pressure to balance work and family
- Poor communications
- Poor leadership
- Long work hours, heavy work load
- Lack of management support
- Pressure to meet sales or profit goals
- Little or no recognition of achievements
- Company politics
- Personal financial worries
- Insufficient resources

The Ethics Test

Texas Instruments (TI) has devised a seven-step guideline employees can use to determine whether or not a decision is ethical.

1. Is the action legal?
2. Does it comply with TI values?
3. If you do it, will you feel bad?
4. How will it look in the newspaper?
5. If you know it's wrong, don't do it.
6. If you're not sure, ask.
7. Keep asking until you get an answer.

— from *Management Quality and Competitiveness*

ENTREPRENEURSHIP

Strictly Business

Several banks have already rejected your request for money, leaving you with no other recourse but to go to your friends and family. How do you do that in the most professional way possible?

Approach them as you would any other group of investors," lawyer Timothy Pippins told *Success* magazine. "Everything in a loan agreement with a friend or family member must be clearly spelled out, from interest rates and schedules of payments, to guarantees of equity if one party defaults."

Remember that business relationships between friends or family members revolve around not just money, but emotional issues as well. "Some of the bloodiest litigation I've been involved in has been between family members over money."

SALES MANAGEMENT

The No. 1 Challenge

Improving communication technology is crucial to more sales executives than any other business strategy over the next three years, reports Hewitt Associates in *Sales & Field Force Automation* magazine. See how other strategies stacked up: