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VAT withdrawal from export services hailed

Star Business Report
Dhaka Chamber of Commerce and Industry (DCCI) has hailed the government for withdrawing VAT on export services.

In a statement in the city yesterday, the president of DCCI, R Maksud Khan, has said that withdrawal of VAT on export services was one of the suggestions of the chamber, says a press release.

The DCCI had been waiting for such a step to be taken by the government for a long time, he said.

The DCCI chief said that withdrawal of VAT on export services like C&F, shipping, insurance, telephone, telex and fax services would expedite the export process by making it easy and free from complexities.

He said the decision would make the Bangladesh export products more competitive in the international markets.

Khan expressed the view that as a result of the withdrawal of VAT on export services, the price of our export products would fall.

DCCI President solicited all-out co-operation of the government for considering other recommendations of the DCCI for promoting exports of the country.

BGMEA

Bangladesh Garments Manufacturers and Exporters Association (BGMEA) yesterday hailed the government's decision to waive VAT on export support services like clearing and forwarding shipments, shipping services, and insurance to make exports more competitive, according to a press release.

The government on Monday declared that every 100 per cent export-oriented enterprise will be exempted from VAT on two telephones, one telex and one fax connections.

BGMEA President Mustafa Gulam Qudus thanked Prime Minister Sheikh Hasina and her cabinet members for taking such a decision.

BGMEA also hoped that the government as a next step, would withdraw the currently imposed 0.25 per cent tax at source.

Gulf Air, AMR Corp discuss code-sharing

The chief executives of Gulf Air and AMR Corp, parent company of American Airlines, met at AMR's Dallas/Fort Worth headquarters to reaffirm their companies' growing commitment to a business association that started in 1994, says a press release.

Gulf Air's Dr. Shaikh Ahmed bin Saif Al Neyhan and AMR's Donald J. Carty discussed the expansion of code-sharing arrangements between Gulf Air and American Airlines, and developments in the ten-year technology partnership that the companies forged earlier this year.

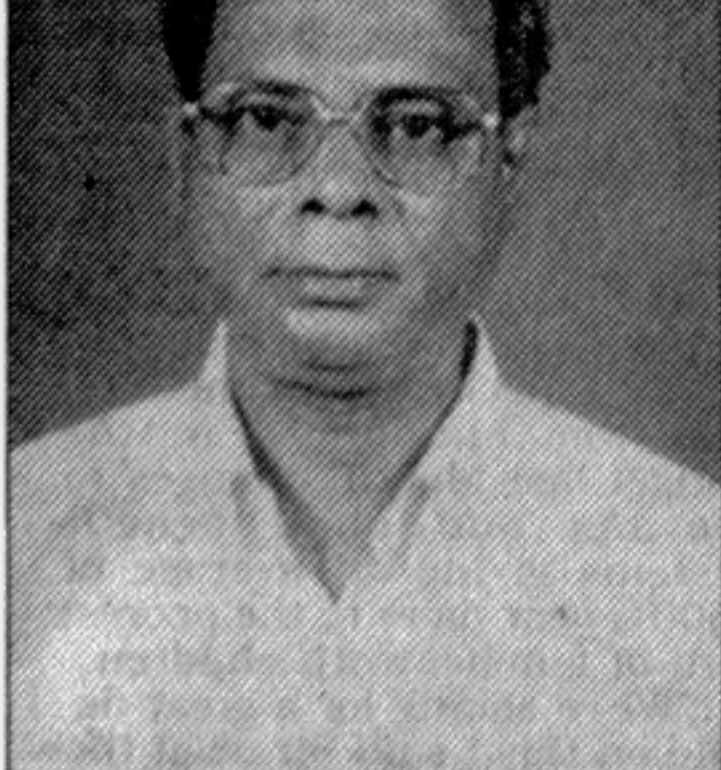
This winter, Gulf Air will place its "GF" designator code on American's flights between London's Heathrow and Chicago's O'Hare, Miami, and New York's Kennedy airport. American already code-shares with Gulf Air by placing its "AA" designator code on Gulf Air flights between London's Heathrow Airport and the Gulf cities of Abu Dhabi, Bahrain, Doha and Muscat.

Future plans call for Gulf Air to place its designator code on additional US destinations served by American from London's Heathrow.

The expanded relationship will see both carriers use each others airport lounges. Falcon members will be able to earn mileage credit while travelling on Gulf Air's code-shared flights operated by American.

Under the technology agreement concluded last February, AMR's SABER Group will provide Gulf Air with a new information technology structure, including application development and maintenance, as well as data centre and network management.

New MD of City General Ins



SA Khan has been appointed Managing Director of City General Insurance Co Ltd with effect from November 8, 1998, says a press release.

Prior to joining the company, Khan was Deputy Managing Director of Meghna Insurance Co Ltd.

He did his graduation at Dhaka University and obtained ACII from London.

Private parking management in business hub System yet to end traffic jam

By Rafiq Hasan

When for the first time in the country, Dhaka City Corporation (DCC) allowed privately managed parking facilities at Motijheel and Dilkusha, city's commercial hub, the idea was that it would reduce traffic congestion to a considerable extent.

But after more than three months, the system is yet to bring any significant change to the traffic system to enable businessmen commute to their destinations faster.

The main problem appears to be that the company, which is managing the parking system, is still allowing cars to be parked in rows along the roads, blocking most of the spaces.

Moreover, allegations are rife that parking attendants charge more than the fixed rate for parking cars.

In front of a commercial building at Motijheel, a yellow vest-clad Shohrab, 24, was demanding Tk 20 from the driver of a mini bus.

But the driver was reluctant to pay and argued that he had parked the bus only for a few minutes to take a some of passengers.

Shohrab is a toll collector engaged by a private company -- L N Corporation. The company recently won a contract from the Dhaka City Corporation (DCC) to manage car parking in the busy commercial centres of Motijheel and Dilkusha. This is the first effort by the Corporation to get traffic at such a commercially-important spot controlled and managed by a private company.

"It is not fair that I pay him Tk 20 just for parking my bus for a few minutes," driver Ali said.

On the other hand, Shohrab said that he had to abide by the office order to collect Tk 20 from drivers parking bus, mini bus and trucks.

At last, the matter was settled for Tk 10. But such disputes often are regular features in the Motijheel commercial area as many car owners refuse to pay for parking.

The programme is part of the ESCAP-sponsored Integration of Non-motorised Transport in the Urban Transport System of Dhaka project, said Tapan Kumar Das Gupta, town planner of DCC.

A group of ESCAP experts while studying the traffic system of Dhaka City, pointed out that indiscriminate car parking was one of the major causes for congestion in some busy areas.

But one official who supervises the toll collectors said, "If any toll collector charges more than the approved rate, he will be punished by the company."

But he admitted that the toll collectors sometimes may demand higher charges just for bargaining with those who declines to pay.

The company is not likely to make any profit because the boys face difficulties in collecting tolls from the car owners," said another officer. According to him the only achievement of the system was generation of employment for some young people.

The toll collectors get Tk 1500 as monthly salary and Tk 20 everyday for lunch.

The average daily collection varies from Tk 6000 to Tk 8000 during working days. But on Saturdays it goes down to Tk 2500 to Tk 3000.

Another objective of the system is to protect the cars from thieves. A syndicated group is engaged in the city for stealing spare parts from cars parked beside the roads.

After introducing the system, car stealing has been reduced. "We have so far caught red-handed four persons while trying to rip away spare parts from cars," the LN Corporation official said. The persons were handed over to the police.

"Now we feel safer as there are boys to look after the cars" said a driver of a private company. He also feels that the system should continue at least for ensuring security of the cars in the area.

Car owners expressed mixed reaction over the new system. "It's good because we can stay at the office without worrying about our cars being stolen in exchange of some money," said a car owner.

But there are people who feel disturbed as the boys demand money whenever they enter into the area. "Why should I pay for every time I enter Motijheel area?" asked another car owner.

"It is a pilot project and if it succeeds in Motijheel, DCC would introduce the system to some other areas of the city," he said.



A private toll collector takes fees for parking cars at Motijheel. — Star photo

Political unrest may damage Indonesian economy: IMF

JAKARTA, Nov 17: Continued political unrest in Indonesia may have a negative impact on the country's shaky economy, the International Monetary Fund's top Asia Pacific official said Tuesday, reports AP.

But there is still "significant scope" for the currency, the rupiah, to strengthen despite the unrest, said Hubert Neiss.

"We have to see if the (political) uncertainty continues for a while," Neiss told Dow Jones newswires. In that case, "it will affect expectations and may have an unfavourable impact (one economic recovery)."

Neiss, who leaves Jakarta Tuesday after conducting the last monthly review of the IMF-led bailout programme for Indonesia, was speaking days after deadly riots and protests shook the Indonesian capital.

At least 16 people, including eight students, were killed last week in protests and rioting in Jakarta that recalled the tumult six months ago that led to the ouster of authoritarian leader Suharto after three decades in power.

"To me personally, the main damage of the last few days has been the loss of life and the reduction of confidence," Neiss said.

The impact on the rupiah will depend on how long investors see the unrest continuing.

"If they think it's the beginning of a prolonged period of instability, then it would affect the exchange rate and capital would flow out," Neiss said.

If the unrest proves temporary, Indonesia's improved economic performance should help the currency, he said.

On the economic side, all things point to further strengthening (of the rupiah)," Neiss said.

He noted that inflation has been falling rapidly, the current account surplus is substantial, official aid is flowing in and the budgetary situation has improved markedly.

He praised the country's compliance with its IMF programme.

"Indonesia's economic performance has been exemplary," Neiss said. "By now, it has sunk in that economic policy is firmly on track."

After the latest review, the IMF executive board is due to release the next tranche — worth around US \$ one billion — of its aid to Indonesia on December 2. The fund is providing US \$11.3 billion out of a total bailout package worth \$43 billion, assembled last year for Indonesia.

The IMF was repeatedly frustrated by Suharto's refusal to stick to reforms agreed with the fund. Indonesia only began to implement the IMF programme properly after Suharto's protégé B J Habibie took power and negotiated a revised programme with the IMF in June, Neiss said.

He said there were indications that "some time next year," the country would see positive growth, although he stressed that this wouldn't likely be reflected in the gross domestic product figure, given the massive contraction in growth this year. Neiss said 1999 gross domestic product "could be slightly negative."

GIS, Petrobangla strike accord on computer support staff

Graphics Information Systems Limited, a business partners of IBM and Quality Software Products (QSP) of UK, on Sunday signed an agreement with Petrobangla for providing computer support staff at their subsidiaries for 36 months, says a press release.

The contract is part of the computerisation programme under MSIP Project of Petrobangla, which is co-financed by DFID, UK.

Under a separate contract, QSP, a world-renowned financial software company, is providing software together with hardware from IBM on a turnkey basis. GIS personnel are also being trained to develop skills.

The contract was signed by Abdul Jalil Khan, Secretary of Petrobangla, and Didar A Husain, Managing Director of Graphics Information Systems Ltd, on behalf of their respective organisations.

Germany is a key member of the IMF, the World Bank and the European Union, all of which have offered aid to Russia.

Schroeder and Primakov pledged that Russian-German relations would continue to flourish.

"We realise Germany's standing in Europe and the world and retrospectively view the path it has travelled since the end of World War II to its current prosperity," Primakov said. "Naturally, we would like to learn more about your experience."

Primakov also said Russia was eager to attract foreign capital and would guarantee investors security.

Communist leader Gennady Zyuganov, who met with Schroeder on Monday, shrugged off the influx of German money that has made Germany Russia's most important trading partner outside the former Soviet Union.

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Multipurpose function centre opens at Sheraton

A Tk 51 million multipurpose function centre has been opened at Dhaka Sheraton Hotel.

The centre was inaugurated by the Minister for Civil Aviation and Tourism, Engr Mosharraf Hossain, at a function at the hotel yesterday, says a press release.

The State Minister for Foreign Affairs, Abul Hasan Chowdhury, was present at the function as special guest.

The centre will enable guests to host various types of functions including conventions, trade shows, seminars, large weddings, workshops, banquets, concerts, fashion shows and gala dinners.

Final touches are now being given to this multipurpose function hall that retains its previous name "Winter Garden". This facility will be unique of its kind in Bangladesh.

The centre is fitted with electronic smoke detectors and automatic sprinkler system. Chairs, audio-visual system, sound system, dance floors and special lightings are all imported. It will also feature a simultaneous interpretation system in five languages.

The multipurpose function room will have convention facilities for 1200 persons and 700 for banquets.

Reputed English construction firm Phoenix UK has taken the charge of presenting the residents of Dhaka with this 20th century edginess

15,000 Nepalese to get jobs in Qatar every year

KATHMANDU, Nov 17: Qatar has informed the Foreign Ministry here of its decision to take in some 15,000 Nepalese for jobs in Doha each year.

Terms and conditions for the Nepalese workers to be sent to Qatar are being discussed. Labour Ministry spokesman Narayan Bahadur Rawat told IANS. "Sectors of work, skills for workers and facilities including remuneration are also being finalised at the diplomatic level."

Once the modalities are fixed, the two countries are to sign an agreement for the supply of manpower. Officials here expect the agreement to end wage discrimination and ensure better service terms for Nepalese.

Qatar's decision follows a visit to Doha by Nepali Prime Minister Girija Prasad Koirala. On his return from the visit last month, Koirala had said the two countries were discussing terms for sending more Nepalese to work in Doha.

"Nearly 6,000 Nepalese are currently working in various sectors in Qatar," Om Murti Baidhya, Under Secretary in the Department of Labour, said. This figure however covers only those who have registered with the department.

Thousands of unregistered Nepalese are said to be currently employed in Qatar with fast food producers, metal works, security agencies and the construction sector. "It is estimated that around 50,000

Nepalese work in Qatar. They have gone there on their own or were sent by manpower companies without official registration," Baidhya said.

Every year thousands of unskilled and semi-skilled Nepalese go abroad as labourers. Some 100,000 are estimated to be in Gulf countries including Qatar, Saudi Arabia, Bahrain

and the United Arab Emirates. Officials say Nepal earns a considerable amount of foreign currency through manpower supply annually, but the government has no estimates as to how much enters the country in the form of remittances.

— India Abroad News Service

Govt has 4 lakh MT stock of urea

The government has built a stock of over four lakh metric tons of urea fertiliser and taken steps to import and additional two lakh tons to meet the country's needs this year, reports APB.

Bangladesh Chemical Industries Corporation (BCIC) took the steps to import the urea as per the decision of the Advisory Committee on Fertiliser (ACF), official sources says yesterday.

Of the total quantity, BCIC bought one lakh metric tons of urea from Kanaful Fertiliser Company (KAFCO), an export-oriented joint venture.

Shipment of another consignment of one lakh ton has already been made, sources said adding that it would reach Chittagong port by next month.

Officials indicated that if necessary, an additional 50,000 tons of urea would be imported

to meet further demands. Earlier, an ACF meeting, presided over by committee Chairman and Agriculture and Food Adviser to the Prime Minister M Anisuzzaman, had decided to import 2.5 lakh tons in view of any possible shortfall in domestic production.

The fertiliser factories under BCIC have a production target of some 19.85 lakh tons of urea this year against the country's demand for 20 lakh tons.

But concerned sources apprehended that the factories might fail to reach the target due to short supply of natural gas — a basic raw material for producing fertiliser.

Chittagong Urea Fertiliser Factory remained shut for months due as a result of disruption in gas supply. Other fertiliser plants also faced gas supply problem, sources said.

Hybrid Alok rice faces more pest attacks

Star Business report

Farmers have experienced this aman season that the newly introduced hybrid rice — Alok — is more susceptible to pests and diseases, although it promises much higher yield.

Across the country, farmers experienced pest and disease attacks and, as high as, 35 per cent empty grains were reported," said Nova News, the monthly agricultural bulletin of Novartis.

It, however, termed the results as 'mixed' and said it is too early to make a final comment on the hybrid variety of rice.

Hybrid varieties have been subjected to widespread controversy in the country with environmentalists opposing these types and agriculturists supporting their introduction.

According to Nova News, Alok is sensitive to irrigation and sunlight exposure. Presence of water in the field at the booting stage of plants and insufficient sunlight can result in empty grains.

In addition, costs of hybrid plantation are high, almost double that of normal HYV rice as these are susceptible to pests.

The bulletin said the next Boro season will show the real impact of Alok when irrigation will be controlled and sunlight ample.

BSB realises Tk 174.22 cr loans

Bangladesh Shilpa Bank realised outstanding loan of Tk 174.22 crore during the fiscal 1997-998, reports UNB.

Of the amount, Tk 98 crore realised as cash and Tk 76.22 crore through rescheduling.

This was disclosed at the 306th meeting of BSB Board of Directors.

Iraq raises oil export to 2m barrels per day

BAGHDAD, Nov 17: Despite tension over UN weapons inspections, Iraq honoured an earlier pledge to boost its exports up to two million barrels per day since the beginning of November, senior Oil Ministry officials said Monday, reports AP.

The officials, speaking on customary condition of anonymity, said at times exports hit 2.2 million barrels when more than three tankers were available for loading at export terminals.

They said they hoped to maintain this level of exports until the end of the current phase of the oil-for-food deal with the United Nations despite lack of spare parts and the dilapidated state of facilities.

The Oil Ministry has contingency plans to minimise impact of bombing on production, refining and export facilities. The officials acknowledged that such measures were taken. They did not specify what they were.

The crisis deepened when Iraq decided, on October 31, to end all forms of cooperation

with the UN Special Commission disarming it under the 1991 Gulf War ceasefire terms.

Baghdad on Saturday agreed to allow the inspectors to resume their activities, averting air and missile strikes by the United States and Britain to force full compliance.

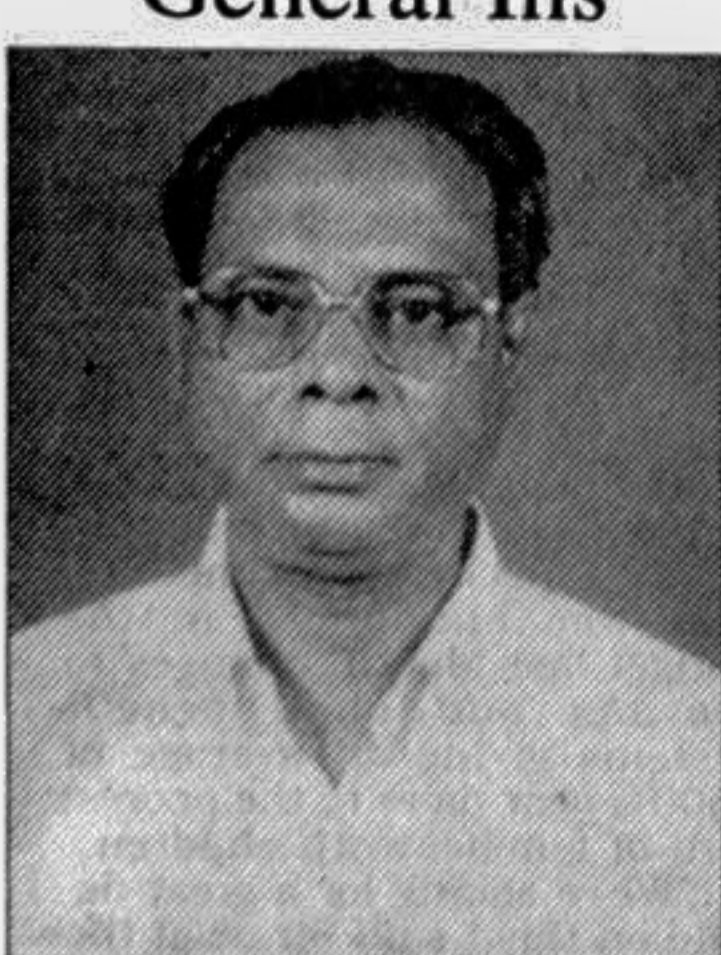
The Oil Ministry officials said they were determined to honour the 59 oil contracts for a total of 308.4 million barrels they signed with foreign companies under the present leg of partial oil exports.

Last month Oil Minister Lt Gen Amir Mohammed Rashid said his country had to lower the quality of its crude oil exports in order to boost sales.

He said Iraqi crude now had a lower API gravity and higher sulfur content.

The officials admitted the industry was facing difficulties but said they hoped to overcome most of them when oil spare start arriving in Iraq.

Under UN decisions, Iraq is allowed to buy \$300 million of equipment to repair the industry.



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Minister for Civil Aviation and Tourism Engineer Mosharraf Hossain and State Minister for Foreign Affairs Abul Hasan offer prayer after the inauguration of a multipurpose function facility centre at Dhaka Sheraton Hotel yesterday. — Star photo

Asian businesses must adopt new strategies on euro

BANGKOK, Nov 17: Asian businesses must adopt new strategies or risk missing out on the opportunities offered by the launch of Europe's new single currency next year, German giant Deutsche Bank AG warned today, reports AFP.

The euro will "lead to opportunities for companies that recognise the need to realign their business strategies to reflect this new environment," said Ashok Kumar, Deutsche Bank's regional EMU Project Coordinator here.

"It will also create significant challenges for those that are not fully prepared," he said. Managers need to assess the impact of European Monetary Union (EMU) across their whole range of operations, a bank statement said.