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Bhutanese come under income tax net

THIMPU, Jan 1: The free ride is over for Bhutan's citizens. From Friday, they have to pay income tax, reports AP.

Income earners in the remote Himalayan kingdom will have to pay five to 30 per cent in tax on a graduated scale if they earn more than $ 100 per month. The top bracket begins on income over $ 1,000 per month.

Until now, Bhutan has relied on corporate taxes, corporate share dividends and revenue from the government departments of mining, energy and tourism reported the Kuensel weekly, Bhutan's only newspaper.

In the 1997-98 fiscal year, it reported a budget surplus of 5.5 per cent. Bhutan, which has a mostly rural population of only 600,000, had expenditures last year of about $ 65 million, excluding development projects.

Bhutan also receives millions of dollars in foreign aid for development, and the new tax was designed to make the country self-sufficient, Kuensel said.

Although there is no immediate shortage of funds, the new tax will involve the average citizen in providing welfare benefits for all, and will distribute income more equitably, Kuensel quoted a Revenue and Customs official as saying.

The first tax returns are due in February 2000.

The Danish overseas development agency Danida helped develop the system for assessing and collecting the tax.

Malaysia limits simultaneous directorships

KUALA LUMPUR, Jan 1: Malaysia has decided to limit the number of directorships an executive can hold at one time at companies listed on the Kuala Lumpur Stock Exchange, a local report said Friday, reports AP.

Second Finance Minister Mustapa Mohamed said executives will be prohibited from serving as a director of more than five companies with publicly listed shares, state-run Bernama news agency reported.

The official explained the move as a way to ensure that corporate directors can expend adequate time and energy overseeing their business operations, the report said.

"We want quality board of directors, giving full attention to the activities of their company," Mustapa, who also serves as Entrepreneur Development Minister, was quoted as saying by Bernama.

The limit for simultaneous directorships at private companies will be set at 10, the report said.

The new restrictions were expected to be implemented later this month, it said.

Safawan Chy elected Sylhet chamber chief

SYLHET, Jan 1: Industrialist Safawan Chowdhury has been elected president for Sylhet Chamber of Commerce and Industries (SCCI) uncontested for 1998-99, reports UNB.

Sunil Chandra Das and Shah Alam were elected as first and second vice presidents respectively in the SCCI elections held here on Thursday.

Kalamdar Ali and Kudrat Ullah were elected as associate members while MA Salam Chowdhury, Shawkat Ali, Shoeb Adamjee, Abdul Aziz, Hizfil Gulzar, Koisor Ahmed Chowdhury, ATM Moshahid Uddin, Mahbubub Uddin, Hifzur Rahman Khan and MA Hannan as ordinary members of the Chamber.

Outgoing president Fakhar Uddin Ali Ahmed handed over the charge to the new committee at the conference hall of the chamber.

Chinese workforce shrinks in '98

BEIJING, Jan 1: China confirmed Friday what millions off workers laid off in reforms of state industry already know: its officially recorded workforce shrank in 1998, reports AP.

The national workforce was 143.3 million people at the end of September, down 2.4 per cent from the same time in 1997, the official Xinhua News Agency reported. Employment at state firms fell by 3.1 per cent to 105 million.

Xinhua did not give any more recent figures or an official explanation for the decline. The report also did not explain which workers were included in the total.

Millions of workers have been laid off in a sweeping overhaul of money-losing state companies. Some have been hired by private companies, but many are in temporary or part-time jobs or still looking for work.

In Liaoning province, a center for heavy industry in the northeast where layoffs have been high, total employment by the end of September was 9.25 million, down 546,000 from the same time in 1997, Xinhua said.

BGMEA election takes new turn

Move to avert rift in Parishad panel

By M Shamsur Rahman

Once it seemed that the upcoming BGMEA election would be a triangular battle between garments stalwarts Anisul Huq of Forum, Mostafa Golam Quddus of Sammilita Parishad and Nurul Huq Sikder, who wanted to form a separate panel.

But this may not be so as the powerbrokers of the Sammilita Parishad led by Quddus has proposed a new consensus formula to keep the Parishad alliance intact.

The Quddus panel faced a drift as Nurul Huq Sikder, the incumbent vice-president, threatened to break away from the Parishad and form a separate panel.

The flux took place as Quddus refused to nominate his vice-president Sikder as the president candidate in the BGMEA elections scheduled for February 25. Instead, Quddus started dreaming of the presidential post for another term.

Industry sources said some BGMEA members from Chittagong on Tuesday proposed a Sammillita Parishad panel having equal representation of Quddus and Sikder supporters.

"It's only a proposal and depends on sincerity from the other side," Nurul Huq Sikder said. "We are talking to our supporters and getting their views on the issue."

BGMEA President Mostafa Golam Quddus, however, was optimistic about the move to arrest the rift in his alliance.

"There's no rift in our alliance and we would remain intact. We have settled the issue on Tuesday," Quddus said. " I will lead my group to the election."

The sitting vice-president Sikder said that the Parishad members wanted to see a new leadership in the BGMEA top slot to accelerate the association's activities.

In the last election, the two contesting panels were Anisul Huq-led Forum and Sammilita Parishad led by M G Quddus.

Sammilita Parishad had a sweeping victory winning all the posts.

BGMEA has adopted a new election rule this year which stipulates that all the 27 members of the executive committee will retire instead of the old tradition of retirement of nine members each year.

Fresh election to all these 27 posts will be held this year.

The committee would be elected for a two-year term. The panel to win 14 seats would choose its office bearers.

The last date for filing nominations has been set at January 25. Around 2000 voters from Dhaka and Chittagong will apply their franchise and choose its new executive committee. The total number of voters last year was 1600.

Processing plant evaluation report sent

Govt requests EC to lift fish export time limit

By Rafiq Hasan

The government has sent an evaluation report on six fish processing plants to the European Commission requesting it to lift the time limit and allow those to continue exporting frozen food to the European countries as those maintained EU-prescribed hygiene standard.

The time limit will expire on February 28.

The evaluation report was prepared by an EC-assigned team of officials of the Department of Fisheries after a ten-day inspection of the six processing plants.

The report was sent by the ministry of fisheries and livestock to the Director General of the European Commission, G Legras, last week, sources in the ministry said.

The companies are Apex Foods Ltd, Chittagong, SAR and Co Ltd, Chittagong, Meenhar Sea Foods Ltd Chittagong, Lockpur Fish Processing Co.Ltd Khulna, Asian Sea Food Ltd Khulna and Sigma Sea Foods Ltd Khulna.

The report said that the six companies "successfully passed all tests" and the evaluation team was "satisfied with the performance of the companies throughout the year", the sources said.

"The competent authority is satisfied that the establishments continue to be fully capable of complying with all EC requirements regarding export of fish products to the EU" the report further said.

Any violation of the EU guidelines for quality control is dealt with seriously by the authorities in Bangladesh, it said.

The EC, on February 13 this year, had allowed the six companies to export frozen foods to European countries for one year after it lifted a ban on import of frozen foods from Bangladesh.

The ban on exports from Bangladesh and some other countries was imposed in October 1997 on the ground that those were not maintaining EU standard.

The EC earlier gave approval to another 11 companies in for exporting frozen fish products to the European countries but they were not given any such time limit.

Another list of 10 companies sent to the EC by the government last month is still awaiting approval.

The EC ban was withdrawn gradually as frozen food exporting companies modernised their processing plants with government loans of Tk 40 lakh to each company . The government also modernised three laboratories in Dhaka Khulna and Chittagong by installing modern testing equipment.

As the euro currency comes into being in certain European countries as from January 1st, at least one group has been campaigning around England to keep the British pound. This vehicle promoting the policy was parked below the ramparts of Windsor Castle Thursday, a spot where many tourists visit. Britain is not one of the 11 European countries taking part in the launch of the new currency. — UNB/AP photo

New Chinese central bank system goes into operation

SHANGHAI, An 1 : China's new-look central-bank system featuring control by regions formally goes into operation Friday, the Shanghai Securities News said yesterday, reports AF.

The nine regional branches of the People's Bank of China (PC) unveiled recently will "formally take up their responsibilities" for the first time on New Year's day, it said.

The new system, modeled on the US Federal Reserve, aims to promote the financial regulator's independence by distancing local branches' decision making power from the influence of provincial, county and city governments.

Several major newspapers on Thursday published a PC notice stipulating the regional branches' duties and responsibilities.

Topping the list was tracking down all cases of illegal financial activity and irregularities in their respective regions.

The regional branches were also charged with supervising financial work in local branches below them, enforcing PBOC-mandated interest rates, as well as analysing the economic and financial situations — as well as risk — in their jurisdictions.

Management of foreign debt and international payments also featured in the list, in a possible nod toward the liquidity woes of the country's trust and investment corporations.

The PBOC shut down Guangdong International Trust and Investment Corp. (GITIC) for insolvency in early October, and the bank's ensuing defaults on some two billion dollars in overseas debt has decimated international confidence in Chinese financial institutions.

Financial analysts told AFP that China planned to enhance the new central-bank system in the coming months by granting the nine main branches the power to adjust interest-rates according to economic conditions in their regions.

As in the US system, Beijing would use inter-bank lending rates to assure that the overall national average adheres to its set rates.

French finance minister Dominique Strauss-Kahn holds euro posters during a press conference Thursday in Paris. He said the euro would likely be worth 6.56 to 6.57 French francs. On what Europeans are calling "E-Day", economic and finance ministers from the 11 nations taking part in the monetary union will huddle at European Union headquarters to agree to the rates at which their currencies will be absorbed into the euro. — UNB/AP photo

Euro comes into being

BRUSSELS, Jan 1: For 11 European nations, the New Year ushered in the era of the euro, a single currency that promises to link the continent's economic fortunes and bolster hopes for political unity, reports AP.

Finance ministers from the euro nations popped champagne corks shaped in the euro's "e" symbol Thursday, setting off a frantic weekend for financial workers who are adapting computer systems and convert stocks, bonds and bank accounts into euros.

At the stroke of midnight on New Year's Eve in Brussels, after years of preparation, the euro became the common currency of Germany, France, Italy, Spain, the Netherlands, Belgium, Austria, Portugal, Finland, Ireland and Luxembourg.

Austrian newspapers bannered the euro story on front pages Friday, with the daily Neue Kronen Zeitung proclaiming "welcome to Euro-Land!"

Throughout Europe, the event was hailed as a historic turning point, creating a powerful new force in the world economy and fulfilling the post-war dreams of union among nations whose divisions twice this century dragged the planet into its bloodiest wars.

"If the postwar era ended nine years ago with the fall of the Berlin wall, then our future begins on Jan 1, 1999," German Chancellor Gerhard Schroeder wrote in the Handelsblatt business daily.

Britain is staying out for the moment, but the Labor government hopes to convince voters to join as soon as next decade. Denmark and Greece are also hoping to join within the next few years.

The new currency is worth 1.95583 German marks, 6.55957 French francs, 1936.27 Italian lire, 166.386 Spanish pesetas. When markets open after the long holiday weekend, the euro is expected to start trading at about $ 1.1665, 133 Japanese yen and 70 British pence.

Although euro notes and coins won't be issued to replace Irish pounds, Portuguese escudos, Austrian schillings and the rest until 2002, the new currency will immediately come into use for non-cash transactions ranging from government bond issues to credit card and check purchases. Euro figures will also appear alongside national currencies on pay checks, phone bills and bank statements.

France printed its first postage stamp denominated in euros on Thursday. The new stamp is worth 3 francs or .46 euros.

From Thursday, francs, marks and the rest will no longer be traded in foreign exchange markets. Equities and bonds will be quoted in euros. Bank transfers and business deals will increasingly be in the new money.

Participating nations say all that will give a boost to business by creating a seamless market of 292 million citizens where companies can operate without exchange costs or currency jitters.

Representing 20 per cent of world economic output and 18 per cent of world trade, the euro-zone will be a powerful player in the world economy. For the first time in decades, the US dollar will have a rival as the currency of choice for world trade and government reserves.

"The euro becomes the strong arm of the strongest economic region of the world," Austrian chancellor Viktor Klima said in Vienna.

Euroland government stressed the currency was about more than just economics.

"From Lisbon to Helsinki, from Paris to Vienna, the euro is a remarkable symbol of our common identity," said French Finance Minister Dominique Strauss-Kahn.

"Europe is finishing the century by sending a message of peace," said Italian Treasury Minister Carlo Ciampi. "The conflicts that have so often gripped our continent are a thing of the past."

The latest EU polls published in September showed that 66 per cent of citizens in the euro-zone support the common currency.

"This is a good moment, the future is with the euro," teacher Blandine Barnier said in the French city of Lyon.

Ministers stressed that the currency union needed to be backed up quickly with progress to increase European cooperation in fields such as foreign affairs and defense.

Such talk of closer political integration will fuel-euro-skeptic opinion in those countries that have stayed out of the monetary union through fears of losing national independence.

Key dates en route to euro

December 1969 — European Community directs Luxembourg Prime Minister Pierre Werner to study possibilities of creating common currency, reports AP.

October 1970 — Werner's report sets out plans for monetary union within 10 years. Plan collapses amid currency turmoil and oil crisis of early 1970s.

March 1979 — European Monetary system launched to limit fluctuations between member currencies.

April 1989 — European Commission President Jacques Delors relaunches plan for currency union.

December 1991 — New European Union treaty calls for creation of single currency by Jan 1, 1999. Britain and Denmark demand opt out. Nations hoping to join must meet five economic criteria — low inflation and deficits, falling debt, stable currency, modest interest rates.

August 1993 — Currency project threatened by speculation that breaks EMS apart; plans survives as restrictions on currency fluctuations are relaxed.

December 1995 — EU leaders name the planned currency the 'euro'.

December 1996 — EU leaders unveil euro note designs, featuring bridges, windows and doorways in various European styles.

May 2, 1998 — EU leaders endorse list of 11 nations ready to adopt euro: Germany, France, Italy, Belgium, Netherlands, Luxembourg, Ireland, Portugal, Spain, Austria and Finland.

Britain, Denmark, Sweden stay out. Greece fails to meet the euro's economic criteria. Wim Duisenberg of the Netherlands picked to head new European Central Bank.

Dec 31, 1998 — EU finance ministers agree irrevocable conversion rate between euro and participating currencies.

Jan 1, 1999 — Euro formally goes into effect. Non-cash transactions in euros begin, including stock and bond trading, business deals, credit-card payments. European Central Bank sets common interest rate for euro-zone.

Jan 1, 2002 — Euro bank notes and coins enter circulations alongside national currencies. Within six months, national currencies phased out.

First euro coined in Italy

ROME, Jan 1: The first euro in Italy was coined at the Italian mint on Friday, and Italian Treasury Minister Carlo Azeglio Ciampi described the event as the "great dream which has come true today," reports AFP.

With ordinary cameras flashing and television cameras whirring, the first euro was coined at 8:10 am today morning, and Ciampi proudly held it up for all to see as the mint machinery began to spew out hundreds and hundreds more.

The "great dream" which had seemed a Utopian fantasy "has today come true," the minister said, adding that it had been a dream wafting through the halls of Europe for over a century.

He voiced his pride in Italy's participation in euro-zone and underscored "the great determination shown by all Italians to achieve the euro goal."

Sri Lankan tea exports up 25pc

COLOMBO, Jan 1 : Sri Lanka's tea exports have recorded a growth rate of 25 per cent in rupee terms in the first ten months of this year over the same period last year, a Tea Board official said yesterday, reports Xinhua.

The official said tea exports up to October amounting to Rs 43 billion (63 million US dollars) exceeded last year's total exports of Rs 42.5 billion. During the first ten months of last year exports were only Rs 34.4 billion.

Tea production increased to 233 million kilograms during the first ten months of this year against 224 million kilograms during the same period in 1997.

The economic crisis faced by Sri Lanka's major buyer Russia has affected local tea exports, said the official, adding that the tea board is optimistic that when Russia's economy returns to normalcy it will again emerge as Sri Lanka's largest buyer.

The Middle East market has also shown a reduction in tea buying but is expected to improve after the Ramadan fast, he added.

Euro gets mixed reception in Asia

BOMBAY, Jan 1: The new euro currency made a discrete debut today on the international forex market in India and got a mixed reception in the rest of Asia, reports AFP.

While governments welcomed the currency now adopted by 11 European Union nations, many major newspapers relegated the euro to their business ages.

The new currency made its international trading debut in Bombay, one of the rare forex markets open on January 1.

However, dealers were quick to point out that real trading would only begin on Monday, when European and other international markets reopen after the New Year break.

"Since most of the global markets are closed, we are not excepting any trade today," said Mridul Gokhale, chief forex dealers at Thomas Cook in Bombay.

Dealers were quoting a rate of 49.769 rupees to the euro derived from the rate of 1.16 dollars to the euro set on Thursday.

"We expect a very good response from clients once things get going, although obviously it cannot be quantified at this stage, Gokhale said.

Nepal joined its neighbour in offering euro quotes on Friday, but traders were also, holding back on transactions until after the weekend.

In Japan, Foreign Minister Masahiko Komura congratulated the European Union on the launch of its currency, describing it as a historic step in.

"I hope that the euro will become a stable, reliable currency for the benefit of the international community," Komura said.

Newspapers reported that Japanese Prime Minister Keizo Obuchi would propose the creation of a new monetary system based around the euro, the dollar and the yen when he visits Europe next week.

The move stems from Japan's fear that the yen may be pushed to the sidelines by the euro.

The launch's largest splash was made in China, where state controlled newspapers accorded saturation coverage to the currency's debut.

Newspapers front-paged an overnight dispatch on the ceremonial first euro transaction by the Bank of China, undertaken just an hour after the European Union issued inaugural exchange rates in Brussels on Thursday.

"Euro era born," the all-capitals headline on the front of the bi-weekly Shanghai Star bellowed.

The Business News covered its entire fifth page with euro articles, including an informal survey of local reaction conducted late on Thursday night.

In a region still traumatised by financial crisis, some newspapers ignored the euro launch altogether, while others sought to give the event an Asian context.

An editorial in Malaysia's New Straits Times hailed what it described as the "most significant change to the world monetary system," since the dollar emerged as the leading currency.

"The financial crisis which has hit hard Asia and other parts of the world, has painfully brought home to the world community the inherent danger of the dominance of one currency in global trade, loans and reserves of countries," it said.