

### 3 representatives of SSA to be at Paris meet on Bangladesh

CHITTAGONG, Apr 18: Three representatives of the Stevedoring Services of America Bangladesh Ltd will take part in Bangladesh Investors Forum meeting in Paris on April 21, reports UNB.

Sponsored by International Finance Corporation (IFC), the meeting will discuss development of Bangladesh. The three SSA representatives, invited to the meeting through World Bank, are President of Stevedoring Services of America Inc, Seattle, USA, Jon F Hemingway, MD of Asia SSA International Inc, and SSA (BD) Ltd Bob Watters and DMD of SSA (BD) Ltd Ashfaqur J Rahman.

SSA (BD) Ltd is constructing two private container terminals at a cost of US \$ 438 million at Patenga in Chittagong and Pangaon. In all, none speakers will take part in the panel discussions on gas, power, economic zones, general manufacturing, telecommunications, port, water supply and toll collection in road sectors sharing their experiences and expectations with regard to their investments in Bangladesh.

### Nepalese team for expanding trade with Bangladesh

CHITTAGONG, Apr 18: Leader of Nepalese commerce and industrial friendship and observation delegation Tej Kumar Pathak said here yesterday that his country was keen to see full implementation of Nepal-Bangladesh accord facilitating use of Mongla Port by Nepal, reports BSS.

He also emphasised expansion of bilateral trade, saying there is wide demand for Bangladeshi textiles, ceramics, fertilisers and other chemical goods in Nepal. "We could also improve tourism in both countries," he added.

Speaking at a meeting with the member of Chittagong chamber at the Chamber House, Tej Kumar Pathak said Nepal being a land-locked country is dependent on neighboring countries for trade and business.

Welcoming members of Nepalese delegation, Chittagong chamber president Kamal Uddin Ahmed suggested setting up of a permanent customs office on the Bangladesh border to help expand trade between the two countries.

The chamber president also apprised the Nepalese delegation of various facilities available at Chittagong Port.

### Workshop on need for insurance edn Saturday

A day-long Bangladesh Insurance Academy workshop on "Need for insurance awareness and education in Bangladesh" will be held on next Saturday at Hotel Purbani, says a press release of the academy issued yesterday.

Six papers will be presented in different sessions by Aristides S. Linares, Faculty Member of IIAF, Philippines, SJ Gidwani of Insurance Institute of India, Dr. Habibullah, Super-numerary Professor of Dhaka University, Dr Nurur Rahman, Director of IBA, Dhaka University, ABM Loqman, ACIL, ex-MD, Jiban Bima Corporation and Fatama Begum, Chairman of the Business Studies Department of Jahangirnagar University.

Dr. Rahim Box Talukder, Professor of IBA, Dhaka University, Showkat Ali Khan, ACIL, Managing Director of City General Insurance Co Ltd, and Saeed Ahmed, Actuary of Delta Life Insurance Co Ltd will take part the panel discussion.

### Netrakona may see bumper wheat output

NETRAKONA, Apr 18: The harvesting of wheat is going on in full swing all over the district and farmers in 10 thanas hope to see bumper production of the crop this year.

The district Agriculture Extension Department (AED) sources said that a scheme was taken to bring some 10,000 hectares of land under wheat cultivation with a production target of 20,000 MTs, but the growers cultivated 17,000 hectares of land, exceeding the target.

Favourable climatic conditions helped the tillers grow the crop satisfactorily this year. The plants grew well though there was no rainfall during its farming period. Had there been sufficient rainfall, the production would have been far better, said sources.

A few early varieties of wheat have started coming in the markets. The newly harvested wheat is being sold between Tk 480 and Tk 500 per maund.

The farmers are also optimistic about getting fair prices in the ongoing season.

## Plans for widening VAT, income tax nets Govt may shy away from imposing new taxes

The government may shy away from imposing new taxes fearing that it could be an issue for political agitation, but plans to widen VAT and income tax nets, reports UNB.

"How can you feel that the government will risk imposing fresh tax in the third year of its term?" one revenue official posed the question giving a peep into the budget that is in the making.

"In fact, the government is yet to decide on the issue of new tax imposition considering its political impact," another revenue official told the agency.

The officials, however, hinted that value added tax (VAT) area and income tax net

might be widened in the coming 1999-2000 budget.

Up till now, they said, there has been no plans to expand VAT up to consumer level.

At a consultation with the National Board of Revenue officials, business leaders pressed for bringing government officials under the income tax net.

Following business community pressures, the government last year attempted to bring government officials within the purview of income tax. But the decision was ditched in Cabinet meeting.

The Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) Director

Dewan Sultan Ahmed, who chairs the committee to recommend tax and VAT issues, said they strongly advocated that government officials must pay income tax or submit their tax returns in case the government pays their taxes.

"If a government official owns a house and earns house rents, it must be taxed," Sultan argued.

He said that they recommended the NBR to enhance the arena of income tax incorporating more people in the list. A number of taxable classes have evolved over the years, but they were not included in the list for lack of a proper survey while only listed people are facing

pressures of extra taxloads every year, he pointed out.

Real estate owners, property developers, traders of super markets and other shopping centres should be surveyed and brought within the income tax net, the FBCCI director felt.

Even professional groups like doctors and lawyers should maintain their client diaries properly to avert income tax evasion, he felt.

Dewan Sultan said they had also recommended modification of the tax procedures to stop harassment of taxpayers.

"We all want to pay taxes, but harassment and bribery always discourage one to go for it."

## Denmark to raise development assistance to Bangladesh

The Danish government will increase development assistance to Bangladesh.

This was stated by Danish Minister for Development Cooperation Poul Nielson when he called on Prime Minister Sheikh Hasina at her office Sunday morning, reports BSS.

Nielson lauded the government's efforts in restoring peace in the Chittagong Hill Tracts and successfully combating the worst flood. He also noted with satisfaction efforts for peace and development of the country. He said that he was happy to see work in various social development sectors for the economic well-being of the people.

The Danish minister pointed out that the government of Bangladesh has solved some issues very confidently. He also referred to the massive

relief work by the government to alleviate the sufferings of the flood victims and proper utilization of international assistance.

Prime Minister Sheikh Hasina expressed her hope that the bond of relation and friendship between the two countries would further strengthen. She thanked the Danish minister for his pledges for increased assistance to Bangladesh.

Sheikh Hasina stated: "We have undertaken a large number of programmes which include poverty alleviation, promotion of universal education, family welfare and empowerment of women."

The prime minister said that her government had taken initiatives for institutionalising democracy. "To achieve this purpose, economic condition of the people must be improved," she said, adding "with this end

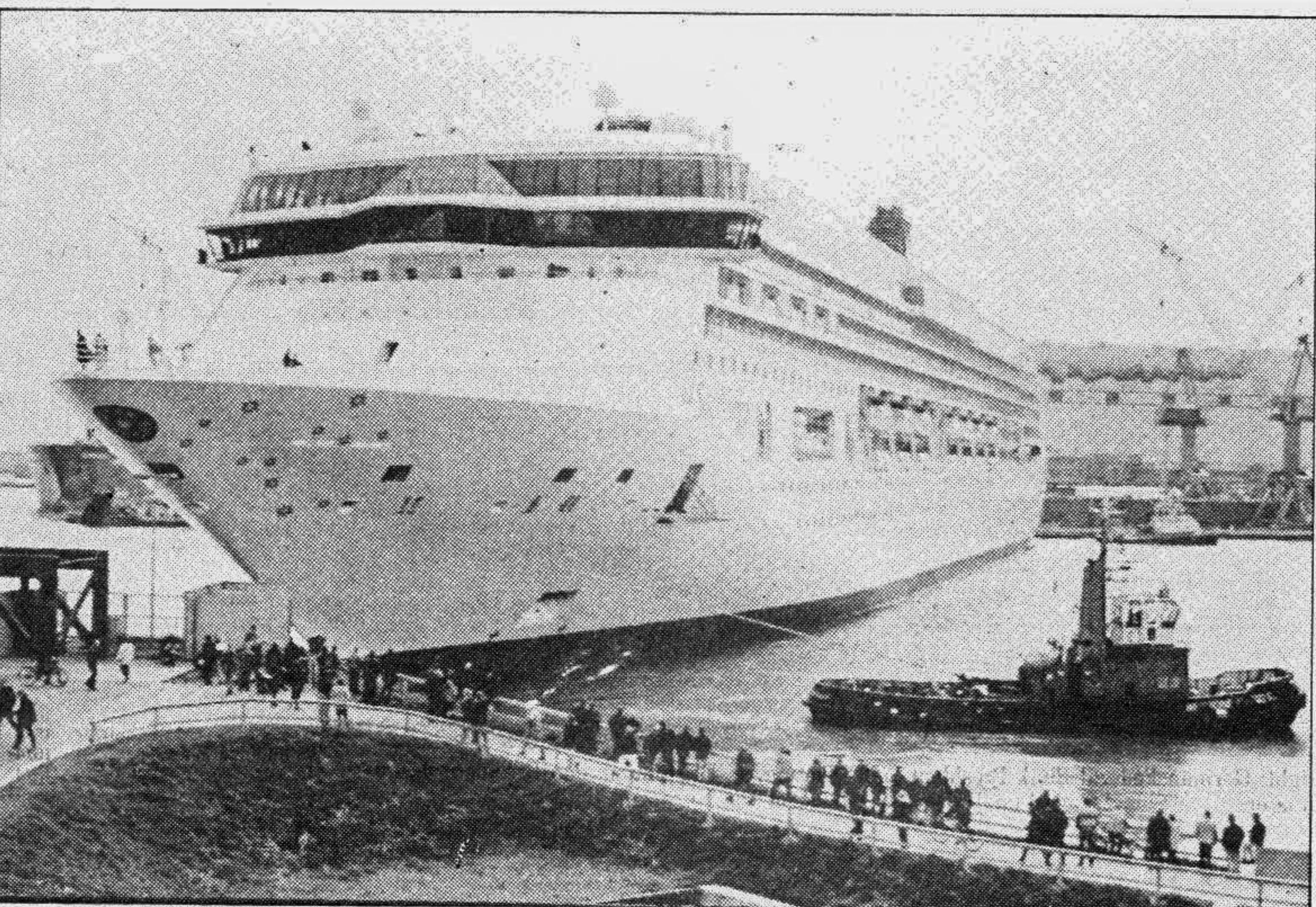
in view, we have taken a large number of development-oriented programmes."

Hasina said that during the last 11 years, democracy could not flourish in Bangladesh as political power lay elsewhere and not with the people.

Speaking on floods she said, there was a forecast that 20 million people would die from starvation and disease. "But due to government efforts and cooperation of people from all walks of life we could tackle the situation and not a single person died of starvation."

About Chittagong Hill Tracts she said, her government took development programmes which are being implemented for the benefit of the people of the region.

Foreign Secretary C M Shafi Shami and Secretary to the Prime Minister Zakia Akhtar Chowdhury were also present.



PAPENBURG (Germany): The newly-built cruise ship "Superstar Virgo" is tugged in the Papenburg harbour shortly after leaving its construction dock at the Meyer-Shipyards (background) Saturday, on its way to another quay for further equipping. The 268 meters, 76,800-ton luxury liner, with 14 decks and 982 cabins for about 2,800 passengers, is planned to be finished and tugged to the North Sea by the end of June 1999. Prior to handing over to the Malaysian "Star Cruises" line, the ship will be tested at Dutch Eemshaven and at the North Sea. — AFP photo

## Investors' Forum ends: Donors ready to extend credit 11 projects on diversified jute products tabled

Representatives of the country's leading jute-based industries and donors have shown keen interest in the projects on diversified jute-based products presented in a just-concluded investors' forum in city, reports BSS.

The industry people have expressed their keenness in inducting the new technology projected in the presentations, while two donors have said they would continue their support to the jute sector by extending credit and grants to implement the projects.

Eleven projects including mini-spinning of jute blended yarn, fine yarn spinning of jute blended with other fibres, jute reinforced plastics granules, flexible jute bags for tea packaging, non-woven jute product and wood substitutes from jute and jute blanket were presented before the investors in the three-day "Jute Investors' Forum" at the International Jute Organisation (IJO) headquarters in city Saturday.

A total of 150 participants representing entrepreneurs, professionals, jute industries, bankers, research and development organisations and NGOs from home and abroad took part in the forum.

Talking to BSS, Mirza Ali Behrouze Isphahani, Chairman of Bangladesh Jute Mills Association (BJMA), said the IJO has done a splendid job in helping to bring together the industry people and the scientists for interactions on some projects. Besides the other projects, Isphahani expressed his special interest in the project on flexible jute bags for tea packaging.

Vice Chairman of Bangladesh Jute Spinners Association MA Hai said that the Jute Investors' Forum, held for the first time in the country, would certainly give the jute-based industries a wide choice to make up their minds for product diversification in the interest of strengthening the jute economy. Managing Director of Janata Jute Mills, a leading private sector jute industry, Mahmudul Huq told the agency that the Jute Investors' Forum was quite productive.

"We have learnt a lot of things during the three-day session, which otherwise would have taken three years to get acquainted with those new ideas," Huq said, adding "now the jute industrialists have enough information to take their decision about the projects."

Huq said the projects on

jute-reinforced plastics granules, non-woven jute products, wood substitutes from jute pulp and jute products from pultrusion technology have implementation potentials in Bangladesh.

Senior Project Manager of Amsterdam-based Common Fund for Commodities (CFC), Getachew Gebre-Medhin, said his organisation has finalised the procedures for signing a memorandum of understanding with the Grameen Trust for giving credit and grants to small-scale weavers and spinners in the rural areas.

He said that most of the 11 projects were based on the findings of the CFC-funded projects. The CFC official, who came here to attend the forum, said the organisation would continue to support the revival of the jute and jute-based industries by extending credit and grants through adoption of new technologies to expand consumption of jute in the form of value added products.

The European Commission delegation in Bangladesh, which has funded the preparation of the project papers and holding of the forum, also pledged financial assistance to help potential entrepreneurs to go for commercial ventures.

## Businessmen wringing hands in despair Political turmoil to pour cold water on Indian recovery

BOMBAY, Apr 18: India's fresh political turmoil has left financiers and businessmen wringing their hands in despair at the fate of carefully laid plans for reviving the national economy, reports AFP.

The collapse of the government on Saturday after losing a confidence motion in parliament is likely to result in an unstable interim administration, leading to a general election before the end of the year.

The resulting political uncertainty is bound to pour cold water on a nascent optimism that the economy was starting to look up after a two-year slowdown and foreign investors were turning their faces and funds back towards India.

Financial markets set the new mood, with the 30-share Bombay Stock Exchange sensitive index plunging seven per cent on news of the government's collapse.

"Foreign investors will be very cautious as there is no guarantee that the new government will be any more stable than the previous one," said analyst Devesh Kumar at Dutch

brokerage ABN AMRO Equities.

"Decision making in the government will be paralysed until the contras of the new political formation emerge," Kumar said, adding that the "key issue" for Indian industry and foreign investors was the passage of the national budget.

The deficit-cutting budget for the year beginning April 1 has been widely hailed as a blueprint for reviving the economy.

"The fate of the budget is a major worry," said Jasantval Parekh, former president of the Bombay Stock Exchange.

"If it does not get passed, it will mean reversing or delaying the positive measures it contains," Parekh said.

Aware of the urgency, a top-level delegation from the main opposition party met with President K R Narayanan on Sunday morning to discuss the budget's pending passage through parliament.

"Our approach on the budget will be constructive. There should not be any financial crisis in the country," Congress parliamentary leader Sharad

Pawar told reporters outside the presidential palace.

Pawar said Congress would consult all opposition parties to forge a united stand on the budget.

"Their views are also relevant," he said.

Nevertheless, an official with a US-based power company in Bombay was gloomy about the short-term economic future.

"The political situation has gone from bad to worse," said the official who asked not to be identified.

"Foreign investors will move to the sidelines till things clear up and this will hit inflows into India."

Foreign direct investment declined to 880 million dollars in the first nine months of 1998, compared to 4.3 billion dollars in the same period the previous year.

Subhra Subramanian, analyst at foreign brokerage Warburg Dillon Read, said the crux of India's woes lay in the absence of a government capable of effective economic decision making.

"Investment decisions will be postponed and delayed as political uncertainty has increased. Another general election seems very certain as the new government is not expected to last long," he added.

The turmoil is also likely to postpone any turnaround in the flight of foreign portfolio investment from India's capital markets.

Indian bourses suffered a net outflow of about 350 million dollars in overseas investment in 1998 — the first negative figure since the markets were opened up to foreign institutional investors six years ago.

Meanwhile, a Reuters report adds: India's Congress Party said Sunday that it would work in a constructive manner with other allies and the government on the 1998/99 (April-March) budget.

"Our approach will be constructive. We are not the only party who can decide, there are a number of our colleagues who have to be consulted," Congress leader Sharad Pawar told reporters after meeting President K R Narayanan on the budget.

## Caribbean states for common vision on regional tariff

SANTO DOMINGO (Dominican Republic), Apr 17: Leaders from 21 Caribbean Basin nations, including Mexico, Cuba, Colombia and Venezuela, debated creating a regional tariff system Saturday at a summit on the future Free Trade Area of the Americas, reports AP.

Cuba's Fidel Castro paid his second-ever visit to Santo Domingo for the Association of Caribbean States summit, where leaders pledged closer cooperation in promoting tourism, responding to natural disasters and fortifying the region's tenuous air and sea transportation links.

The association's member states have a population of more than 200 million and a \$500 billion gross domestic product. While stopping short of creating what would be the world's fourth-largest trade bloc, leaders were considering a regional tariff system to prepare for the FTAA and its target date of 2005.

Security was tight, with armed troops stationed along streets, gunboats patrolling off Santo Domingo's seaside boulevard, helicopters overhead, and hotel guests forced to line up at metal detectors.

Leaders who once shunned Castro were expected to insist

that Cuba join the FTAA negotiations and that Washington end its economic sanctions against the island nation. The United States insists that communist Cuba democratise first.

Heading into their second summit, members were divided between those who want the fledgling 5-year-old organisation to prepare for the FTAA by promoting bilateral trade pacts and those favouring a regional tariff scheme, with special treatment for small economies.

All agreed, however, that unity was the best answer to the rapid pace of globalisation — which, some noted, had fuelled the spread of Southeast Asia's financial crisis to Russia and onward to Brazil.

The US-European banana war and its fallout for small Caribbean economies raised "real questions about the direction of the integration process in the Western Hemisphere and of the global economy," Surinamese President Jules Wijdenbosch told the assembled leaders late Friday.

The smaller Caribbean Community trade bloc held its own talks here on the World Trade Organisation's finding that the European Union unfairly subsidises imports of bananas from its former African,

Caribbean and Pacific colonies. The ruling, which favours US multinationals operating in Central America, could throw thousands out of work and prompt many to turn to the region's flourishing drug trade for employment, Caribbean island leaders warn.

The association's leaders pledged to jointly promote the Caribbean's vital tourism industry, which employed one in five of the region's residents and generated \$18 billion last year.

Central to that goal is strengthening air and sea links in the Caribbean Basin. Missed or cumbersome connections are a common complaint that also impede integration in the region that sprawls across 1,700 miles (2,735 kilometres) — as some diplomats late in arriving for the summit could testify.

Member states are: Antigua and Barbuda, Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago, Venezuela.

## WB, IMF open crisis debate under sunnier skies tomorrow

WASHINGTON, Apr 18: The World Bank and IMF open a week-long debate here Tuesday determined to shore up fragile recoveries beginning to take shape in economies that not so long ago seemed on the brink of collapse, reports AFP.

Senior policy-makers from the Bank and International Monetary Fund, along with advisory bodies from developing and industrialised countries, convene under sunnier skies than they did in October, when recessions stalked much of the globe.

Since then, encouraging signs have emerged in South Korea, Thailand and Indonesia while fears that turmoil in Brazil would infect other Latin American countries have not

materialised.

In addition to traditional indices showing healthier momentum, senior US Commerce Department officials and corporate executives are speaking more positively about doing business in Asia.

"Things appear to have bottomed in Asia and we're beginning to see a bottoming out in Brazil and probably in most of Latin America," said Lawrence Chimerine, president of the Economic Strategy Institute.

Capital is flowing back into Latin America and most of Asia, interest rates have come down off their peaks and some of the weak currency countries have seen a significant rebound in the value of their currencies. The IMF on Tuesday will re-

lease its thrice-yearly report on world economic prospects, followed by press conferences later in the week by IMF managing director Michel Camdessus and World Bank president James Wolfensohn.

On April 26, top finance officials from developing countries in the Group of 24, which advises the IMF, will gather here. Their wealthier counterparts in the Group of 10 convene the following day.

The Group of 10 talks come just ahead of a meeting of the interim committee, the IMF's policy-making body, on April 28 and the World Bank's development committee on April 29. High on all agendas, according to financial sources here, will be further measures to bol-

ster the "international financial architecture" and ease the debt of the world's poorest nations.

Officials will debate steps to make a global financial transactions more transparent and standards-based and to ensure that banks are sufficiently capitalised. The goal is to prevent dramatic swings in capital flows that can profoundly destabilise emerging market economies with weak financial institutions.

Within the IMF, a new facility, designed to rally IMF and private funds to shield vulnerable economies threatened by financial turmoil, should be given official backing. The interim committee, according to IMF economist Jack

Boorman, may also approve plan to sell some of the Fund's gold holdings to support a World Bank-IMF debt-relief initiative for poor countries.

In the World Bank's development committee, the war in Kosovo and its economic consequences for the region is also expected to get a hearing.

"The solutions are very difficult," according to Chimerine. "How do you stop the sudden shifts in capital flows? There's no consensus on how to do it, so I really don't think you'll see much action taken."

But he and other analysts agree the focus next week will be on how to preserve the fragile progress made thus far in some of countries hardest hit by the upheavals of 1997 and 1998.

Thai authorities are now predicting growth of one per cent this year after a decline of eight per cent in 1998. In March the central bank announced a dramatic turnaround in February imports and manufacturing output, boosting recovery hopes.

In South Korea, the IMF has revised its projections of a one per cent growth contraction this year to positive growth of two per cent.

Even Indonesia, the worst-affected of the southeastern crisis countries, is projected to enjoy "positive real growth from this year," IMF directors have said.

US Commerce Secretary William Daley last week said his department had detected "a

strong resurgence of interest" on the part of US companies to go back into southeast Asia. Senior executives at General Motors, Motorola and Boeing have all cited improved prospects in Asia in recent commentaries.

Nonetheless, the future remains clouded by a continuing recession in Japan, sluggish activity in Europe and political uncertainty in Russia.

In the United States, currently the principal driver of global growth, a sharp stock market correction could also scupper recoveries elsewhere. And for developing countries, according to a World Bank study released earlier this month, a full rebound is not likely to come before 2001.