

Multinationals in Pakistan complain of unwarranted tax claims

ISLAMABAD, May 24: Several big multinational companies operating in Pakistan have sent a letter to Finance Minister Ishaq Dar complaining of harassment by overzealous tax collectors, reports Reuters.

"Tax collectorate officials in their eagerness to meet budgetary targets for tax collection have started making exaggerated and arbitrary claims on multinational companies. Threats are being made. Their behaviour is tantamount to harassment," said the letter obtained by the agency at the weekend.

Company officials, who asked that they and their firms not be identified, said the tax claims were unwarranted.

"We are all getting beat up. All sorts of claims against us for tax this, unpaid this, unpaid everything from the CBR," one Western businessman said of the Central Board of Revenue.

"Not just multinationals, all the corporates, against Pakistanis as much as multinationals," he said, adding his staff had also been harassed. A Pakistani banker also

complained of harassment from tax officials.

"They are here every other day threatening us with this or that (tax) notice," he said.

"If they are doing this with a state-run bank you can imagine what the private-sector companies are facing," he added.

The CBR is under heavy pressure from the government and from Pakistan's international lenders to meet its collection targets for the fiscal year to the end of June, but economists say it is likely to fall short. The collection target of 310

billion (\$ 6.2 billion) has already been lowered four times from the original 354 billion.

Economists say that tax collection in the first 10 months of the current fiscal year totalled about 230 billion rupees, still 80 billion short of the latest target.

The letter said tax collectors were being forced to try to meet difficult collection targets.

"Yet another example of unreasonable attempts to achieve unrealistic tax collection targets is to deliberately delay as-

sessments where refunds are due," it said.

It ended by saying "harassment to companies such as ours does not auger well for the future nor to the image of Pakistan with the shareholders and potential foreign investors."

The World Bank's latest report on Pakistan's economy also pointed out problems with tax collection, saying they were caused by a "weak tax administration, widespread tax evasion and rapid growth of a tax-free informal sector in the economy."

Singapore remains in deflationary mode

SINGAPORE, May 24: Singapore remained in deflationary mode with consumer prices dipping, even though moderately, for the 11th month running in April, analysts said today, reports AFP.

The government said the consumer price index fell 0.3 per cent from a year earlier in April but the contraction was less sharp than in March and February which saw prices down 0.6 per cent, according to the analysts.

Singapore slipped into negative inflation for the first time in 12 years in 1998 as the island state was gripped by recession

amid a regional economic slowdown caused by financial turmoil which erupted with currency declines in mid-1997.

The trade-driven economy however climbed out of recession in the first quarter of 1999, posting a positive 1.2 per cent growth after two consecutive quarters of declines.

Jimmy Koh, regional economist with financial consultancy IDEA, said moderating consumer prices in April came on the back of stock market buoyancy and recovering property prices as well as a better economic outlook.



The 26th annual general meeting of Glaxo Wellcome Bangladesh Ltd was held in Chittagong Thursday. —Glaxo photo

Japanese trade surplus tumbles 12.6 pc

TOKYO, May 24: Japan's trade surplus tumbled 12.6 per cent in April, taking its first fall in two months, the finance ministry said today, reports AFP.

The trade surplus for the world's second largest economy came to 1,069.1 billion yen (\$6 billion dollars) in the month, a steeper fall than analysts forecast.

But analysts warned it was too early to look for an imminent recovery of imports or a pickup in demand in the face of recession in Japan.

Exports in April fell 7.4 per cent from a year ago to 4,023.8 billion yen, largely because of a drop in steel, car and electronics exports.

Tokyo's steel shipments to the United States have plummeted this year in the face of anti-dumping rulings from the US Commerce Department.

Imports were down 5.4 per cent to 2,954.7 billion yen, sliding for the 16th straight month because of continued poor demand in Japan.

In addition, imports of coal were down and there was a steep fall in the value of imports of crude oil, whose price is well

down on last year.

"A big drop in the trade surplus is unlikely because I don't see prospects of a sharp rebound of imports because of the likelihood of continued stagnation in output levels," said Andrew Shipley, economist at Schroders Japan.

The surplus has now peaked and would not likely climb again soon because of a world-wide excess capacity for the manufactured goods which Japan exports, he said.

A relatively strong yen would help lift Japan's imports but until industrial production starts to recover strongly there would be no rebound in imports, he said.

Japan's politically-sensitive trade surplus with the United States rose 2.1 per cent to \$96.5 billion yen in April, climbing for the second straight month.

Exports were down 4.0 per cent to 1,265.5 billion yen. Steel shipments, in particular, dived 51.8 per cent in the month.

Imports from the US fell 8.9 per cent to 669.0 billion yen, falling for the second straight month, with a slump in imports of office equipment and aircraft engines.

'Investors should avoid growing too optimistic' Crisis-crushed Asia recovering faster than expected: WB

TOKYO, May 24: Companies in the crisis-stricken economies of Asia are recovering more quickly than expected but investors should avoid growing too optimistic too soon, World Bank officials said Monday, reports AP.

The outlook for Asian companies in the year ahead depends on implementing financial and corporate sector restructuring that combats the causes of the nearly two-year-old turmoil, they said.

"Recovery is proceeding in some countries and in some sectors even more rapidly than the firms thought would be the case a few months ago," said Francis Colaco, president of Asia-Pacific Management Consultants Inc. and a consultant to the World Bank.

In particular, there was growing optimism among South Korean firms, which have done more to cut bloated work forces and reform their operations than companies elsewhere, said Dominique Dwor-Frecaut, a senior

economist for the World Bank. The officials spoke at a press conference in Tokyo. Their conclusions are based on a World Bank survey of 4,000

companies in South Korea, Malaysia, the Philippines, Indonesia and Thailand between November 1998 and February 1999. The results were first presented in Bangkok last month.

Recent rallies in Asian stocks have been seen as a sign of recovery. But World Bank officials warned against growing too optimistic.

"We are talking about a spectacular recovery only in asset markets and stock markets but these markets are very small," Dwor-Frecaut said. "You need only a very small capital flow to have a very big impact on these markets one way or the other."

To ensure a full recovery, the countries should strengthen laws on bankruptcy, and mergers so resources are transferred quickly from failed companies to healthy ones, the World Bank said in its conclusion to the survey.

The countries should also develop their stock and bond markets so companies have sources of funding.

China moves to reform securities industry

SHANGHAI, May 24: The first Chinese stock brokerage has received approval to expand its capital in a sweeping reform of China's securities industry, the firm said Monday, reports AP.

A government regulator said other firms were in line for similar approval. Legislation passed in December requires China's approximately 90 brokerages to increase capital to guard against bankruptcies and market panics. But mergers and other steps to meet the new limit had been blocked while regulators reviewed proposed plans.

Glaxo declares 30 pc dividend

Star Business Report

Glaxo Wellcome Bangladesh Ltd has approved a 30 per cent dividend for its shareholders for the year 1998.

The dividend was announced at the 26th annual general meeting of the company held at a hotel in Chittagong on Thursday, says a press release.

The meeting was presided over by the company's Chairman G M Chowdhury. Syed Fazlul Haque, Managing Director, while other directors of the company were present.

The company's Tk 892.8 million turnover presents a growth of 9 per cent over that of 1997 and it earned a after-tax profit of Tk 79.0 million.

It was reported that the company launched ten new products during 1998.

The chairman described briefly the company's operational results and future development plans.

In his deliberation the chairman expressed his optimism about the future growth of the company and informed that more products were in the pipeline for their introduction later this year.

Famous reformist made top ROK trade minister

SEOUL, May 24: Reformist Kang Bong-Kyun took the helm of South Korea's economy today in a cabinet reshuffle aimed at tightening the reins on corporate restructuring, reports AFP.

Kang, a senior advisor to President Kim Dae-Jung, replaced Lee Kyu-Sung as finance minister at the head of the government's economic team.

Analysts described Kang, 56, as more reform-minded than his predecessor, saying unwieldy conglomerates, known as the chaebol, would come under further pressure to slim down their corporate empires.

The reshuffle involving nearly all economic ministers was highlighted by Kang's appointment, reflecting the government's determination to put the economy on a solid footing, they said.

The appointment of Kang as the new finance minister could be translated as (a sign of) the government's commitment to carry through economic and financial reforms," Daewoo Securities' Lee Young-Mok said.

Kang, a career technocrat, has been the man behind the government's reform drive since Kim took office in early 1998.

The sprawling conglomerates, blamed for reckless expansion through heavy borrowings, have aired a string of reform plans. But Kang has blasted their lax attitude towards restructuring.

He started his career in the 1960s at a bureau in charge of economic development plans.

Along with Kang, the president appointed Jin Nyum was as budget agency minister, a newly created post, and retained Lee Hun-Jai as head of the powerful Financial Supervisory Commission.

Eastern Bank earns Tk 40cr profit in '98

Eastern Bank Limited has made an unaudited profit of over Tk 40 crore in 1998.

This was stated by the Chairman of the Bank, Nurul Husain Khan, while speaking as chief guest at the managers' conference held at the BRAC Centre for Development Management at Rajendrapur Friday, says a press release.

M Khairul Alam, Managing Director, Executive Vice President, M Hedayetullah Islam and Mohammad Hafiz Ahmed, branch managers and senior officers of the bank participated in the conference.

The chairman said due to the concerted efforts of all officials, the bank has been able to declare dividend for the year 1997.

The Managing Director, M Khairul Alam, also spoke on the occasion.

Deficit widening to make Filipino govt review its revenue goals

MANILA, May 24: The Philippine government will review its revenue goals for the next three years if its budget deficit exceeds 68.4 billion pesos (\$1.8 billion) this year, Finance Secretary Edgardo Espiritu said Monday, reports AP.

"If we hit more than 68.4 billion pesos, we may have to make revisions on revenue targets for the period 2000 to 2002, unless the government can generate more revenues in other areas," Espiritu said.

The Philippines has set a 34 billion peso (\$895 million) budget deficit target for next year, or 1 per cent of the projected gross national product. This year's budget deficit target is 2.2 per cent of GNP because of planned spending to spur economic activity.

Espiritu said a comprehensive government-wide workshop has been scheduled in June to review the country's fiscal performance in the first half of 1999 and determine if there is a need to adjust revenue and budget targets.

"Part of our program is to shift to domestic sources, not borrowings, in raising revenues," he said in a television interview.

Exchange Rates

Following are yesterday's Standard Chartered Bank rates of major foreign currencies against Taka									
Central Bank USD/BDT Rate: Buying-BDT 48.35/ Selling-BDT 48.65									
Selling			Currency			Buying			
TT/O.D	BC		TT Clean		Od Sight Doc				
48.7300	48.7700	USD	48.3200		48.1999			48.0758	
0.4028	0.4032	JPY	0.3803		0.3790			0.3783	
32.5344	32.5811	CHF	31.4011		31.2970			31.1816	
26.8260	26.8495	SGD	27.7175		27.8257			27.5774	
33.8168	33.8446	CAD	32.6112		32.5031			32.3808	
5.7527	5.7574	SEK	5.6710		5.6622			5.6403	
33.0146	33.0417	AUD	30.7798		30.6778			30.4800	
12.9446	12.9552	MYR	12.9581		12.9563			12.9246	
6.3007	6.3059	HKD	6.2182		6.1946			6.1814	
13.0950	13.0758	SAR	12.8143		12.7718			12.7393	
13.3405	13.3514	AED	13.0814		13.0380			13.0047	
0.0409	0.0410	KRW	0.0406		0.0404			0.0404	
78.9426	79.0074	GBP	76.3214		76.0685			75.7914	
52.4578	52.5009	EUR	50.0054		49.8695			49.7824	

Usance export bills					
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2204	47.9228	47.5257	47.0690	46.5725	45.4605

Exchange rates of some Asian currencies against US dollar					
Indian Rupee	Pak Rupee	Thai Baht	Mal Ringit	Indo Rupiah	Sing Dollar
42.36/42.46	50.18/50.26	37.42/37.52	3.7999/3.8001	8850/8825	1.7231/724

US dollar		Libor		1 Month		3 Months		6 Months		12 Months	
Cash notes	48.15	48.75	USD	5.62875	5.28063	5.15813	5.15909				
T C	48.1	48.7	GBP	65	6.34813	6	5.67351				

Market commentary

On Monday in the interbank market demand for US dollar was sluggish and traded in a range of BDT 48.65 and BDT 48.66. Call money rate closed lower at the range of 7 and 8 per cent.

In the kero market cash US dollar notes traded between BDT 49.65 and BDT 49.75.

In the international markets euro stayed low against dollar amid lingering gloom about the outlook in German economy.

Analysts said euro could now only be rescued by a strong signal from European policy makers that they did not want it to weaken further. This situation also helped dollar advance against yen.

Comments by Eisuke Sakakibara have tempered dollar bullishness. He said that Finance Ministry would carefully monitor developments in the forex market.

Meanwhile pound sterling is expected to remain in focus with revisions to first quarter UK gross domestic product data. Traders are looking for direction to parliamentary testimonies by the Bank of England's Ian Plenderleith and Sushil Wadhvani.

At 1510 hours local time dollar traded at 123.90/95 JPY, GBP traded at 1.6002/05 USD and EUR at 1.0585/87 USD.

Shipping Intelligence

Berth position and performance of vessels as on 24-5-99.

Berth No	Name of Vessels	Cargo	L Port	Local Agent	Date of Arrival	Date of Leaving
J/1	Jaani	Rice(P)/GI	Kara	Royal	26/4	26/5
J/2	Alam Teges	Sugar (C)	Kohsi	Seaglor	7/5	30/5
J/3	Al Murtuba	Rice (P)	Kara	GLA	2/5	27/5
J/4	Golden Chase	GTSP	Tampa	SSST	28/4	28/5
J/5	Dubai Odyssey	Rice (P)	Kara	Seaglor	28/4	28/5
J/6	Taraman Bibi	C Clinik	Karab	MBL	9/5	26/5
J/7	Progreso-1	Wheat (P)	Sing	Seaglor	13/5	5/6
J/8	Ocean-1	GI	Yang	SMSL	8/5	28/5
J/9	Yangling	GI	S Hai	BDSHP	2/5	27/5
J/10	Erodios	Rice (P)	Kand	AMBL	1/5	25/5
J/11	Vishva Parimal (NPr)	Dap	Sing	Litmond	4/5	29/5
J/12	Achiever	Cont	Sing	RSL	17/5	25/5
J/13	Kota Cahaya	Cont	Sing	Pil (BD)	18/5	26/5
CCT/1	Banglar Moni	Cont	Sing	BSC	18/5	24/5
CCT/2	Qe Teal	Cont	Sing	QCSL	18/5	24/5
CCT/3	Meghna	Cont	Sing	BDSHP	12/5	24/5
RM/14	Humber	Cement	Jaka	ABLE	7/4	30/5
RM/15	Lestari Utama-II	C Clinik	Indo	PSAL	4/5	26/5
CCJ	Yangli	C Clinik	Jaka	PSAL	20/5	4/6
GSJ	Banglar Kallol	Sulph	Iran	CCNL	21/5	3/6
TSP	Blue Angel	Cement	Jaka	USTC	R/A	28/5
RM/4	Kyong Song	C Oil	BSC	R/A	25/5	
DDJ/1	Tanary Star	Idle	Para	PSL		
RM/8	Unity	Idle	Mong	SSST	17/5	30/5
CUFLJ	Mary Nour	Cement	Lang	BSL	21/5	5/6
Kafco (U)	Tia Estela		MBL	R/A	26/5	

Vessels due at Outer Anchorage

Name of Vessels	Date of Arrival	L Port	Local Agent	Cargo	Loading Port
Kota Berjaya (Cont)	16/5	24/5	Sing	Pil (BD)	Cont
Alping	26/5	25/5		SMSL	GI
BUTL	26/5	25/5		Able	Cement
Bunga Mas Lima (Cont)	16/5	25/5	P Kel	EOSL	Cont
Star Glory	26/5	25/5		PSAL	Cement
Eliz (Cont)	17/5	26/5		Baridhi	Cont
New Explorer	26/5	25/5	Sing	ARL	Cont
Ultima (Cont)	12/5	26/5	Sing	QCSL	Cont
Phaethon	26/5	25/5	Sant	OWSL	Sugar (G)
Hickory	26/5	25/5		Karna	
Trolanu	26/5	25/5		Sunshine	GI (Bitumen)
Kota Binda (Cont)	18/5	26/5	Sing	Pil (BD)	Cont
Dubai Orient (28)	20/5	26/5		Seacom	S Oil
Revenge	27/5	27/5		Sunshine	Salt
Slamivory	27/5	27/5		ESPL	S Coll (GI)
Fwi	27/5	27/5	Dunk	LSC	What (G)
Munajat	27/5	27/5		HSD	Cement
Triumph Hongkong	27/5	27/5	Sing	RML	St Coll
2820/5	27/5	28/5		BSC	GI
Banglar Maya	28/5	27/5		EOSL	Cont
Bunga Mas Enam (Cont)	20/5	27/5		Everett	GI
Karana Sembilan (28)	10/5	28/5		Everett	GI
Briza Azul (48)	10/5	28/5	Sing	QCSL	Cont
Buxmoon (Cont)	18/5	27/5	Bang	OWSL	Sugar (G)
Hainan No 1	27/5	29/5	Sheko	Litmond	Mop (In Bag)
Spiros	29/5	30/5		Able	Cement
Nadel Horn	30/5	30/5	Sing	BDSHP	Cont
Banga Biraj (Cont)	18/5	30/5		Pil (BD)	Cont
Kota Naga (Cont)	20/5	30/5		SSLL	St Coll
Bhaavbhatti (28)	20/5	30/5		Everett	GI Cal
Cardhu	30/5				Sing
Dragon Kalimantan					
(Cont)	23/5	1/6		APL	Cont
Banglar Robt (Cont)	23/5	2/6		BSC	Cont
Skamneli	25/5			MMI	
Apl Violet (Cont)		7/6		NOL	Cont