

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 Reuter.

Tax collector 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're all getting beat up. All sorts of claims against us for tax 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 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 moderating, for the 11th month running in April, analysts said today, reports AFP.

The government said that 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 IDEAS, 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.

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 (\$8.6 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 Shapley, economist at Schroders Japan.

The surplus has now peaked and would not likely climb again soon because of a worldwide 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 5.8 per cent in the month.

Imports from the US fell 8.9 per cent to \$69.0 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

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

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.

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," Dvor-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.

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 Faizul Haque, Managing Director, while other directors of the company were present.

The company's Tk 892.8 million turnover represents a growth of 9 per cent over that of 1997 and 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 chaebol 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 Hedayetul 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/OD	BC	TT Clean	Od Sight Doc
48700	48700	483200	480758
04028	04032	03903	03783
32544	32511	314011	311816
28260	28495	277175	275774
338168	338446	326112	323908
5737	57574	56520	56403
330146	330417	30798	304800
129446	129562	125981	125246
63007	63069	62162	61814
130650	130758	128143	127393
133405	133514	130814	130047
04049	040410	040406	040404
789426	789074	763214	757914
524578	525009	500364	498695
			497824
Usance export bills			
TT Doc	30 Days	60 Days	90 Days
482204	479228	475257	470690
			465725
Exchange rates of some Asian currencies against US dollar			
Indian Rupee	Pak Rup	Thai Bath	Mal Ringgit
423642/46	501850/26	3742/37.52	37999/38001
			8850/8925
US dollar			
		Liber	
	Buying	Selling	
	48.15	48.75	USD 5.2875
	5.2875	5.2885	5.15813
	5.15813	5.15809	5.15609
	5.15609	5.15611	5.15731
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 kurb market cash US dollar notes traded between BDT 49.65 and BDT 49.75.			
In the international markets euro stayed low against dollar amid 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 Sakakura 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 Plenderleath and Sushil Wadhani.			
At 1510 hour local time dollar traded at 123.90/95 JPY, GBP traded at 1.6002/05 USD and EUR at 1.0685/87 USD.			