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IMF to revise upward its forecast for world economy

ROME, Sept 2: The International Monetary Fund (IMF) will revise upward its forecasts for world, US and eurozone economic growth in 2000 and 2001, Italian news agency ANSA reported yesterday, says Reuters.

Citing a draft of the IMF's World Economic Outlook to be published later this month, ANSA said the IMF would revise their estimates for 2000 US growth to 4.9 per cent from the 4.4 per cent forecast in April.

Euro zone countries' gross domestic product was seen expanding 3.4 per cent in 2000 and 2001, up from the 3.2 per cent indicated by the IMF in April.

But the combined effect of high oil prices and a weak euro pressed the IMF to adjust its inflation expectations for the euro zone, bringing the estimate for the block's 2000 consumer prices to 2.0 per cent from a previous 1.7 per cent, ANSA said.

In 2001, eurozone inflation was seen by the IMF at 1.7 per cent from 1.6 per cent previously.

Among the eurozone countries, Italy is expected to grow 3.1 per cent this year and 3.0 per cent next year up from 2.7 per cent and 2.8 per cent previously. Forecasts for Germany's economy were unchanged at 2.8 per cent growth in 2000 and 3.3 per cent in 2001.

The world economy ANSA said citing the report, is expected to grow 4.7 per cent this year, up half a percentage point from April's expectations, and 4.2 per cent in 2001.

Japan is seen expanding 1.4 per cent in 2000.

The IMF did not confirm the report.

"We don't confirm anything until the report comes out," an IMF spokeswoman in Washington said. "The WEO is still being discussed on the board."

"They are still working on it until the very end," he added.

## ICMAB team meets Kibria

A delegation of the Institute of Cost and Management Accountants of Bangladesh (ICMAB) led by its president M Abul Kalam Mazumdar FCMA called on the Finance Minister, Shah AMS Kibria, at his chamber in the city on Thursday, says a press release.

During the meeting, the delegation apprised the minister of the institute's activities in various sectors of the national economy.

The finance minister appreciated the role of Cost and Management Accountants and expressed the hope that the CMAs would try to increase their contribution for the development of the country.

He underscored the importance of Cost Audit and formation of multidisciplinary National Accounting Standard Monitoring Board and assured the delegation of looking into this matter.

Other members of the delegation present at the meeting were Md. Mujibur Rahman, FCMA, vice-President, and Saleh Ahmed Bhuiyan, FCMA, Executive Director of the Institute.

## EU, US lurch towards trade row over tax scheme

BRUSSELS, Sept 2: The European Union and the United States lunched towards an explosive trade row yesterday as Washington vowed to press ahead with reforms to a multi-billion-dollar export tax break scheme over EU objections, says Reuters.

Washington warned the 15-nation EU it risked sparking an all-out trade war if it blocked its plans to replace the controversial Foreign Sales Corporation (FSC) scheme which the World Trade Organisation (WTO) earlier this year found to be an illegal export subsidy.

A senior Clinton administration official told reporters in Washington that the United States could challenge tax programmes used by European nations, including France and the Netherlands, if the EU refused to back down.

"We're doing everything we can to avoid it [a trade war]. If there's to be one, it will be in their hands, not in ours," he said.

The EU earlier rejected the US proposal to reform the FSC programme which offers up to \$4 billion a year in tax breaks to US exporters. It argues that the US plan continues to make tax breaks dependent on exports, in violation of WTO rules.

The WTO, ruling in a case filed by the Europeans, has given the United States until October 1 to bring the FSC into line with global trade rules.

The EU's rejection of the reform plan raised the prospect Brussels could seek WTO permission later this year to impose sanctions on US exports that could run to billions of dollars.

# The Daily Star BUSINESS

DHAKA, SUNDAY, SEPTEMBER 3, 2000

## Cement manufacturers ask govt not to allow new factories

Market glut feared as 62 more plants get approval

Star Business Report

Apprehending a glut in the market, Bangladesh Cement Manufacturers Association yesterday urged the government not to allow any more cement factory in the country.

They said the government has recently allowed huge investments for setting up a number of cement plants. When these factories will go into operation, the market will be flooded with excess production.

These will put the existing businesses in the red.

The Board of Investment (BOI) has approved proposals

for setting up 62 cement units," said Bangladesh Cement Manufacturers Association President Ahmed Akbar Sobhan at a press conference.

"With the completion of these units, the combined annual production capacity will reach 1.89 crore tonnes against a projected demand of only 55 lakh tonnes."

Giving a grim picture about the future of the cement industry, he said many of the plants would be bound to shut down and become sick once the market saturated. In such a situation, factories would fail to utilise their full capacity.

He said the situation in the cement sector is now similar to that of frozen fish or re-rolling industries. In the past, a number of entrepreneurs set up frozen fish and re-rolling plants only to become sick because of excess capacity.

Currently, there are 17 cement factories with an annual production capacity of 43.32 lakh tonnes. Of these, five companies are going ahead with expansion programmes which will raise the total capacity to

52.72 lakh tonnes.

Besides, six more plants are in the process of implementation which will add another 33.40 lakh tonnes annually to the existing capacity. So, the total production will reach 73.20 lakh tonnes against a total domestic demand of 55 lakh tonnes.

The cement manufacturers said the government should now take a discouraging attitude towards fresh investment in the sector and encourage investors to other priority sectors.



A delegation of ICMAB headed by its president M Abul Kalam Mazumdar, FCMA, meets Finance Minister Shah AMS Kibria at his office in the city on Thursday.

— ICMAB photo

## Skill, technology needed to develop RMG sector

Speakers at a function here yesterday underscored the need for simultaneous application of skill and technology in the garment sector, the country's highest foreign exchange earner, to accelerate the national economy, says BSS.

President of Foreign Investors Chamber of Commerce and Industry (FICCI) Wallur Rahman Bhuiyan attended the opening function as the chief guest while Chie Sugino, representative of the Embassy of Japan who is in charge of technical cooperation between her country and Bangladesh was the special guest.

It was also addressed by AOTS representative Dr AKM Moazzem Hussain. Brother representative Y Hasegawa and BAAS President Anwarul Haq.

Member-Secretary of the Steering Committee for the course Jawaherul Ghani gave the vote of thanks.

Two Japanese experts — K Naganawa and Y Yamamoto —

are conducting the five-day training course, being participated by 40 persons from different garment industries. A similar course will also be organised in Chittagong from September 9 to 13.

FICCI president Wallur Rahman Bhuiyan said Japan, the fourth largest investor in Bangladesh, is a valuable, dependable and trusted development partner. The recent visit of the Japanese premier would help further investment in the country in near future, he hoped.

Stressing the need for putting in serious efforts to ensure that the garment sector is not only protected, but prosperous, Bhuiyan said Japan could play a great role in this context by developing human resources.

transferring technology as well as further understanding with which the nation's ties are deep rooted.

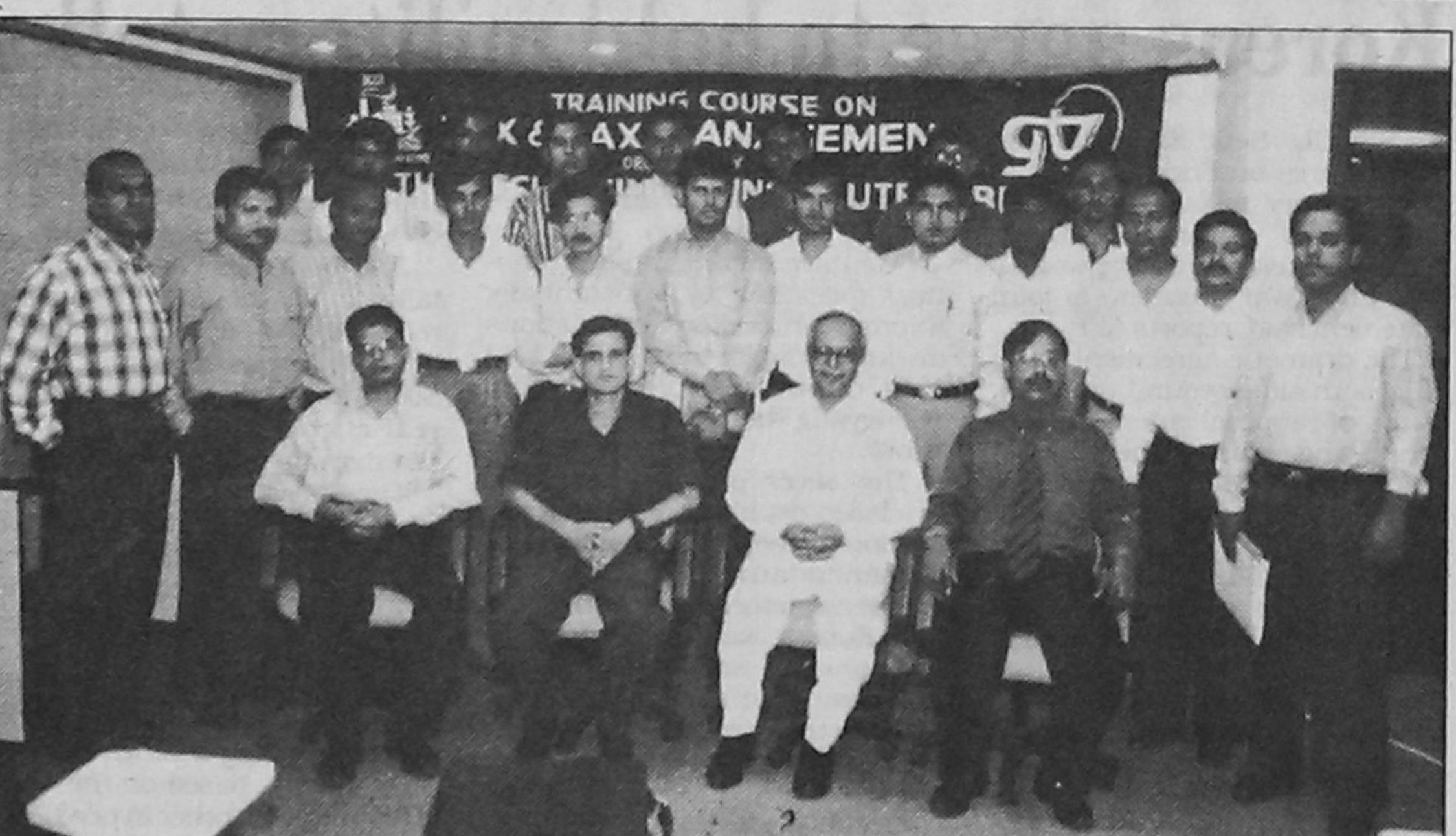


Photo shows participants at the certificate awarding ceremony of a training course on 'Tax and Tax Management' held at DCCI Business Institute on Thursday. Former DCCI Vice-President Ashraf Ibn Noor (2nd from right) was also present.

— DCCI photo

## Weekly commodity: Oil prices high, gold glitters

LONDON, Sept 2: Oil prices remained high, as a vague pledge from the world's leading oil producer, Saudi Arabia, to ensure a "suitable increase" in output weakened prices only slightly and stocks continued to hover around a 24-year low.

Rubber: Flat. Rubber prices weakened in volatile trading.

In Kuala Lumpur, the RSSI index slipped back to 2.66 from 2.70 ringgit per kilo.

The SMR20 Index slipped weakened to 2.35 ringgit from 2.39 ringgit.

Cocoa: Hotting up. Cocoa prices rose as the market awaited publication of information on the West African harvest and the resumption of coca-drinking over the winter months.

Coffee: Weak. Coffee prices sank to an eight-year low level in London on Thursday on con-

cerns of a supply surplus from Vietnam, the world's leading Robusta exporter.

In London, Robusta for November delivery sank to 776 dollars a tonne on Thursday, compared with 813 dollars seven days earlier.

Sugar: Sweet. International sugar prices strengthened as the markets awaited the resumption of activity following the quiet holiday period.

On the London market, December contracts rose to 268.9 dollars a tonne from 266.4 dollars.

Grains: Jumping. Cereal prices rose strongly in London and New York as forecasters predicted unusually high temperatures in the US production regions.

Cotton: Steady. Cotton prices were little changed compared with the previous week.

In New York, October contracts slipped to 63.37 cents a pound from 63.52 cents the week before.

Cash prices covered by the Cotton Outlook index rose to 61.70 cents from 61.55 cents.

Wool: Warm. Wool prices remained strong in Australia as demand was healthy, particularly from China, the world's leading wool importer.

The Eastern index gained two cents to 702 cents a kilo.

In Britain, where there were no auctions this week, the Wooltops index was unchanged at 313 pence.

Gold: Glitters. Gold prices rallied in quiet trading after the

previous week's falls.

By Friday, the price of gold had risen to 276.75 dollars on the London Bullion Market, from 273.35 dollars the week before.

Silver: Brighter. Silver prices also rallied after sinking to a 20-month low level last week.

By the end of the week, an ounce of silver was selling for 4.91 dollars, compared with 4.76 dollars the week before.

Platinum and Palladium: Diving. Platinum and palladium were relatively stable in the absence of fundamental news.

Palladium fell to 716 dollars an ounce on the London Platinum and Palladium

Market (LPPM), compared with 724 the week before.

Platinum rose to 588 dollars late Thursday from 573 dollars the previous week.

Base Metals: Shining. Base metals strengthened on the London market as stocks dwindled.

In particular, nickel prices consolidated gains as strike action continued at the Falconbridge complex in northern Ontario, Canada, where workers have been protesting against pay and conditions since the beginning of August.

Dealers increasingly feared that the complex will be forced to reduce exports in September as stocks run low.

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DCCI training course on tax & tax management ends

A 5-day training course on 'tax and tax management' concluded at DCCI Business Institute on Thursday, says a press release.

The course was organised by the DCCI Business Institute (DBI) in co-operation with Business Advisory Service (BAS) Project, DCCI-GTZ Partnership Programme.

The course aimed at familiarising the participants with the following topics: introduction to the direct taxes, salient features of Finance Act, 2000 (Income Tax), salary assessment - different aspect of personal taxation and wealth statement analysis, introduction to value-added tax (VAT), declaration of value-added tax - computation of corporate tax, rules and regulations of corporate tax, procedures of advance tax deduction, tax holding procedures, calculation of corporate tax and procedures of preparing documents, appeal procedures against tax assessments, submission of return-refund, appeal, PSI system and rules, regulation and deduction or collection of tax at source-procedures.

Former DCCI Senior Vice-president, Ashraf Ibn Noor, distributed the certificates among the participants.

A total of 25 participants from different business organisations attended the training course. Hasanur Rahman Chowdhury, Deputy Secretary (Training), acted as Course Coordinator.

Air Canada, pilots' union reach accord

MONTREAL, Sept 2: Air Canada and its pilots' union said Friday they have signed a tentative agreement on a new four-year contract with a 13-per cent salary raises, averting a threatened strike, says AP.

The airline said 2,200 members of the Air Canada Pilots Association will vote on the tentative settlement during the next few weeks.

The 2,200 pilots, who had been preparing to strike Sept. 1, were seeking to close a wage gap with their US counterparts at United, American and Delta who are paid about 30 per cent more.

A pilot with 12 years or more seniority who flies one of Air Canada's three Boeing 747s has a top salary scale of Canadian \$240,160 (US \$163,095).

That's well below the Canadian \$324,072 (US \$220,080) paid the pilots with the same experience flying a Boeing 747 for United Airlines, the world's largest airline.

The pilots association announced Aug. 26 that it had accepted recommendations by a federal mediator as the basis for a tentative contract agreement with Air Canada.

The association had also advised Air Canada and Labour Minister Claudette Bradshaw that the union would not issue a strike notice.

Data disappoints EU growth forecasts

FRANKFURT, Sept 2: Optimistic forecasts for European growth look set for disappointment, further entrenching negative sentiment against the euro, as economic figures suggest the recovery is peaking, says Reuters.

A chorus of comments from European finance chiefs that the region has rarely had it so good has been conspicuously ignored by financial markets, who sense a downturn in expectations.

The euro has slipped to an all-time low against the dollar and yen and a quarter percentage point rise in ECB interest rates has been brushed aside as fresh data dented hopes the eurozone could match US growth this business cycle.

Weak Italian retail sales numbers on Friday coincided with another dip in the Reuters Euro zone Purchasing Managers Index. Euro zone industrial output also out on Friday showed a fall of 0.4 per cent in June from May and the annual growth rate more than having to 3.8 per cent from 8.1 per cent.

The recent leading indicators all signal that activity has peaked and will start to slow in the second half of the year, although remaining at robust levels," said economist Eckhard Schulte at Dresdner Kleinwort Benson.

The bank forecasts 2001 growth of 2.9 per cent and Schulte warned that a consensus market prediction for 2001 of 3.2 per cent GDP growth was vulnerable to downgrades.

This was because market estimates in the eurozone underestimated real interest rates by focusing on headline inflation distorted by high oil prices. A core inflation reading showed real rates to be much higher, he said.

