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Explore new avenues of investment

Morshed Khan urges foreign investors

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Foreign Minister M Morshed Khan said yesterday foreign investors should explore more avenues of investment in infrastructure, healthcare, information technology and hotel sectors in Bangladesh.

"The growth rate in infrastructure is still a double-digit figure. I think more US investment should come in the sector," the minister said.

The foreign minister was speaking at the monthly luncheon meeting of American Chamber of Commerce in Bangladesh (AmCham) as guest of honour on 'Bangladesh Government's Foreign Policy and Economic Diplomacy' at Sheraton Hotel in the city.

With AmCham President Aftab ul Islam in the chair, US Ambassador Mary Ann Peters and AmCham members attended the meeting.

The minister said the country is located in a region that has around 450 million strong middle class people and they can buy even air conditioners.

"The country's potential so far could not be explored. Image is the biggest impediment to our economic development as we have failed to depict the right picture of the country," he maintained.

Turning on the export front, the foreign minister said the country must go for diversifying its export basket and cannot depend on only one item. "We have no option but to expand the export base and gas-based industries may be a good option for us."

Regarding gas export, Morshed Khan said if the government finds it profitable for the country, it will export it. "I will be the happiest person if gas is not exported. But we must know how to utilise more gas and be realistic in this regard."

Referring to the pharmaceutical sector, he said the country imported Tk 100 crore life saving drugs last year and exported products worth Tk 200 crore. "We may not get high marks in healthcare sector but in the pharmaceutical sector we are doing very well."

The minister said size of the government should be reduced. Citing the recent government move, he said 600 loss making branches of the nationalised commercial banks (NCBs) are going to be closed down.

On a question, Morshed Khan said Ministry of Foreign Affairs has opened an economic affairs division and the government is strengthening it.

PHOTO: AMCHAM

Photo shows Foreign Minister M Morshed Khan (4th from right) speaking at AmCham monthly luncheon meeting held at a city hotel yesterday. Others seen in the picture (from right) are A Gafur, Executive Director of AmCham, Shamsher M Chowdhury, Foreign Secretary, Aftab ul Islam, President of AmCham, US Ambassador to Bangladesh Mary Ann Peters and Scott Barber, Vice-President of AmCham.

Alpha Tobacco approves 30 pc dividend

Alpha Tobacco Manufacturing Company Ltd has approved a 30 per cent dividend for the year ending September 30, 2001, says a press release.

This was approved at the 35th annual general meeting of the company held in the ATMC factory premises at Singia in Jessore on Wednesday.

A Ahmed Yusuf, Director of the company presided over the meeting. Director In-charge A R Malik, and company Secretary M Kamaluddin were present at the meeting.

Canadian envoy visits Dhaka EPZ

Canada has expressed its satisfaction over the investment-friendly atmosphere prevailing in the EPZs of Bangladesh, says a press release.

Canadian High Commissioner in Bangladesh David Preston expressed the satisfaction when he visited the Dhaka Export Processing Zone on Tuesday.

The Canadian envoy said he is happy to see the prevailing peaceful atmosphere in the zone despite heavy concentration of workers of different categories in one place.

Preston assured that he will do utmost so that Bangladesh gets more foreign direct investment from Canada. He is very much impressed with the pattern of work, operational procedure and activities in the Export Processing Zones (EPZs) of Bangladesh.

Preston lauded the role of BEPZA in the industrialisation process of Bangladesh and assured his all out support and co-operation in attracting foreign investment in the EPZs.

Member (Investment Promotion) of BEPZA Md Azmal Chawdhury apprised the Canadian diplomat of the incentives and facilities extended to the investors by BEPZA.

Bush skewers Russia over chicken row

AFP, *Washington*

US President George W. Bush pressed Russia on Wednesday to lift a ban on US chicken imports, insisting the flap was a serious matter between the two countries.

"We have made it pretty darned clear to them that I think we really ought to get this chicken issue resolved and get those chickens moving from the United States into the Russian market," Bush told a news conference.

"We laugh, but nevertheless it is a problem," he said. "We must honor agreements."

The Russian ban on US poultry took effect on Sunday despite US pleas for a delay.

Russia warned Monday that there would be no quick resolution to the dispute, seen in Moscow as a tit-for-tat response to US steel tariffs, which ruffled Russian steelmakers.

Deputy Russian Agriculture Minister Sergei Dankvert said the problem could take months to resolve.

US government veterinary experts have been talking with their Russian counterparts in a bid to overturn the ban, imposed over the use of antibiotics in US poultry farming,

US poultry sales to Russia, worth between 600 million and 800 million dollars (690-920 million euros) a year, make up about 40 per cent of all US poultry exports.

In turn, the three-year US steel tariffs could cost Russian steel exporters 400 million dollars a year in lost revenues.

Asia-Pacific IT consulting market to exceed $ 2b by '05

AFP, *Singapore*

The Asia-Pacific's market for information technology (IT) consulting services is forecast to exceed two billion dollars by 2005 from 634 million dollars last year, an industry monitor said Thursday.

With growth rates of 29 per cent annually until 2005, the Asia-Pacific will be the world's fastest growing region in terms of market expansion, International Data Corp. said.

The global economic downturn has resulted in "organisations requiring rapid, high impact and incisive intelligence to retain competitiveness in a tough market environment," IDC said in a statement.

"Now is the crunch-time for the IT industry," said Phil Fersht, director of regional consulting, at IDC Asia Pacific.

"Those companies who have survived the technology-bust of last year are in a position to refocus and thrive," he said.

IDC, which has its own consulting programme involving 200 analysts and consultants, did not give comparative forecasts for other regions.

6-month export of jute yarn, twine posts 5.68pc rise

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Despite price drop in international market the country's export earning from jute yarn and twine showed a positive trend in the first six months of the current fiscal, but banking on volume.

Export of jute yarn and twine increased by 5.68 per cent during the July-December period of the fiscal 2001-2002, but the export earning increased by only 2.89 per cent compared to that of the corresponding period of the last fiscal, a high official of Bangladesh Jute Spinners Association (BJSA) said yesterday.

The export volume was 90,071 metric ton in first six months of the current fiscal and the earning was Taka 267.48 crore. During the same period in the last fiscal, the export of jute yarn and twine was 85,225 metric tones worth Tk 259.95 crore.

"We hope that the export may touch 1,80,142 metric ton valued at Tk 534.96 crore at the end of this fiscal, if the trend continues," BJSA Chairman Mohammad Hossain said at the 23rd annual general meeting of the association.

The total export of jute yarn and twine was 1,60,916.67 metric tones worth Tk 469.89 crore in the last fiscal.

Hossain expressed concern over the drop in export price and said the average export price dropped by 2.71 per cent to Tk 29,696 per ton in the current fiscal against Tk 30,502 per ton last fiscal.

Terming the existing interest rate 'too high', Hossain said no export-oriented firm could bear the interest rate of 14 per cent which become 18 per cent at the end of the year on compound interest. He urged the government to fix simple interest rate at seven per cent for 100 per cent export oriented agro-based jute industries.

He said the jute industry of the county has to face dire consequences if the government do not implement the recommendations immediately.

The BSJA Chairman demanded 20 per cent subsidy against the export price of jute from the present 10 per cent subsidy due to global economic recession as jute yarn producers have to sell their products below production cost.

PHOTO: MUTUAL TRUST BANK

Mutual Trust Bank Chairman Syed Manzur Elahi, Vice Chairman Samson H. Chowdhury, Managing Director Mosharraf Hossain and Director Abu Sufian sign the balance sheet of the bank for 2001 at the 23rd meeting of Board of Directors in the city on Wednesday.

Mutual Trust Bank approves 18pc cash dividend

Mutual Trust Bank Ltd approved an 18 per cent cash dividend for its shareholders for the year 2001, says a press release.

The approval came at the 23rd meeting of the Board of Directors of the bank held at the boardroom of the Head Office of the bank on Wednesday.

Syed Manzur Elahi, Chairman of the bank, presided over the meeting. The board also approved the balance sheet of the bank for the same year.

The bank earned an Operating Profit of Tk 10.87 crore during the year of 2001.

Vice Chairman Samson H Chowdhury, Managing Director Mosharraf Hossain and Abu Sufian Director of the bank were present.

ADB approves $ 200m loan to Sri Lanka

AFP, *Colombo*

The Asian Development Bank has approved 200 million dollars in loans to Sri Lanka, government officials here said Thursday.

Government spokesman, G.L. Peiris told reporters that 85 million dollars would be spent on the country's run down power sector.

Sixty million dollars would be spent on improving road networks, while 20 million dollars would go to fisheries projects and 35 million dollars was set aside for plantation sectors, Peiris said.

ADB President Tadao Chino visited Sri Lanka last week to officially open the Manilla-based lender's resident mission here and to sign agreements on reducing poverty.

Pre-budget talks

MCCI for elimination of cascading effects of tax

RAZIUR RAHMAN

Metropolitan Chamber of Commerce and Industries (MCCI) has urged the government to eliminate taxes on tax as part of its taxation reform programme.

The chamber expressed its views in a proposal for the forthcoming 2002-2003 fiscal budget.

The proposal said although tax rates have been reduced in the recent years, the effect of tax on individual citizens and business firms is 'still disproportionately high'. "Tax regime will not be progressive unless contribution of indirect taxes becomes lower than that of direct taxes", the proposal said.

The chamber said the cascading effects of taxes on inputs and finished products force local goods to lose competitiveness in the international arena. It also said against the declared import duty of 25 per cent, the effective tax reaches "a prohibitive level of 52.79 per cent".

"We, therefore, draw your attention to the elimination of all taxes on tax which is one of the fundamental objectives of the taxation reform programme," the MCCI pointed out.

It said the government should take necessary steps for accelerating the growth of manufacturing sector.

The MCCI suggested relaxing the fiscal and tariff disincentives for facilitating the country's trade and industry.

MCCI observed the manufacturing sector reacted favourably when measures were taken to reduce bank rate and ensure easy availability of equity financing.

The MCCI suggested further reduction of tax rate as well as simplification of tax structure and reduction of 'over-sized' administration.

The business body observed the system of surcharge should be stopped when it proposed for continuation of tax holiday scheme. The suggestion included reduction of duty for plastic laminate foil, plastic sheets and films, malt extract -- an ingredient of health drinks-- and raw materials of glass bottles and jars.

It suggested for increasing the tax-GDP ratio through bringing more people under the tax net for increasing the ratio.

Lack of transparency, absence of accountability and legal lacuna make room for the corrupt elements in the tax administration to harass tax-payers and also cause loss of revenue, the proposal said.

US commerce chief rules out steel tariff changes

REUTERS, *Washington*

US Commerce Secretary Don Evans Wednesday ruled out changing hefty new US tariffs on steel imports which have been condemned by the European Union and other trading partners.

"Listen, we're not going to change the tariff order," Evens told reporters after a Senate hearing on the Commerce Department's annual budget request.

President George W Bush's announcement last week that the United States would impose tariffs ranging from 8 per cent to 30 per cent in 10 different product categories triggered a storm of criticism from steel-producing countries around the world.

The EU, Japan, South Korea and Brazil have all asked for formal consultations soon on the new steel tariffs the first step in bringing a case at the World Trade Organization to try to overturn the action.

Japanese officials are expected to meet US trade officials on Thursday, followed by South Korea on Friday and the EU early next week.

"Our basic position is that the US government should withdraw the safeguard measure in its entirety and at the minimum modify it to comply with WTO rules", an official at the South Korean embassy said.

In a speech to the European Parliament in Strasbourg, France, EU Trade Commissioner Pascal Lamy heaped scorn on Bush's decision to impose the tariffs to help the struggling US steel industry get back on its feet.

"Last week, we saw the latest disputes over iron and steel which are a chronic sickness in American policy, in total contradiction with the rhetoric of the Bush administration about free trade," Lamy said.

The EU and Japan also are pressing the United States to provide compensation for trade losses resulting from the tariffs. The EU has estimated its steel industry losses at $2.5 billion in the first year and has hinted it may retaliate if the United States does not provide compensation.

For its part, the Bush administration has not provided any estimate of how much the tariffs could affect imports.

In fact, the administration argues US steel imports could rise in 2002 even with the new tariffs as the US climbs out of a recession and the dollar remains strong.

But at the same time, US aides flatly reject that the United States is obliged to compensate other countries for lost trade, whatever the amount.

They contend the new steel duties, which take effect next Wednesday and will be phased out over three years, are legal under WTO safeguard rules that allow temporary border measures to protect industries harmed by a surge in imports.

Under the WTO Safeguards Agreement, countries can impose such measures for three years without having to pay other countries compensation, the United States says.

EU summit to take axe to national energy monopolies

AFP, *Barcelona*

The long-awaited liberalisation of EU energy markets will top the agenda at the EU summit opening Friday, kicking off a process that could eventually allow European families to shop for power companies as easily as they shop for groceries.

But the abolition of the national monopolies that are the industry norm in favour of free competition won't come that easily.

France, fiercely protective of its exalted state utility, Electricite de France (EDF), last week blocked an effort by economy and finance ministers to open the European Union's 380-billion-euro (333-billion-dollar) energy market to unlimited competition.

What the Ecofin council in Brussels wound up with was a compromise proposal to be put to the EU heads of state and government in Barcelona, by which only business users could immediately choose their own power suppliers.

That accounts for about 60 per cent of the power market in most EU states.

But the summit also will be urged to commit to extending that same right of choice -- sometime in the future -- to residential users, who for now will have to continue paying the monopolistic rates handed them.

European Commission President Romano Prodi on Wednesday reiterated his view that EU energy markets should be totally liberalized by 2010, but conceded that would not come in Barcelona.

But, resigned to the compromise, he added: "I want to be able to tell our fellow citizens that the European Union has acted to reduce energy costs.

"If this is not achieved, the industry puts the costs at around 15 billion euros a year, the cost of not implementing Lisbon on energy."

Japan in race to commercialise new fuel by '06

REUTERS, *Tokyo*

Japan is racing to commercialise a new generation of fuel by 2006 to reduce greenhouse gas emissions and to rely less on Middle East energy imports.

Two separate Japanese joint ventures -- one led by Mitsubishi Gas Chemical Inc and another by Japanese steel maker NKK Corp -- are aiming to begin mass production of dimethyl-ether (DME), which is commonly found in hair sprays.

DME, made from natural gas, emits no sulphur oxide or particle matter and only small amounts of carbon dioxide. Currently, Japan produces about 10,000 tonnes of DME a year, mostly for use in hair sprays.

Backers of DME say it could eventually replace liquefied petroleum gas (LPG) or gas oil as the main fuel for some vehicles and power generators.

Mitsubishi Gas plans to build a $500-$600 million plant in Western Australia by the end of 2003 with annual capacity of 1.7 million tonnes of DME by 2006.

NKK is considering building a DME plant in gas producing countries such as Indonesia, Australia or the Middle East.

"In the near-term, the most likely user for DME is the LPG industry in Japan," said Yotaro Ohno, NKK's general manager of environmental solutions.

He said about 20 per cent of Japan's imported LPG -- enough to meet demand in the industrial sector -- could be initially replaced by DME.

Relaxed OPEC set to rollover production curbs

AFP, *Vienna*

OPEC oil chiefs converging in Vienna on Thursday looked set to rollover output cuts that have helped to drive prices up to six-month highs, saying they will review the situation again in June.

Iranian oil minister Bijan Namdar Zangeneh said he saw no need for the Organisation of Petroleum Exporting Countries (OPEC) to change its output levels at the grouping's formal meeting Friday.

"It doesn't seem that we need to change production," he told reporters as he arrived here for a meeting of the 11-member grouping. "It's better that we promote the situation by better compliance," he added.

But while basking in the recent oil price recovery to around 24 dollars a barrel, ministers of the Organisation of Petroleum Exporting Countries (OPEC) will likely offer a few words of caution over Iraq and Russia.

While much of the recent price rebound from a post-September 11 slump is the result of producer output cuts and signs of recovery in the US economy, analysts attribute the recent rally to concerns about the prospect of US-led military action on Iraq.

If such jitters subside, the oil price could head lower again, they say.

OPEC will moreover be reluctant to appear too content with the current market situation for fear that Russia might abandon its export curb.

Russia's cut was crucial in forging an OPEC-led producer pact to skim almost two million barrels per day (bpd) of oil from world markets from the start of this year, of which OPEC's share was 1.5 million bpd.

But Russia was reluctant to join the deal in the first place, and analysts doubt how much longer Russia will stick to its export cut, which has swamped its domestic markets with oil.

PHOTO: STAR

Photo shows participants of a day-long South African Airways agent workshop held at BRAC Centre in the city on Thursday.