Star Business

DHAKA SATURDAY JUNE 15, 2002

July-May revenue collection fails to hit target by 3.27pc

STAR BUSINESS REPORT

Revenue collection during July-May period of the current financial year amounted to Tk 17,594.17 crore, down by 3.27 per cent or Tk 594.41 crore from the target.

The target was Tk 18,188.58 crore for the July-May period of FY02. However, the earning was 6.70 per cent higher than last fiscal's same period, according to the National Board of Revenue (NBR).

"In May, the revenue collection was not satisfactory as the earning was Tk 1966.39 crore against the target of Tk 2231.32 crore," said an official of the NBR. "The earning even is Tk 90.09 crore less than the corresponding period of last fiscal's earning, which was Tk 2056.48 crore."

At the import level, revenue collection was Tk 9284.15 crore, down by 5.37 per cent from the target of Tk 9811.25 crore but up by 1.5 per cent than last fiscal's same period.

The first eleven months of the FY02 fiscal year saw Tk 4721.91 crore in import duty against Tk 4923.52 crore target.

Collection of Value Added Tax (VAT) at import level amounted to Tk 3354.19 crore against the target of Tk 3613.36 crore.

Supplementary duty on imports amounted to Tk 1208.05 crore against the target of Tk 1,274.37 crore during the period.

On the other hand, revenue collection from domestic activities amounted to Tk 5050.05 crore against the target of Tk5049.32 crore during the period. The earning is 12.39 per cent higher than last fiscal's same period.

The excise duty collection stood at Tk 260.81 crore against the target of Tk 278.77 crore during the July-May period of this fiscal year. VAT collection from domestic activities surged to Tk 2760.04 crore, which is Tk 174.14 crore higher than the target of Tk 2585.90 crore.

At local level, the NBR's accrual from supplementary duty stood at Tk 2029.20 crore, which is Tk 155.45 crore short of the Tk 2184.65 crore target.

Income tax collection till May amounted to Tk 3118.22 crore, down by Tk 54.79 crore from the target. Tax and duties from other sources during the period was Tk 141.75 crore against the target of Tk 155 crore.

The NBR collected Tk 18,774.75 crore revenue last fiscal year and set Tk 20,730 crore target for the FY02.

PHOTO: IPDC

CM Alam, managing director of IPDC, and Syed Ahsan Habib, managing director of ColorMaster Limited, sign a Tk 85 million loan agreement. M Ghulam Faruq, chairman of SQ Group, and the officials of IPDC are also seen in the picture.

Holcim expands its market in Sylhet

Holcim has started marketing its product in Sylhet region, says a press release.

The Holcim cement was launched at a programme organised at a local hotel recently.

The programme was jointly organised by Holcim's premium dealer for Sylhet CMTC, Agency Interspeed and Holcim.

Cement buyers can now buy their most preferred brand Holcim in the region.

The distribution drive is aimed at "reaching the best cement to as many consumers as possible," P N Iyer, VP (Marketing & Sales) of Holcim, said.

Zeeshan Kingshuk Huq, DGM (Marketing) and Zoshim Uddin Khandekar, Manager (Dealer Sales), also spoke on the occasion.

After the launching event, Holcim ran a daylong series of activities as part of its programme.

Holcim, a Swiss cement conglomerate, is one of the leading cement companies in the world. With over 90 plants in 74 countries, Holcim's key focus areas include Bangladesh.

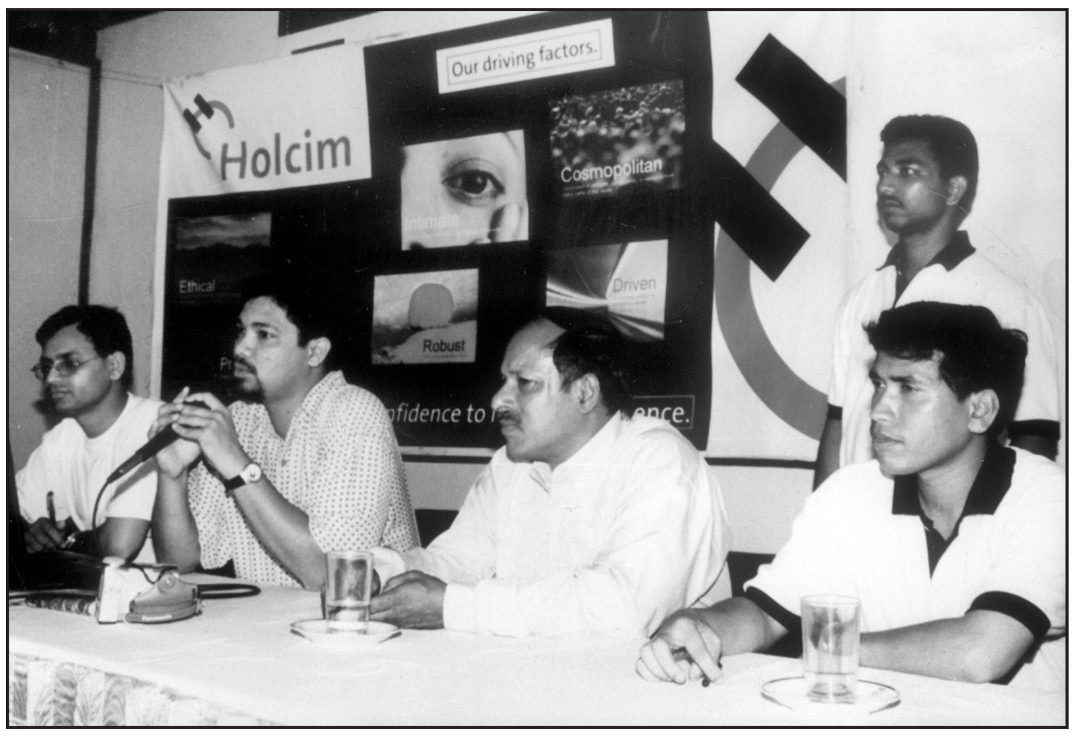


PHOTO: HOLCIM

Photo shows Holcim officials speaking to local engineers, academicians, cement retailers and others at a programme organised on the occasion of launching its product in Sylhet region recently.

Russia can enter WTO in 12 months: Moore

AFP, *Zagreb*

Russia could become a member of the World Trade Organisation within a year, WTO Director-General Mike Moore said here Wednesday, acknowledging however that such a target would be "ambitious."

Speaking to reporters at the end of a two-day ministerial conference for central and southeastern European countries, Moore said Russia's entry had been much discussed.

He said Moscow's accession to the WTO was "not that far away."

"Twelve months is ambitious, but if it can't be done within two years this will be a historic disappointment and a huge historic failure," he warned.

"I think it can be done in 12 months."

NGOs reject world food summit declaration

AFP, *Rome*

Dozens of non-governmental organisations (NGOs) Thursday rejected the final declaration of the UN World Food Summit in Rome, saying it was "more of the same failed medicine" which would not end hunger.

The 183 member-states of the UN Food and Agriculture Organisation (FAO) reaffirmed a commitment made at the first World Food Summit in 1996 to halve the number of the world's hungry by 2015.

Delivering a withering assessment of the summit declaration, Sarojeni Rengam of Malaysia said in a statement read out to the final session that it merely "compounds the error of more of the same failed medicine with destructive prescriptions that will make the situation even worse."

The summit recognized the urgent need to reinforce efforts if its target of "half-by-2015" is to be reached, and acknowledged that the goal would not be attained at the present slow rate of decline in global hunger.

"I have been taking one apple a day that successfully kept the doctor away."

"Keep up the habit."

"I can't. With supplementary duty of 30%, I can only afford half-an-apple a day."

"That will at least keep the nurses away."

MMI

IPDC extends Tk 85m term loan to ColorMaster

Industrial Promotion and Development Company of Bangladesh Limited (IPDC) has extended a term loan of Tk 85 million to ColorMaster Limited, a sister concern of SQ Group of Industries, says a press release.

An agreement was signed to this effect on Thursday at the board room of IPDC.

C M Alam, managing director of IPDC, and Syed Ahsan Habib, managing director of ColorMaster Limited, signed the agreement on behalf of the respective organisations.

M Ghulam Faruq, chairman of SQ Group, witnessed the signing.

SQ Group is one of the leading sweater manufacturing and exporting houses in the country.

ColorMaster Limited will produce dyed yarn to feed the sweater industry. Initially it will have a dyeing capacity of 10 MT of cotton yarn per day.

World Cup may give Japan economy a good kick

AFP, *Tokyo*

The Japanese economy should enjoy some net gains from co-hosting the football World Cup, the governor of the central bank said Friday.

"It is hard to assess the impact of the World Cup precisely but, since it is held at a time when economic activity is beginning to show a bright move, I think it will be a factor that will support such a trend," said Masaru Hayami.

"I hope Japan wins" the match against Tunisia, he said as he hastily ended a news conference to watch Japan's final first round game.

"The match will start at 3.30 pm (0630 GMT) so if there are no other questions we can finish," the governor told reporters.

A think-tank owned by Japan's advertising giant Dentsu estimates the World Cup would bring the country at least about 3.2 trillion yen (25 billion dollars) in spin-off economic effects, assuming the Japanese team make the final eight.

The month-long tournament is being co-hosted with South Korea.

Japan's global FDI falls sharply

AFP, *Tokyo*

Global foreign direct investment by Japan fell 26.3 per cent in the year to March, although investment in China surged as firms shifted factories there, the Ministry of Finance said Friday.

Total investment overseas made during the year fell to 3,954.8 billion yen (31.9 billion dollars), with money invested in Japan's largest trading partner the United States plunging 40.6 per cent to 797.0 billion yen.

"Investment two years ago was very high because of the technology boom," said finance ministry official Yoshihiko Magofuku.

"But this has declined since then, also there have been less major takeovers," he said.

Bucking the trend, investment in China jumped 64.0 per cent to 180.2 billion yen as technology giants -- such as Hitachi Ltd. and Matsushita Electric Industrial Co. Ltd. -- increased production there, the spokesman said.

"There is a growth of manufacturing (in China)," said Magofuku, adding the level of Japanese investment in the nation was the highest in five years.

More Japanese firms are migrating to Asia where labour costs are much cheaper and market potential is vast, economists said.

But the manufacturing exodus is hurting Japan's economy as firms sacrifice Japanese workers, they said.

"What we are seeing is a very clear trend across the world of manufacturers with margins pressured going where the cheapest workers are," said West LB chief economist Andrew Shipley.

"It is an unstoppable incentive," he said noting Chinese wages were far lower than in Japan and still had room to rise but remain attractive.

"There is also tremendous market potential (in the country)," he noted.

Major Japanese automakers Honda Motor Co. Ltd., Mitsubishi Motors Corp. and Mazda Motor Corp. have recently announced plans to boost car production and sales in China on the back of robust demand.

Separately, Japanese electronics giant Toshiba Corp. has said it would invest seven billion yen in creating one of the world's largest production bases for personal computers in China.

The trend was pressuring Japan's unemployment rate, which already stood at a relatively high 5.2 per cent in April, analysts said.

"Japan must evolve and develop its economy to create wealth even though its workers are highly paid," said Shipley, suggesting a shift to high-end software production and entertainment from large-scale semiconductor manufacturing.

"Japan has to take measures to promote the emergence of companies in these areas which are real growth areas of the modern economy," he said.

Saudi, foreign majors to hold crucial meet over mega gas deal

AFP, *Riyadh*

Saudi negotiators are poised to hold a crucial meeting with the chairmen of ExxonMobil and Royal Dutch/Shell to iron out differences over three mega gas projects, a newspaper reported Thursday.

The Saudi pan-Arab daily Asharq Al-Awsat quoted an "informed" Saudi source as saying the talks with ExxonMobil's Lee Raymond and Shell's Phil Watts will take place on Sunday and Monday, and the negotiators will then report to Crown Prince Abdullah bin Abdul Aziz.

ExxonMobil has the lead in two projects, while Royal Dutch/Shell has the lead in the third project, together requiring initial investments to the tune of 25 billion dollars.

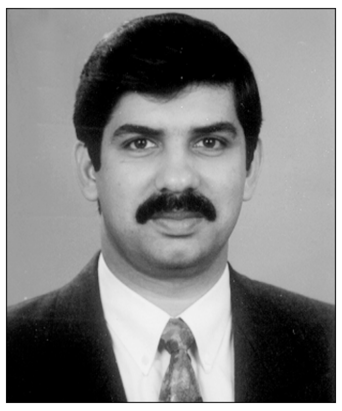
Two deadlines in December and March have already passed without agreement between the oil-rich kingdom and eight international oil firms which signed a preliminary accord in June 2001 to develop the gas fields.

Profitability, risks involved in the investments expected to last 25-30 years, and details about the "rate of return" from power plants, water desalination and petrochemicals are at the core of the tough negotiations.

PHOTO: AFP

Bank of Japan Governor Masaru Hayami smiles as he says he believes the hosting of the soccer World Cup will support positive flows into Japan's economy during the press conference at the BOJ headquarters in Tokyo yesterday.

New MD of Novartis



Ashfaque Ur Rahman has been appointed managing director of Novartis (Bangladesh) Limited with effect from July 2002, says a press release.

He is succeeding Gerhard G Doege who is retiring after 33 years of service in Novartis Group of which 17 years in Bangladesh.

Ashfaque started his career with Beximco Pharmaceuticals in early 1985. He joined Novartis Bangladesh in December 1991. In his 17-year career, he held various senior positions in product management, marketing, logistics operations and human resources.

Ashfaque was posted in Bangkok in May 2000 as head of Generics Pharmaceutical Sector of Novartis (Thailand) Limited.

German Internet professionals see layoffs

AFP, *Berlin*

An economic recovery may slowly be taking hold in Germany but gloom continues to hang over the Internet sector, according to a survey of Web industry professionals released Thursday showed.

Some 41 per cent of small business owners, company executives and freelance professionals said they expected job cuts of between 11 and 20 per cent in the Internet industry this year, according to a study by opinion research firm TNS Emnid carried out at the Internet World trade fair in Berlin June 4-6.

One-quarter of respondents forecast layoffs of between 21 and 30 per cent of the sector's work force while nearly 10 per cent expected up to 40 per cent of employees to lose their jobs.

A full 15 per cent feared being fired.

About 43 per cent of those polled described the situation in the "new economy," as the Internet industry was called during the boom three years ago, as mediocre while 40 per cent described the mood as bad.

G7 to ratify pact on WB reforms

AFP, *Washington*

G7 finance ministers are this weekend to announce an agreement on reforms to the World Bank to make development aid more effective, said John Taylor, US Treasury Undersecretary for international affairs on Thursday.

"It's a nice compromise which I think everybody can view as a win," Taylor told reporters ahead of the G7 finance ministers' meeting in Halifax, Canada.

The G7 has agreed to increase the proportion of World Bank aid made in grants to the poorest countries to 18-21 per cent, Taylor said.

The United States had sought 50 per cent of such aid to be in grants, but Britain and Europe opposed this on grounds that grants would undermine future World Bank financing capacity.

The substance of the agreement, endorsed by other donor countries, means countries where people survive on less than a dollar a day would get "close to" 100 per cent of their aid in grant form, Taylor said.

The G7 meeting is also to produce a final statement outlining steps the bank should take to establish "measurable results" from development aid, and also a reference to the regular replenishment of the fund used for aid to the poorest.

ECB to pay heed to money supply as recovery gathers pace

AFP, *Frankfurt*

The European Central Bank plans to pay close attention to the euro zone's money supply in the context of the region's emerging recovery, the bank's chief economist said in an interview published Thursday.

The ECB monitors M3 money supply growth -- which it sees as a reliable indicator of medium-term inflation -- when deciding the appropriate level of interest rates for the single currency area.

The bank estimates that an annual growth rate of 4.5 per cent is consistent with its definition of price stability, but M3 has consistently overshot that reference value.

In fact it shot up to 7.5 per cent in April from 7.3 per cent in March.

"The high rate of M3 growth in the past is not least due to investor uncertainty and a preference for very liquid assets which are included in M3," the ECB's Otmar Issing told Thursday's Frankfurter Allgemeine Zeitung.

"The first corrective movements have been seen, but there is nevertheless still a large liquidity overhang. In the context of the anticipated economic recovery we will have to watch the monetary side particularly closely," Issing said.

Thailand to drop steel import surcharges

AFP, *Bangkok*

Thai surcharges on imported steel will not be extended beyond their July 29 expiry date as the government will introduce anti-dumping measures to replace them, a report said Thursday.

Deputy Commerce Minister Suvarn Valaisathien said in a Bangkok Post report that if the surcharge measure was kept in place for too long, it could be considered a trade barrier, breaching World Trade Organisation rules.

Thailand's Board of Investment imposed the surcharges last February in an attempt to protect local steel producers from dumping of imported products, the report said.

Anti-dumping measures, which are acceptable under WTO rules, take longer to prepare, which is why the surcharges were imposed as a temporary measure, the report said.

US business group urges O'Neill to protest Japan forex intervention

AFP, *Washington*

A group of US business associations called Thursday on Treasury Secretary Paul O'Neill to raise the issue of Japan's foreign exchange interventions, and register his opposition at the upcoming G7 finance ministers' meeting.

The group, called "The Coalition for a Sound Dollar," asked in a letter that O'Neill press the Group of Seven industrialized nations for "effective concerted action now" to help correct "the excessive value of the dollar."

G7 finance ministers will meet Friday and Saturday in Halifax, Canada, as a prelude to the G8 leaders' summit later in the month.

A separate letter released by 24 members of Congress similarly asked O'Neill to inform Japan of the United States' disapproval of their currency interventions.

The coalition, which includes various state and regional business councils as well as national groups such as the National Association of Manufacturers, said they particularly object to Japan's currency interventions.

"We urge Treasury to raise this issue both bilaterally through IMF consultative procedures, with the objective of ceasing such currency manipulation," the group said.

Japan's Ministry of Finance has initiated an estimated 20.0 billion dollars in currency purchases over the past two months in an effort to brake the dollar's slide against the yen.

The coalition also cited South Korea and China for manipulating their currencies through central bank intervention.

The group also called on O'Neill to adopt a "sound dollar" policy, abandoning the long-held "strong dollar" policy first adopted by the previous Clinton administration.

The group of congressmen, which includes House of Representatives members John Dingell and Sander Levin of auto-heavy Michigan state, said O'Neill should communicate to the G7 that currencies should be set by market forces.

"If Japan's interventions to weaken the yen are allowed to continue, America's manufacturing and agricultural sectors will face continuing significant economic damage," they said.

Neither letter noted the over six per cent decline in the dollar against the euro and yen since April 1.

Weekly currency roundup

June 8-13, 2002

Local foreign exchange market operated in full swing. Demand for dollar was high.

In the weekly treasury Bangladesh Bank accepted treasury bill worth of BDT 0.665 billion. The government accepted BDT 555 million at 4.46 per cent for 28-day T-bills, and BDT 110 million at 5.8 per cent for 364-day T-bills. Demand for BDT for overnight borrowing at call was steady throughout the week and the call money ranged between 5.5 and 11 per cent.

In the beginning of the week, dollar recovered against major currencies comforted by positive data on US stock markets. German retail sales fell in April for the 5th month in a row, helping the dollar to claw back against the euro. Yen's rise was effectively capped by Japanese Monetary Authority's yen-selling intervention.

Dollar remained range-bound in the middle of the week. Euro rose to a 17-month high against dollar and 5-month high against the yen while it also rose against most other currencies. Worries about US corporate earnings and performance of US stock had dollar losing more ground against euro.

Later in the week, dollar was range-bound against yen and euro supported by positive US stock market data. The Dow Jones Industrial Average (DJIA) posted a 1.06 per cent gain, pulling the dollar. Dollar held on to the recent gains against yen; the Japanese monetary authorities intervened at least 4 times since the May and bought over 2 trillion yen worth of dollar.

At 1525 hrs on Thursday, euro traded at 0.9410/15 against dollar, pound sterling at 1.4701/06 and yen traded at 125.80/86 against US dollar.

-- Stander Chartered Bank.