

FBCCI urges govt to review ban on reconditioned vehicles

BSS, Dhaka

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday urged the government to review the ban on import of reconditioned motor vehicles and withdraw import duty on computer parts.

The FBCCI, at an emergency meeting of the Board of Directors, also urged the government to re-fix the tax net rate to 1.5 per cent instead of 2.25 per cent for businessmen and to enhance income tax level from Taka 75 thousand to Taka one lakh.

With FBCCI president Yusuf Abdullah Harun in the chair the meeting was attended by vice-president Mohammed Ali and other directors of the federation.

The meeting supported the instant reaction made by the FBCCI president on budget and expressed their views to continue efforts to solve some important issues through discussion with the government.

Yusuf Abdullah Harun, speaking at the meeting, said FBCCI has been continuing its efforts to solve different problems relating to the interest of the business community in the proposed budget. FBCCI has been maintaining constant touch and continuing discussion with representatives of those sectors and member organisations, he added.

FBCCI would submit necessary proposals to the government and continue its strive to resolve the difficulties, Mr Harun said.

Hitachi to take over US data management firm this month

AFP, Tokyo

Japanese hi-tech giant Hitachi Ltd. said Monday it will take over US data management firm Comstock Systems Corp. for 20 million dollars this month to expand its data storage operations.

"Their business corresponds well with ours, which is why we decided on the purchase," said Hitachi spokesman Hirotsuka Ono.

Hitachi will take 100-per cent control of the California-based company, including its coveted intellectual property rights. No job cuts or major changes were planned, except for the name which will likely change to Hitachi Systems Software Inc., Ono said.

The Japanese power house aims to earn 400 billion yen (3.2 billion dollars) in revenue from the data storage business in the year to March 2005.

It posted 250 billion yen in revenue from the data storage business in the year to March 2002.

Hitachi takes a 20 per cent share in the global data storage market, ranking second to US computer storage giant EMC Corp., the daily said.

Emirates places order for two extra airbuses

Sheikh Ahmed bin Saeed Al Maktoum, chairman of emirates, has confirmed that the airline has placed an order for two extra Airbus A330-200 aircraft, which have a list price of US\$279 million, to be delivered in 2003, says a press release.

Emirates already operates 22 A330-200s and has existing orders for a further five. Two of scheduled for delivery in July August and August September this year and three in March, April, and May and September next year.

The two extra A330-200s are scheduled for delivery in July June and October 2003. They will bring the airline's A330-200 fleet to 29 aircraft, all powered by Rolls Royce Trent 772 engines.

Sheikh Ahmed said: "These new orders have been placed to service the airline's expansion with new destinations and more flights to existing destinations planned for 2003, subject to the necessary government approvals."

The two extra A330s will include one in a two-class configuration providing 34 Business and 251 Economy class seats, and one in a three-class configuration with 18 First, 42 Business and 183 Economy class seats.

Emirates announced massive aircraft orders worth US\$15 billion, on top of its existing orders, at the Dubai 2002 2001 Air Show last November. The total orders will give Emirates 22 Airbus A380s, 31 37 Boeing 777s, six A340-500s, eight A340-600s and seven 29 A330s with deliveries ongoing between now and 2010.

Pay 50pc incentive to RMG exporters without audit

Bangladesh Bank asks banks

MONJUR MAHMUD

In a bid to clear a portion of long pending cash incentive for the readymade garment exporters the Bangladesh Bank has asked all banks dealing foreign currencies to pay up to 50 per cent of the 'claimed and the payable amounts' without audit.

As the firms appointed by the central bank may take time to complete the audit reports, the banks can pay as much as 50 per cent of the claimed and payable amounts to the

exporters for the current fiscal year, a Bangladesh Bank circular said on Sunday.

After receiving the audit reports from the firms the rest 50 per cent would be paid and adjusted, added the circular issued by the Foreign Exchange Policy Department (FEPD) of the central bank.

The central bank circular came after Finance Minister M Saifur Rahman at a meeting with the top executives of Bangladesh Bank and nationalised commercial banks (NCBs) asked them to immediately

disburse arrears of cash subsidy of at least Tk 50 crore among the apparel exporters.

"Give at least 50 per cent of the fund. The apparel exporters face scarcity of fund," the minister told the meeting held at his Secretariat office on June 12.

The finance minister earlier on May 9 announced immediate disbursement of Tk 100 crore as cash incentives among the apparel exporters and directed the bankers to release the rest, Tk 50 crore, within two months. The bankers apprised the minister of the audit

process that caused delay in releasing the announced portion of total arrears that stood at around Tk 600 crore.

Amid allegations of pilferage of the subsidy, the government on May 9 slapped a pre-condition that the subsidy would be disbursed on the basis of audit report. In a bid to assess net export earning from the apparel industry, Saifur asked the central bank to prepare monthly statements on readymade garment (RMG) sector projecting real export earning and imports against exports.

AmCham for more actions to stop macroeconomic erosion

BSS, Dhaka

The fragility of the Bangladesh economy is partly contained by putting in place some major policy reforms but more such actions, both short term and long term, are needed to stop the macroeconomic erosion.

This was stated by the IMF resident mission chief in Dhaka Marjin Verhoeven at a post budget meeting of the American Chamber of Commerce at a city hotel yesterday.

Dr Debapriya Bhattacharya also spoke in the meeting as a guest speaker which was attended, among others, by US ambassador to Bangladesh Mary Ann Peters and the chamber president Aftabul Islam.

Verhoeven said, the projected budget deficit at 4 per cent of the GDP for next year envisages an attempted return to fiscal deficit that was prevailing before 1999-2000. The deficit rose to 5-6 per cent in that year due to increased borrowings by the previous government.

He said the projections of foreign financing in the budget is consistent with the International Monetary Fund (IMF) projections of what is available without additional financial support for the government development plan including the plan for implementation of the poverty reduction strategy in the country.

The proposed reduction in domestic financing of the budgetary deficit through treasury bills,

national savings certificates and other sources will assist in easing domestic and external imbalances, Verhoeven said.

The fiscal success of the government will, however, depend on the implementation of the revenue and expenditure policies, he pointed out. Indicating that the revenue target is ambitious, the IMF mission chief stressed for maximum efforts to attain revenue target and strengthening tax administration.

He expressed the belief that the budget should have flexibility and in case of any shortfall in revenue collection, the expenditure programme should be open for adjustment with the deficit.

He felt that the setting up of the review committee and a review reform committee and the provision of mid-term review of the budget are appropriate steps.

The government needs to strengthen control on unrecorded spending on the public and remittance accounts, he added.

Verhoeven said, the broadening of tax base and reducing and simplifying trade related taxes are good steps consistent with the IMF recommendations. Despite all these things, whether the budget will be effective in reducing the economic fragility will, however, depend on other supporting measures, he said.

Much of it will depend how the government will manage monetary and exchange control, banking and the state owned enterprises, trade system and completion of a poverty reduction strategy, he said.

Hotmail available on Asian mobile phones soon via SMS

AFP, Singapore

Asian users of the hugely popular email service Hotmail will soon be able to receive and answer messages on their mobile phones through selected operators, it was announced here Monday.

The service to be launched in July combines two of the most widely-used communication tools in the region - the Short Messaging System (SMS) and MSN Hotmail, the free service owned by US software giant Microsoft.

The first three Asian operators to offer MSN Mobile Hotmail will be Singapore Telecommunications (SingTel), CSL in Hong Kong and ChungHwa in Taiwan, with more expected to follow their lead, MSN officials said.

But this kind of Hotmail will not come free anymore.

Mobile phone users who subscribe to the service, already available in Europe, will be billed by operators for each message sent and received, and MSN will get a cut of the charges.

No financial details were disclosed. The new service was announced in Singapore on the eve of CommunicAsia 2002, the region's top telecom trade show.

Cathay Pacific sees traffic recovery

AFP, Hong Kong

Cathay Pacific Airways Ltd. said Monday that cargo and passenger traffic have recovered after last year's slump but high-profit business class traffic is still weak.

The airline said it carried 972,925 passengers in May, up 2.1 per cent from a year earlier, and carried 355,820 tonnes of freight, up 18.4 per cent.

"The surge in exports is sustaining the recovery in cargo volumes. Passenger traffic has also recovered but business travel demand remains relatively weak, and yields are still soft," said the general manager for revenue management, sales and distribution, Ian Shiu.

Good traffic growth was seen on European, Southeast Asian and Middle East routes while demand on trans-Pacific routes was recovering more slowly, the airline said in a statement.

May's passenger load factor, which indicates how much of the airline's capacity is used, stood at 74.4 per cent, compared with 79.2 per cent in April. The cargo load factor was 69.5 per cent against 69.5 per cent in the previous month.



PHOTO: STAR

Visitors at the three-day Indian Textile Exhibition-ITEXPO 2002--at Sonargaon Hotel that began yesterday.

Slack corporate investment, consumer spending hold back Japanese growth

AFP, Tokyo

The Japanese government Monday left its key economic assessment unchanged, saying rising exports had halted the economic slide but slack corporate investment and consumer spending were holding back growth.

Rising exports were reflected in increased production, signs of a bottoming in corporate profit declines and an improvement in some employment indicators, the Cabinet Office said in its monthly report for June.

Earlier in the day, Prime Minister Junichiro Koizumi and the ruling coalition parties agreed to implement tax cuts in January as part of a second anti-deflation package aimed at lifting the nation from a decade-long slump.

Production was showing early

signs of recovery in some areas due to an increase in exports and fewer inventory reductions, said a Cabinet Office official.

"Corporate profits are showing signs of bottoming out," he added.

The Cabinet Office, which had upgraded its economic assessment for three straight months up to May, said last month manufacturers in particular were suffering a sharp decline in profits.

These signs of recovery - which would be the fourth cyclical rebound since Japan's bubble economy burst in 1990 - appeared to be filtering down through the economy.

"Overtime is increasing, though the employment situation remains severe. The rise in overtime will have a positive impact on wages in the future," said the official.

"We are closely watching the development of new job offers,

which turned upwards in April, posting growth of 6.8 per cent month-on-month after a fall of 0.3 percent in March," he said.

Private consumption remained flat although there was evidence of fresh demand in areas such as food and automobiles.

But falling investment by companies in factories and equipment was still a drag on recovery prospects, warned the government.

"Corporate capital investment is declining and will remain on a falling trend," the office said.

The construction of new homes has fallen below the 1.15-1.12 million annualised rate considered to be the line between growth and contraction, due to a drop in new condominiums, particularly in Tokyo and Osaka.

The report said the increase in exports and re-stocking was

expected to have benefits for the wider economy but demand would be curbed by high unemployment and weak wages.

Last week the Bank of Japan upgraded its assessment of the world's second largest economy for the fourth straight month, saying it was showing signs of stabilisation due to the pick-up in exports. But the bank stopped short of announcing the economy's slide had ended.

Japan's ruling coalition parties pledged Monday to implement tax cuts in January to help fight deflation, but economists criticised a lack of detail in the plan and doubted they would be enough to significantly help the economy.

Koizumi is expected to announce Japan's second anti-deflation package, including the tax cuts and other measures, ahead of a Group of Eight summit in Canada on June 26-27.



PHOTO: STAR

Knitwear exporters parade a city street yesterday on their way to the Prime Minister's Office to submitted a memorandum in favour of their seven-point demand.

Seven-point demand RMG exporters submit memo to PMO

STAR BUSINESS REPORT

A five-member delegation of three associations of apparel exporters yesterday submitted a memorandum to the Prime Minister's Office (PMO) in favour of their seven-point demand.

The memorandum was submitted as part of the exporters' programmes announced at a joint press conference on June 13.

Knitwear industry owners, employees and officials will also stage an hour-long sit-in in front of their respective factories on June 22 to press home their demand.

The three associations are Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh Terry Towel and Linen Manufacturers and Exporters Association (BTLME) and knitwear industry owners of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The delegation, led by acting president of BGMEA Kazi Moniruzzaman, submitted the memorandum to Haris Chowdhury, political secretary to the Prime Minister, at 1:30 pm. The other members of the delegation were BKMEA President Monjurul Haq, BTLME Chairman Lt. Col (ret.) M Anisuzzaman, BKMEA Vice President Mohammad Hatem and

BGMEA Director Mahtabuddin.

Major demand includes payment of all outstanding cash incentive within June 30 and continuation of the incentive at the rate of 25 per cent till December 31, 2004.

They also demanded of the government to allow import of yarn against back to back LC (letter of credit) from India through Benapole land port to help the local exporters survive the stiff global competition.

Their demand also includes payment of cash incentive within seven days of submission of the application to the bank in the future. Otherwise, as an alternative there should have an arrangement so that the commercial banks provide 90 per cent of the demanded cash-incentive as interest-free loan to the exporters.

Besides, they demanded not to snap telephone, gas and electricity connections of the export-oriented industries if they cannot pay the bills till getting the cash incentive.

Earlier, the BGMEA, BKMEA and BTLME announced a series of agitation programmes last month to put pressure on the government to meet their demands. However, the associations postponed the movement following a 'positive' meeting with Commerce Minister Amir Khosru Mahmud Chowdhury on May 28.

Nokia upbeat on Asia-Pacific market

AFP, Singapore

The Asia-Pacific region is set to remain the driver of growth for the world's biggest telecommunications equipment maker Nokia, a top company official said here Monday.

The region's consumers will continue to be the biggest buyers of the latest in the Finnish company's mobile phone-related offerings, Nokia president for mobile phones Matti Alahuhta said.

"Going forward, we continue to see a promising trend in the region as Asians are among the largest consumers of mobile phones and services in the world," Alahuhta said in a speech on the eve of CommunicAsia 2002, the region's biggest telecoms trade fair.

In 2001, the region accounted for 26 per cent of Nokia's total revenues of 31.2 billion euros (29 billion dollars), up from 23 per cent in the previous year, and Alahuhta said the growth trend was set to continue.

"This region therefore remains a key focus and fast growing mobile marketplace for Nokia," he said without giving projections.

According to Alahuhta, the region's mobile phone subscribers in 2001 stood at 310 million, about a third of the 930 million users globally.

He said the region was expected to continue to show "good growth this year in terms of handset volumes."



PHOTO: AMCHAM

Photos shows Dr Debapriya Bhattacharya, executive director of Centre for Policy Dialogue, Marjin Verhoeven, resident representative of IMF, A Gafur, executive director of AmCham, Aftab ul Islam, president of AmCham, and US Ambassador Mary Ann Peters attending AmCham monthly luncheon meeting at a city hotel yesterday.

S'pore calls for pan-Asia IT market integration

AFP, Singapore

Singapore Communications Minister David Lim raised Monday the prospect of a pan-Asian information and communications technology market (ICT) to counter growing competition from the United States and Europe.

Raising various scenarios, including the possible elimination of toll calls in Asia, Lim said there was a need to act quickly "to ensure that our markets are integrated, so that innovations and investments can flow freely, and the benefits of ICT can be realised early."

A more integrated market will reduce costs, attract capital and investments, create jobs and contribute to higher economic growth, Lim said in a keynote speech to a regional technology conference.

He said Asia needed to compete with the United States and Europe which have already benefited from

the build up of an ICT infrastructure.

"It is urgent that Asia is able to open up and integrate its markets to compete with the markets in the EU and the free trade areas of the Americas," he said.

"Given the disparity of Asian economies, the formation of an EU-like entity is unlikely. But close cooperation in specific industry sectors is possible."

He said the benefits of cooperation would include job creation, an incentive for business innovation and would attract capital and investment.

"Imagining such a marketplace may seem an ambitious goal. But why is it not possible that telephone calls within Asia be treated as local calls? ... We have the technology to do this. What we need is a clear vision, and determined effort."

HK jobless rate hits 7.4pc

AFP, Hong Kong

Hong Kong's jobless rate rose further to a record 7.4 per cent in the three months to May due to a continuing economic slump, the government said Monday.

Unemployment in the territory rose from 7.1 per cent in the three months to April, its previous highest level since the 1997-1998 Asian financial crisis, while underemployment rose to 3.1 per cent from 3.0 per cent, the Census and Statistics Department said.

A government spokesman said the further rise in the jobless rate was mainly due to a continuing contraction in total employment as a result of the overall economic slowdown.

He said unemployment seemed likely to stay high in the near term with a new batch of graduates and school leavers adding to the labour supply but with overall labour demand remaining subdued.