

Govt targets 15pc growth in revenue next fiscal

STAR BUSINESS REPORT

The government is eyeing a 15 per cent growth in revenue to Tk 27,500 crore from National Board of Revenue (NBR) for the next fiscal and it also plans to strengthen procedures to raise non-tax revenue income from other sources.

"Non-tax revenue income did not increase substantially this fiscal, although the NBR has been able to achieve its target. The ministries concerned could not raise non-tax revenue which they were supposed to do," Finance Minister M Saifur Rahman said yesterday while speaking at the 24th consultative committee meeting of NBR as chief guest.

"The income tax structure here is still very low. Apart from making a broad based tax structure, we are trying to bring dynamism in tax administration and modernise it."

Seeking support from businesspeople to mobilise internal resource, Saifur said fiscal measures will be corrected so that people need not go to the tax officials.

The finance minister announced the government has to protect the interest of local textile industries. He also said agro-based industries, furniture, optical and some other items may be given special attention to help them concentrate more on export market.

Referring to this fiscal's 25 lakh tons food import, he said such huge import creates pressure on foreign exchange reserve. "We have to extend support to agriculture to avoid such huge import in future."

At least 25 per cent of the gross domestic product (GDP) should be invested to generate substantial



Finance and Planning Minister M Saifur Rahman speaks as chief guest at the 24th Consultative Committee Meeting of the National Board of Revenue (NBR) jointly organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and NBR in Dhaka yesterday.

employment, Saifur added.

The NBR and the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) jointly organised the meeting at Sonargaon Hotel in Dhaka. NBR Chairman Shueb Ahmed presided over the meeting.

Speaking at the meeting, Yusuf Abdullah Harun, the FBCCI president, said rural economy should be linked to the city as well as international markets to make the national economy dynamic.

He underscored the need for bringing transparency in the PSI system, saying harassment and uncertainty will continue if there is no transparency in implementing the PSI system.

In case of duty drawback and refund, businessmen are facing harassment and they have to spend at least 50 per cent of the amount to the officials concerned.

Mahbubur Rahman, president of International Chamber of Commerce-Bangladesh (ICC-B), said it will not be possible to bring dynamism in revenue collection

unless steps are taken to revamp the NBR administration.

"Businessmen should be allowed to bring the donation to the political parties into books and this donation should be tax exempted. The political parties should also maintain accounts. Otherwise, businessmen face lot of problems for such transactions," he told the meeting.

Samson H Chowdhury of Square Group said people who are bank loan defaulters are given interest waiver. "As the defaulters are rewarded, people who pay back bank loans properly are discouraged."

Tapan Chowdhury, president of Metropolitan Chamber of Commerce & Industry (MCCI), said further steps should be taken to improve the pre-shipment inspection (PSI) system. "There are many irregularities in the PSI, although revenue collection has gone up."

"Private sector may be engaged in some services at ports," the MCCI leader felt.

Quzi Moniruzzaman, president

of Bangladesh Garment Manufacturers and Exporters Association, mentioned private banks are not accepting seven per cent interest rate for loans in case of export-oriented industries.

Amir Humayun Mahmud Chowdhury, president of Chittagong Chamber of Commerce & Industry (CCCI), said traders are importing one thing but declaring another thing. In order to stop such practice scanners can be used at port, he recommended.

Motiur Rahman, president of Dhaka Chamber of Commerce & Industry (DCCI), said computer education should be started at the primary level. Steps should be taken to improve medical facilities at home so that people are discouraged to go abroad, draining out huge foreign exchange from the country.

Amjad Khan Chowdhury, managing director of Pran, said 32.5 per cent tax on sugar import makes local agro-processors less competitive.

PATA chief due in city today

BSS, Dhaka

Peter De Jong, president of Pacific Asia Travel Association (PATA), the largest public-private sector tourism organisation in the world, arrives in Dhaka today on a four-day visit to Bangladesh.

During his stay here, Jong will call on the president, the finance and planning minister and the state minister for civil aviation and tourism, a PATA press release said.

He will also meet the managing director of Biman, the chairman of Bangladesh Parjatan Corporation and other representatives of the travel trade sector.

Jong will distribute membership certificates of the PATA, Bangladesh chapter, among the travel agents and tour operators at a function to be held in a local hotel.

Olympic's new battery launched

Olympic Industries Limited launched a new battery, Olympic Power, at its annual sales conference held recently, says a press release.

Managing Director of the company Mubarak Ali presided over the conference.

Laskar A Hafiz, sales and marketing general manager, AKA Firoze Noon, company advisor, Madad Ali Virani, deputy general manager (Production), Altaf Hamid, deputy general manager (Administration), Md Nazim Uddin, company secretary, Nowman Kabir Chowdhury, finance manager, and other officials were present at the conference held at Rajendrapur Brac village.

Japan package may put Nikkei over 10,000pts

REUTERS, Tokyo

Japan's ailing Nikkei 225 stock index could rise above 10,000 points if the government adopts a package of emergency measures due out next week, a top conservative lawmaker said yesterday.

Hideyuki Aizawa, head of a powerful group within the ruling Liberal Democratic Party (LDP) opposed to the reform policies of Prime Minister Junichiro Koizumi, said that the plans would accelerate the economy rather than slow it down, as current policies are doing.

"Ten thousand, easily," Aizawa said on a Sunday television programme when asked what the package could do for the Nikkei average share index. N225, which closed Friday at 7,900, not far off its lowest close in 20 years.

Aizawa is a leading figure of the LDP's tax panel and has considerable clout in the tripartite ruling coalition. His populist call for higher stock prices, which some see as short-term political opportunism, will nevertheless add to the pressure on Koizumi.

The prime minister, facing a leadership election in September, is struggling to make good on his promises to lift the economy from its 10-year slump. His personal popularity, which has kept him in the top job, is fading as economic bad news grows.

While he has insisted on sticking to policies of structural reform, daily newspaper headlines calling attention to falling stocks are battering his image and handing more ammunition to his opponents.

The package of stock market measures, due to be announced this week, is likely to include calls for the central bank to buy exchange-traded stock funds, or ETFs, as well as bank shares, and for the government to set up a stock-buying entity and use the massive reserves of the postal savings system to buy stocks.

Siemens launches 3 new handsets

STAR BUSINESS REPORT

Siemens Bangladesh Limited (SBL) launched three new models of mobile phone sets in Bangladesh yesterday.

At a function organised at the National Press Club, the Consumer Products Division of the company announced the official launch of the new model handsets -- CL50, M50 and A50.

Addressing the conference, Peter E Albrich, managing director and CEO of Siemens Bangladesh Limited, said, "With the introduction of these phones, we put a step forward and reaffirm our position

in the much competitive market and enrich our current portfolio".

Salahuddin Taimur, product manager, demonstrated the new phone sets and described their various features at the launching ceremony.

The launching programme was conducted by Aftab Mahmud Khurshid, corporate communication and business development manager of Siemens Bangladesh Limited.

Aminur Rashid, general manager, consumer products division, and other officials of Siemens Bangladesh Limited were also present.



Siemens Bangladesh Managing Director and CEO Peter E Albrich (C), General Manager Aminur Rashid (L) and Corporate Communication and Business Development Manager Aftab Mahmud Khurshid show off three new Siemens mobile phone sets at a function held at the National Press Club yesterday, where the new handsets were launched formally.

UK still wary of euro as verdict looms

AFP, London

As a decision looms from the British government on whether its five economic tests for adopting the euro have been met, all the signs are that Britain is not yet ready to say goodbye to the pound.

Widespread press reports suggest that British Prime Minister Tony Blair and his Chancellor of the Exchequer Gordon Brown have already agreed that the verdict of the self-imposed tests will not be "Yes", the prerequisite for a public referendum on the issue.

But Blair, who has made no secret of his desire to lead Britain into the euro zone, is expected to argue for the door being left ajar to a euro referendum before the next election, due in mid-2006 at the latest.

A decision on the tests is due by the first week of June but expected earlier.

With the premier trying to mend fences in the wake of the diplomatic rift over Iraq, a "Not Yet" verdict rather than an outright "No" could limit the damage to avoid fraught relations with European partners such as France and Germany.

"Blair would like to leave a window open which might make a referendum in this parliament still possible, although I think it's actually quite unlikely," said Wyn Grant, Professor of Politics at the University of Warwick in central England.

While economics will almost certainly take the blame for the verdict, experts say that politics arguably present a bigger hurdle for Blair given weak support within Britain for joining the euro.

"This is really about the possibility of winning a referendum, which I think has actually diminished even further in the recent past," said Grant.

Malaysia braces for interest rate cut

REUTERS, Kuala Lumpur

Malaysia may cut interest rates as part of an economic stimulus package this month to boost flagging demand due to SARS, bankers said.

The much-delayed package may be unveiled as early as Wednesday when Prime Minister Mahathir Mohamad, who returns to work on Monday after a long leave, meets his Cabinet.

"The PM may announce it this week," a government source told Reuters.

Malaysia would be the latest Asian nation, after Hong Kong and Singapore, to unveil an economic package to counter the economic fallout from the just-ended war in Iraq and the Severe Acute Respiratory Syndrome.

Malaysian bankers said there were hopes the package would contain a rate cut to spur consumption and boost the economy.

"I think if the economy is to grow ... there may be a small cut in

interest rates," said a senior banker at a large bank, who declined to be named.

Others said they expected a cut of up to 100 basis points.

However, Second Finance Minister Jamaluddin Jarjis indicated late on Saturday there was unlikely to be a rate cut, saying the government was "comfortable" with current interest rates.

"I think we shouldn't tamper with that. We have to balance between the cost of funds for business (and) at the same time to attract savings," he said.

Government officials, including Mahathir's deputy, Abdullah Ahmad Badawi, have met businessmen and bankers in the past weeks to exchange ideas on how to handle the economic impact of SARS.

Malaysia said late last month its banks, telecommunications companies and electricity suppliers could all be asked to help cut costs for corporate customers hardest hit by SARS.

Jamaluddin Textiles gets ISO certificate

Jamaluddin Textiles (Pvt) Limited has achieved ISO 9001:2000 certificate, says a press release.

The certificate has been given by Moody International Certificate Limited on quality management system.

The company exports good quality fabrics abroad.

Saudi budget to finish 2003 in the black

AFP, Riyadh

The world's leading oil producer and exporter Saudi Arabia is forecast to wipe out a projected 10.4-billion-dollar deficit for 2003 and achieve a surplus of four billion dollars, an economic report said Sunday.

The forecast is based on an average oil production of 8.5 million barrels per day (bpd) and an average price for the crude at 22 dollars for 2003, the quarterly report of Riyadh Bank said.

Saudi crude prices topped 30 dollars a barrel in the first three months 2003, it said.

The report expects total government revenues to hit 59.7 billion dollars and expenditures to remain at the projected 55.7 billion dollars. Actual spending is normally 10 per cent higher than projections.

Revenues were budgeted at 45.3 billion dollars.

The surplus is lower than National Commercial Bank projections -- based on an average oil price at 24 dollars and oil output at 8.7 million bpd -- which put the budget surplus at 13 billion dollars.

The government provides a breakdown neither of oil revenues nor the price of crude on the basis of which the budget was calculated, but economists estimated the price at 17.5 dollars a barrel and oil revenues at 32 billion dollars.

Saudi Arabia is believed to have been producing 9.5 million barrels a day to ensure regular supplies to the world market before and during the war on Iraq.

But its production will be cut to 8.256 million bpd on June 1 in line with a new quota from the Organisation of Petroleum Exporting Countries (OPEC).

The Riyadh Bank report predicted a fall in oil prices to between 15 to 18 dollars a barrel in the second half of this year.

The report revised upward its projections for the growth in nominal and real Gross Domestic Product (GDP) in 2003 to 4.45 per cent and 5.4 per cent respectively based on the higher-than-expected growth in the oil sector.

Indian bond yields may ease, but fresh issues loom

REUTERS, Bombay

Yields on Indian government bonds are likely to ease this week aided by easy money, but dips will be muted due to looming issuance by the federal and state governments and concerns about inflation, traders said.

The central bank will start an on-tap sale of loans worth 70 billion rupees (\$1.47 billion) issued by Indian state governments on May 12. State governments have the option to retain up to 30 per cent of the over-subscriptions.

This will be followed by federal government issuances for 50 billion rupees between May 14 to 20, according to the central bank calendar for market borrowings.

The benchmark 10-year bond ended Saturday at 5.9420 per cent over the previous week's close of 5.8945 per cent.

"Yields should nudge down for most part of the week helped by liquidity," said Sanjeet Singh, debt analyst at ICICI Securities and Finance Co. "But with such huge bond issues slated in the next few weeks, most investors will tend to be cautious."

The government bond yield curve steepened last week after the central bank said it will keep a close eye on inflation, which is hovering at around six per cent for the first time in two years.

It also cautioned that sizeable rate cuts were unlikely due to low real or inflation-adjusted rates of interest. The central bank last week cut the key bank rate to a 32-year low of six per cent to give a boost to a nascent industrial recovery.

The bank rate was at eight per cent in July 2000 and analysts fear the three-year easing cycle might be nearing an end.

FAA recognition for Emirates Engineering

America's Federal Aviation Administration (FAA) has certified Dubai-based Emirates Engineering as a Foreign Repair Station, an important step in its drive to become the major aircraft maintenance centre in the Middle East, says a press release.

The certification recognises the high quality of Emirates Engineering and its organisation and procedures, and authorises it to carry out maintenance on US-registered civilian aircraft at its Dubai engineering HQ and at around the world.

The certification, under the so-called CFR Part 145 technical regulations, covers a wide range of aircraft and engines in use today in the aviation industry.

They include the Boeing 737, 747, 757, 767 and 777; Airbus A300, 310, 320, 330 and 340; and engines in use on both aircraft types, including Pratt & Whitney's JT9 and 4000, General Electric's CF6-50, CF6-80 and CFM1-56, and Rolls Royce RB211 and Trent 700/800.

The certification also recognises the capabilities of the Emirates Engineering workshops and covers maintenance of aircraft components, landing gears, wheels, radios, instruments, flight computers and safety equipment on these aircraft.

Adel Al Redha, director of Emirates Engineering, said: "this is an important achievement for our department as we continue preparations to start services between Dubai and North America in April 2004."

Japan's trade insurance to cover losses from SARS

AFP, Tokyo

Japan's government plans to compensate overseas units of Japanese firms for losses resulting from the Severe Acute Respiratory Syndrome (SARS) under a type of trade insurance, a press report said Saturday.

The Ministry of Economy, Trade and Industry is considering allowing overseas investment insurance to cover the SARS epidemic, the Nihon Keizai Shimbun reported.

The investment insurance is usually applied to such cases as war and natural disasters and does not include direct compensation for epidemics.

But the ministry has concluded that SARS is an extraordinary natural phenomenon that can be covered by insurance, the report said.



FH Abed, chairperson of BRAC, launches 'Taaga', a new line of Western wear for women, at Aarong Gulshan branch on Friday. Taaga is available at Aarong's Gulshan, Dhanmondi and Moghbazar outlets from Saturday and by June it will also be available at Uttara, Chittagong and Sylhet branches.

Foreigners to invest billions of dollars in Afghanistan

AFP, Kabul

Foreign investors are preparing to pour billions of dollars into Afghanistan as the country struggles to regain its place in the global economy, according to Commerce Minister Sayed Mustafa Kazemi.

While US Defense Secretary Donald Rumsfeld just declared an end to major combat operations in Afghanistan, foreign businessmen have already been sounding out opportunities in the war-ravaged country.

"Since the fall of the Taliban we have been focusing on attracting foreign investors and businessmen," Kazemi told AFP in an interview.

Entrepreneurs, however, have complained of the weak rule of law, excessive bureaucracy and corruption.

The minister said Kabul had cut red tape to make it easier to obtain

business licences.

"We have done some work but we still have more to do."

While security problems deterred some investors, Kazemi said there were plenty of "brave" ones.

"In a country like Afghanistan -- which has been a war zone for 23 years -- minor clashes between the different groups are not unusual but in general it's not that much of a concern," he said.

"There are those investors or businessmen who are afraid they don't have the capability or courage, but there are many brave businessmen who are doing business with Afghanistan and they are still doing it."

A US firm was planning to build four cement factories with an initial investment of 400 million dollars, which would rise to as much as 1.5 billion badly-needed dollars, he said.

Details are expected to be announced shortly.

Afghanistan's 2002 gross domestic product (GDP) was an estimated 4.4 billion dollars, according to an Asian Development Bank report last week, with per capita GDP just 170 dollars.

Chinese, Turkish and Iranian firms have also expressed interest in the cement business, which is vital to reconstruction.

In the past three months, 3,500 investment proposals were registered, ranging from 20,000 dollars to 180 million, he said.

A Hyatt hotel project carried a tag of about 50 million dollars while construction of the Kabul Hotel is estimated at 27 million dollars. Kazemi said he had earlier in the week received proposals from Afghan-US joint ventures to invest in the air transport, energy and agriculture sectors.

Dubai urges Arab world to improve business climate

AFP, Dubai

The Arab world must raise standards of accounting and transparency and move aggressively to identify business opportunities if it is to come up to speed and win foreign investment, Dubai's crown prince said Saturday.

Sheikh Mohammad bin Rashid al-Maktoum, who is also defense minister of the United Arab Emirates (UAE), said investment opportunities "must be nurtured" as Arab nations were lagging sorely behind their potential.

"It is only by applying best

practices that are tailor-made to the region in areas like accounting standards, corporate governance, laws and regulations and transparency that we can improve the investment climate in the region," Sheikh Mohammad told a business conference here in a speech read out in his name.

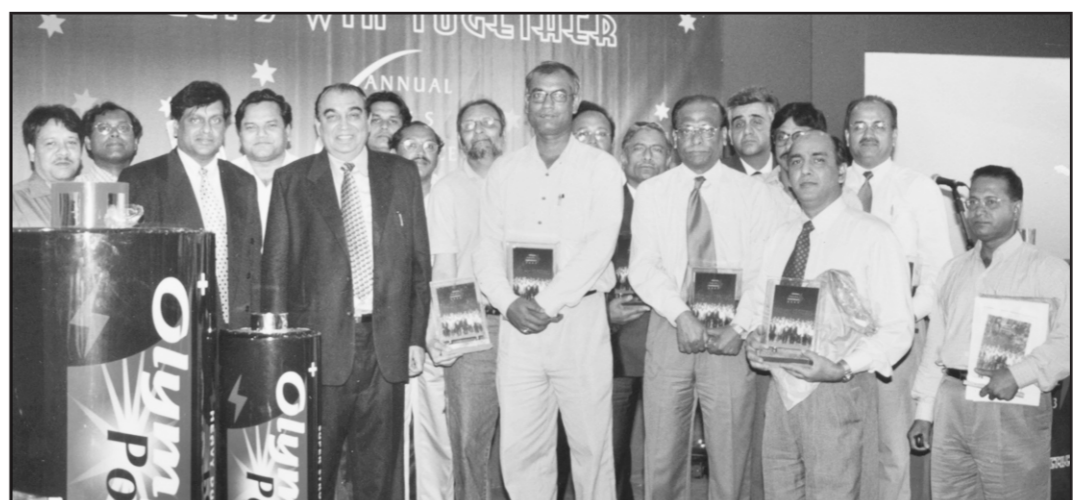
"Governments must create systems whereby opportunities are identified and categorized. We need to ensure that opportunities are correctly matched with the input they require -- whether it is capital or talent," he said.

The call was followed by an

announcement that Bahrain, Saudi Arabia and the UAE had proposed an Arab umbrella association to attract foreign direct investment (FDI) to the Middle East.

The idea came from the Arabian General Investment Authority (Sagia), the Economic Development Board of Bahrain and the Dubai Development and Investment Authority (DDIA).

Prince Abdullah bin Faisal bin Turki Al Saud, Sagia's governor, said Arab governments had taken few steps to unify their approach.



Mubarak Ali, managing director of Olympic Industries Limited, Laskar A Hafiz, sales and marketing general manager, and other officials of the company pose for a photograph at the company's annual sales conference held recently at Rajendrapur in Gazipur.