

NBR revenue collection drive begins today in Dhaka

STAR BUSINESS REPORT

In a bid to raise revenue collection, the National Board of Revenue (NBR) conducts a special drive at different business establishments in the capital today.

Under a special taskforce, four teams will conduct the drive at hotels, restaurants, decorators, community centres, catering houses, guesthouses, boutique shops in some posh areas of Dhanmondi, Mohakhali, DOHS, Banani, Gulshan, Baridhara and Uttara, an NBR press release said.

The teams will investigate into registration of the enterprises under Vat (value added tax) and proper scenario of revenue collection, it added.

Following a directive from Finance and Planning Minister M Saifur Rahman, the NBR will operate the special drive until May 6. Shah Abul Hossain, state minister for finance, will supervise the drive.

IMF to meet April 27 to discuss next chief

AFP, Washington

The International Monetary Fund said Thursday its executive directors will meet informally April 27 to discuss who will be the next managing director.

"Executive directors of the IMF have agreed to hold an informal meeting on April 27 to discuss next steps in the board's consideration of the candidates for the post of managing director of the International Monetary Fund," IMF spokesman Thomas Dawson said in a statement.

Former IMF managing director Horst Koehler unexpectedly resigned last month to accept a nomination to be president of Germany.

Former Spanish finance and economy minister Rodrigo Rato, who has been officially nominated with the backing of the European Union, is widely expected to be the successor.

SIA's boarding pass privilege programme

Boarding pass privilege programme of Singapore Airlines (SIA) is set to feature the airline's promotional calendar for its passengers.

For the months of April, May and June 2004, passengers can look forward to new promotions covering dining, shopping and entertainment, says a press release.

The programme is designed to ensure that all SIA passengers will not only enjoy their travel with SIA but also benefit from value-added offers from SIA's partners.

To take advantage of these exclusive offers under the programme, all SIA passengers from Bangladesh need to do is to present a valid SIA boarding pass at participating outlets within seven days of their flight. Travellers can make their hotel reservations through the SIA website or Singapore Airlines Dhaka office before departure and present their boarding passes when checking into the hotel.

DaimlerChrysler pulls plug on Mitsubishi

REUTERS, Stuttgart/Tokyo

DaimlerChrysler AG is pulling the plug on its stake in Mitsubishi Motors, leaving the German-US company's bid to become a global car maker in disarray and casting doubt over the Japanese firm's future.

DaimlerChrysler said late on Thursday it would not inject new funds into a proposed capital increase and rescue plan for Mitsubishi Motors Corp after it failed to reach an acceptable deal with other shareholders in the Mitsubishi group.

"We couldn't find a solution that satisfies our own shareholders," DaimlerChrysler Chief Financial Officer Manfred Gentz told reporters on Friday.

Though DaimlerChrysler is ending financial support for Mitsubishi Motors and may reclassify its 37 percent stake as available for sale, Gentz said the German firm had not yet decided to seek a buyer for its stake.

Gentz said he saw no reason for an immediate write-off of the stake but could not specify the decision's impact on 2004 results. He said the US Chrysler unit would continue to cooperate with Mitsubishi on new vehicles and car production.

"As far as our Asian strategy is concerned, we have to reconsider what has to be changed and what cannot be," he added.

High airfreight charges plague flower export

ZAHIDUL HAQUE

High airfreight charges are stymieing the growth of flower export, entrepreneurs said.

Reduction in airfreight charges can increase the flower export volume from current Tk 1.5-2 crore to Tk 5-6 crore a year, they hoped.

Now, the exporters are to pay Tk 311 in freight charges to send a kg of flower to the United Kingdom, one of the major export destinations.

Exporters said the charges are high for the still fledgling export item. Besides, the system of determining a unit shipment discourages exporters to go for exploring new markets, they added.

Currently, exporters are to carry minimum 250kg of flowers to make a shipment, which is equal to that of vegetable export, said Rakibul Bari Khan, a manager at the floriculture wing of Brac, a leading flower grower in Bangladesh.

"But as flower export is in its nascent stage, it is very difficult for small growers to go for such a big volume of export," he said.

He said exporters are to pay charges for 250kg even if their shipment weight is less than 250kg. According to Babul Prasad, president of Bangladesh Flowers Association, a platform of flower producers and traders, Bangladesh exports flowers worth Tk 1.5 to 2 crore a year to the UK, Thailand, the Netherlands, KSA and Italy.

Prasad urged the government to invite consultants who can help growers in flower production, as government does for agriculture sector. The consultants can help exporters in the marketing front also, he added.

Bangladesh exports locally produced chrysanthemum, rose, carnation and orchid, among others, which are grown from imported plants.

"Flower is a perishable item but most of us lack expertise in preservation mechanism to keep flower fresh. We need government's help in this matter," said Abul Kalam, who runs a flower shop in the capital's Bailey Road area.

In Dhaka, traders use mainly footpaths of Shahbagh, Kataban, Dhanmondi, Lalmatia, Gulshan and Baily Road for selling varieties of flowers including sunflower, lily, tuberose, cherry, China rose, marigold, primrose, red China rose, gardenia, jasmine, gladiola and tulip.

They sell around 150-250 tons of

flowers a day in Dhaka during the peak season of October-April while 125-150 tons during May-September, considered off-peak period.

Savar, Narayngang, Jessore, Satkharia, Chuadanga and Jhenidah are some of the major flower producing areas in Bangladesh.



PHOTO: STAR

A boy works at a flower shop in Dhaka. Growers say high airfreight charges are stymieing the growth of flower export of Bangladesh, which now fetches about Tk 1.5 core to Tk 2 crore a year.

South Asians talk telecoms problems, prospects

BSS, New Delhi

Delegates from South Asian countries here on Thursday discussed the problems and prospects of their telecommunications development at a US government-sponsored communication infrastructure conference for the region.

The participating countries exchanged experiences of 'similar' handicaps that tend to impede rapid progress.

Participating US officials told the new agency that the conference had achieved its objectives by providing the participating countries with the opportunity to talk and exchange notes on their experiences.

Douglas M Shuster of South Asia desk in the US Trade and Development, said one of the objectives of the conference was for the American companies to push appropriate and low-cost technology.

Afghanistan, Bangladesh, India,

Nepal, Pakistan and Sri Lanka took part in the conference.

The conference also provided an opportunity, said the US officials, for the companies in both the US and the region to look for possible partners.

Secretary of Bangladesh Post and Telecommunications Ministry Faruque Ahmad Siddiqui, who led Bangladesh delegation, in his presentation said Bangladesh achieved 'tremendous' development in telecommunications in the past two years.

He said the number of cell phone subscribers in Bangladesh rose to 23 lakh from about five lakh in two years while landline phones increased to nine lakh from 5.5 lakh.

With the transformation of the existing telephone department into a 100 percent public sector company the number of landline phone connections will simply jump, he said.

He said fixed line phones con-

nections will jump to 20 lakh in the next three years while cell phone services will be available to 50 lakh subscribers by that time.

He said rapid telecoms development is taking place in Bangladesh since the establishment of regulatory body in 2002, facilitating more investment in telecoms sector including in the fixed line system.

Bangladesh Telegraph and Telephone Board (BTB) Chairman Nurul Islam, Bangladesh Telecommunications Regulatory Commission (BTRC) Commissioner Rezaul Huq and GrameenPhone Director Khaled Mahmood were in the delegation.

Indian Telecommunications Ministry Secretary Nipendra Mishra and Telecommunications Regulatory Authority of India (TRAI) Chairman Pradeep Bajjal explained the remarkable development that India attained in recent years in the sector.

StanChart to sell Koram Bank stake to Citibank

AFP, London

The British-based bank Standard Chartered said Friday it would sell its 9.76-percent stake in Koram Bank to US financial giant Citibank, which has launched a takeover bid for the South Korean bank.

Standard Chartered will make a net gain of over 90 million dollars (75.6 million euros) from the sale, the emerging markets bank said in a statement.

Citigroup was given the green light by South Korea's financial authorities last month to proceed with a tender offer for shares in the country's sixth-largest lender.

In what would be the largest ever foreign investment in South Korea's financial industry, Citigroup agreed in February to buy a 36.6 percent stake held by US private group Carlyle and JP Morgan in Koram.

Citigroup said it would then make a tender offer for the outstanding shares to increase its stake in Koram to at least 80 percent.

Standard Chartered bought its stake in the South Korean bank for 154 million dollars in August 2003.

The British group said it would continue to rapidly expand its consumer banking operation in South Korea.

Ericsson profits from cost cuts

REUTERS, Stockholm

The world's biggest maker of mobile phone networks, Ericsson, beat expectations with first-quarter profits on Friday and said the wireless infrastructure market could rebound with nine percent growth in 2004.

The Swedish company's adjusted pre-tax profit of 4.3 billion crowns (\$558.2 million) beat forecasts for 3.47 billion thanks to deep cost cuts and a recovering market as telecoms operators increased investment after almost three years of declines.

Ericsson reported a 3.5 billion crown loss a year earlier. "It looks really strong with an amazing profitability. The gross margin is better than I could have expected. At first glance it looks like a flawless report," Urban Ekelund, analyst at Redeye research house.

S'pore to celebrate 600th anniversary of Zheng He's maiden voyage

Singapore is planning a series of activities to be held next year to commemorate the 600th anniversary of the maiden voyage of the legendary Chinese voyager, Admiral Zheng He.

The renowned 15th-century navigator made a total of seven epic voyages, spanning over 30 countries throughout the South Pacific, the Indian Ocean, the Persian Gulf and Africa.

2005 will mark the 600th anniversary of the admiral's maiden voyage, which began in Nanjing, China, says a Singapore Tourism Board press release.

India's annual inflation remains unchanged

REUTERS, New Delhi

India's annual wholesale price inflation remained unchanged at last week's level of 4.4 per cent in the week ended April 10 despite lower prices of some food and manufactured products.

Government data released Friday showed inflation as measured by the widely tracked wholesale price index in the corresponding week of the previous year stood at 6.60 per cent.

Inflation dipped to 4.4 per cent in the week ended April 3, after a surprising jump to 4.47 per cent in the previous week. The 4.4 per cent figure was lower than the 4.51 per cent estimated by a Reuters poll of 14 analysts on Thursday.

The government also revised the wholesale price inflation figure for the week ended February 14 to 6.08 per cent from the earlier 5.84 per cent. The government has said it expects inflation to be below five per cent in the fiscal year 2004/2005.

Analysts also expect it to hover in the five per cent range but say rising global crude oil prices could be a concern in the short term.

BUDGET PROPOSAL FOR 2004-05

Insurers demand income tax cut, 10pc tax rebate on dividend distribution

STAR BUSINESS REPORT

Insurance companies have urged the government to reduce the existing rate of 45 percent corporate income tax on banks, insurance companies and financial institutions.

In a proposal for the next fiscal year's budget, they said the tax rate for general insurance companies should be the same as the rate for other listed companies.

"If the government does this it will have a positive impact on capital market as the companies will be able to earn more profit and give more dividends to shareholders," Bangladesh Insurance Association (BIA) said in the proposal submitted to the government for implementation in the budget for 2004-05.

The BIA said tax rate for banks, insurance companies and financial institutions was increased in 2003 to 45 percent from 40 percent in 2002 whereas the rates for other compa-

nies were decreased gradually.

The insurers also asked the government to reconsider the 10 percent dividend distribution tax imposed on companies through the Finance Bill 2003.

At present, all the publicly traded companies excepting the banks and insurance companies pay income tax at the rate of 30 percent and in case of distributing more than 20 percent dividend they get 10 percent tax rebate.

The BIA also proposed reintroduction of the 10 percent tax rebate for banks and insurance companies in the next budget.

The insurers also urged the government to re-fix the income tax ceiling for life insurance agents who pay five percent tax on above Tk 40,000 income. They said the rate should be the same as that of individual assessors, which is currently Tk 90,000.

The BIA demanded cancellation

of the penalty provision for listed insurance companies declaring less than 10 percent dividend. According to the provision, the tax rate for such companies rises to 37.5 percent from 30 percent.

It also requested the government to liberalise investment opportunities for the insurance companies. Currently, they can only invest in the government securities, which actually limits their investment scopes.

"The move will encourage the insurance companies to invest in other sectors and ultimately it will help generate employment," Syed Zahur Huq, executive committee member of BIA, told The Daily Star.

The BIA proposed fixing a percentage of the investable amount that an insurance company can invest in the government securities.

Govt steps up efforts to boost light engineering

BSS, Dhaka

The government has stepped up its efforts to boost production of light engineering industrial units by setting up of separate industrial villages and providing training to the units.

"The Ministry of Commerce is trying to arrange financial assistance from the World Bank for this purpose," Commerce Secretary Suhel Ahmed told the news agency yesterday.

Some 30,000 light engineering units across the country produce different kinds of equipment and

spare parts for jute, cotton and paper mills, cement factories, pharmaceutical companies, automobiles, railway, fertiliser factories, garment units and textiles mills.

At present, owners of some light engineering units are being trained through funding of the World Bank. Some teachers of Bangladesh University of Engineering and Technology are also providing training to owners and technicians of light engineering industrial units.

The government has also decided to provide them with training on marketing.

Besides local demand, Bangladesh has a good prospect of exporting various kinds of spare parts to countries of Asia, Europe and America.

Different kinds of spare parts of bicycle, battery, UPS, paper mills, voltage stabilisers, battery chargers, fancy lights, boiler machines used in garment industry and washing plants are being exported under private initiatives.

The commerce secretary underlined the need for using modern technologies to boost production in light engineering industrial units.

OPENING UP OF RICE MARKET

ROK starts talks with US, China, others next moth

ANN/ THE KOREA HERALD

South Korea is set to start negotiations with the United States, China and seven other countries on the wider opening up of the Korean rice market next month. The main issue will be whether it will continue to increase rice imports under the "minimum market access" scheme or liberalise them with a high tariff rate that is set to decline over time.

Either way, the nation is set to raise imports, to the chagrin of farmers. Korean negotiators will have to pull off an accord that will minimize damage to domestic rice farming and give farmers enough time to prepare for any onslaught by foreign exporters.

The Korean government says it aims at minimum market access, a scheme designed to increase imports up to a certain portion of domestic consumption over a set

period of time. Under the terms concluded as part of the Uruguay round of trade talks in 1994, imports will rise from the equivalent of 1 percent of domestic consumption in 1995 to 4 percent this year. New rules will apply, beginning next year.

Minimum market access is well chosen, given that farmers regard it as the lesser evil. But, depending on its terms, this mode of imports can be more harmful than opening the domestic market with an initially high rate of tariffs, say as high as 400 percent.

Of course, the nation will have to switch to tariffs, as some other importers did, if it is to serve its interests better. Japan, which began with minimum market access, as Korea did a decade ago, voluntarily converted to tariffs in 1999. So did Taiwan, one year after it joined the World Trade

Organization in 2001. To their relief, the changeover has not resulted in a substantial increase in imports.

Korea cannot insist only on minimum market access, a provisional relief for importing nations that are in transition to free rice trade. As a nation depending on exports for growth, it will eventually have to open its rice market completely. It is only a matter of time.

But the problem is that Korean farmers are firm in their belief that a switch to tariffs will spell an end to rice cultivation in the nation.

Most lawmakers with rural constituencies support the farmers' stand.

The Korean government will certainly have great difficulty persuading farmers and lawmakers, whatever the outcome of the negotiations.



PHOTO: NATIONAL HOUSING

Ansar Uddin Ahmed, managing director of National Housing Finance and Investments Limited, and Mufakkarul Islam Khosru, director of Sanmar Properties Ltd, sign MoU on behalf of their organisations in Chittagong recently. Under the deal, prospective clients of Sanmar Properties will receive faster customer service from National Housing in getting housing loans up to 70 percent of their apartment purchase price. Shabbir Ahmed, deputy managing director of National Housing, Saleem Bin Saleh, marketing manager of Sanmar Properties Ltd, were also present.