

Saarc states likely to sign deal to avoid double taxation at Dhaka summit

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The Saarc countries are likely to sign a multilateral deal on avoidance of double taxation to bolster regional trade and investment at the upcoming Dhaka summit scheduled for November 12-13.

The draft 'Saarc Limited Multilateral Double Taxation Avoidance Agreement' has set an obligation to exchange information on tax laws among the members to avoid double taxation on a same person or a business in the Saarc bloc.

A senior official of the National Board of Revenue said after implementation of the agreement member countries will be able to exchange

information and assistance for settling outstanding revenue claims of individual traders and firms.

Senior tax officials from the Saarc (South Asian Association for Regional Co-operation) bloc have finalised draft agreement recently.

The agreement will also offer tax exemption to professionals such as teachers, professors, doctors, artists and research scholars.

It also devises mechanism so that any investor of Saarc states can repatriate his/her investment earning to home country by paying taxes only in a single country.

Under the agreement, the member states will also help one another

in imparting training to tax officials. The Saarc members will share their experiences in introducing tax policies apart from helping one another in the preparation of sound tax policies for better business and investment environment in South Asia.

According to the NBR sources, the agreement, if signed, will come into effect on July 1, 2006.

The current intra-trade among the Saarc members is only 5 to 6 percent.

The NBR officials hope after the implementation of the agreement intra-investment in the Saarc bloc will increase to 20-25 percent in the next 10 years.

Emirates' new operating schedule for Dhaka

Emirates airline has launched a new operating schedule for Dhaka with effective from 30th October.

As per the new schedule, four flights from Dhaka to Kuala Lumpur will be de-linked starting 30th October, says a press release.

Of the remaining nine flights that fly direct, non-stop from Dhaka to Dubai, seven will operate in the morning on a daily basis, while two flights will operate on Wednesdays and Thursdays with evening departures.

Emirates flight EK583 will depart Dhaka daily at 09:35 hours arriving in Dubai at 12:55 hours, while EK585 will depart Dhaka every Wednesday and Thursday at 21:10 hours, arriving in Dubai at 00:30 hours the following day.

Emirates will also be enhancing its onwards connections to New York by adding a second daily frequency to its direct, non-stop Dubai-New York route from November 16, the release added.

Novartis pays dividend of Tk 5 per share

Novartis (Bangladesh) Limited, a leading pharmaceutical company, at a meeting on Tuesday declared and paid dividend of Tk 5 per share for the year 2004 to shareholders.

The meeting was presided over by Chairman of Novartis (Bangladesh) and Bangladesh Chemical Industries Corporation (BCIC) Major General (Retd) Imam uz Zaman and attended by Ashfaqur ur Rahman, managing director, and directors Zahed Kabir, Mustafizur Rahman, M Mansur Alam, Shah M Ibrahim, and Abdur Rashid Khan.

Asian pay-TV piracy to cost \$1b in 2005

AFF, Hong Kong

Asian pirate cable and satellite television operators are expected to cost the industry 1.06 billion US dollars this year, up 11 percent from 2004, an industry association said Wednesday.

"There are more markets showing negative development than those having success in counteracting pay-TV piracy," said Simon Twiston Davies, chief executive of the Cable and Satellite Broadcasting Association of Asia (CASBAA), which represents 110 TV companies in the region.

"That's why combating pay-TV piracy remains the industry's top priority." CASBAA's annual report, that studied TV markets across 10 Asian countries, said India will see the biggest loss of revenues in Asia of 670 million dollars in 2005, up 19 percent from last year, while losses in Thailand will be up 15 percent to 160 million dollars.

Losses in the Philippines will rise 16 percent this year to 81.7 million dollars, as the number of illegal connections by individuals and by rogue cable operators continued to increase. It is estimated that there are now almost the same number of pirate connections as legitimate paid subscriptions in the Philippines, the report said.

Specific cost to governments in 2005 through lost taxes, license fees and other revenues is estimated at 155 million dollars by the end of this year.

RMG makers from LDCs to meet in US next month

Bid to intensify lobbying to get duty-free access to US

BDNEWS, Dhaka

Leaders of the garment manufacturers' associations from 14 least developed countries (LDCs) will meet in Washington on November 7 to intensify lobbying to get duty-free access to the US.

"We are going to intensify the pressure for duty-free access ahead of the upcoming WTO (World Trade Organisation) Ministerial in Hong Kong," Annisul Huq, president of Bangladesh Garment Manufacturers' and Exporters' Association (BGMEA), told the news agency on the Washington meeting.

Garment manufacturers from 14 LDCs in the Asia-Pacific region have decided to organise the meeting.

"The Washington meeting will help LDCs to take decision on favourable trading terms before the final negotiation in Hong Kong in December," Huq said.

The latest decision of the entrepreneurs has come as part of their recent strategic agreement to jointly push for the US TRADE Act.

The US TRADE Act 2005, or Tariff Relief Assistance for Developing Economies Act, was tabled in the US Congress on January 26 and now lies with at Trade Committee of the

House of Representatives and Finance of the Senate.

The act promises duty free access of LDC products, including garment, to the US market.

Nepal, Bangladesh, Bhutan, the Maldives, Cambodia, Afghanistan, Samoa, Solomon Islands, East Timor, Tuvalu, Vanuatu, Yemen, Kiribati and Laos are the LDCs that will benefit from act, once approved.

The act is similar to the African Growth and Opportunity Act and will remain effective until 2014. It sets specific rules of origin for the beneficiary countries to be eligible for duty-free access.

Asia should target eventual monetary union: ADB

AFF, Manila

As intra-regional trade grows, Asia should strive for exchange rate flexibility to reduce trade frictions and eventually go for monetary union, Asian Development Bank president Haruhiko Kuroda said Wednesday.

Long-term, the region should go beyond the North American Free Trade Area (NAFTA) model and go the way of the European Union, he said at a lecture in Manila.

"Our long-run objective should be the creation of an Asian monetary union with a single currency. I continue to believe that Asia in general, and East Asia in particular, should strive to form a monetary union in the long run," Kuroda added.

He said intra-East Asian regional trade now accounts for 54 percent of the region's total, up sharply from 35 percent in 1980.

This is higher than the figure in NAFTA and "very much comparable

to intra-regional trade in the European Union before the 1992 Maastricht treaty" on monetary union.

"Given this magnitude of intra-regional trade, even small intra-regional exchange rate misalignments can disturb trade and investment flows and could create trade frictions among the regional economies.

"This indicates the need for intra-regional exchange rate stabilization in the years to come, and ultimately a single currency," he said.

Kuroda praised moves by China and Malaysia in July to a managed floating exchange rate regime.

"In the undesirable event of sharp exchange rate adjustment in the future reflecting trans-Pacific imbalances, the East Asian currencies will have to be ready to collectively appreciate vis-a-vis the US dollar while maintaining relative stability among the regional economies, thus minimizing the adjustment cost to

individual economies," he said.

Kuroda conceded that "the political will to go beyond a free trade area and create an Asian economic community seems to be lacking in Asia."

However, "so long as the economic benefits from regional integration are substantial, political compromises could be eventually arrived at," he said, noting that younger generations of Asians are "free from old nationalistic sentiment" generated by previous wars.

Oil prices slip in Asian trade ahead of US inventory data

AFF, Singapore

Oil prices slipped in Asian trade Wednesday on expectations of higher US crude oil inventories but stayed above 62 dollars on supply concerns during the northern hemisphere winter, dealers said.

At 2:40 pm (0640 GMT), New York's main contract, light sweet crude for delivery in December was down 36 cents to 62.08 dollars from its close of 62.44 dollars in the United States on Tuesday.

Oil had jumped 2.12 dollars in New York closing deals.

With Hurricane Wilma sparing offshore oil rigs and onshore refineries in the US Gulf of Mexico region, dealers were focusing on the upcoming release of US inventory data on Wednesday.

Technically, the market was selling in Asian hours after New York's run-up, said David Thurtell, a commodity strategist at the Commonwealth Bank of Australia in Sydney.

Dariusz Kowalczyk, a Hong Kong-based investment strategist with CFC Seymour Securities, said expectations of a rise in US crude oil inventories were leading to lower prices.

"The reason (for the decline) is that the daily reports about production in the Gulf of Mexico are pointing to further increases in domestic output," Kowalczyk said.

"I think that imports (of crude) are also continuing to rebound from relatively low levels."



PHOTO: NOVARTIS

Major General (Retd) Imam uz Zaman, chairman of Novartis (Bangladesh) Ltd and Bangladesh Chemical Industries Corporation (BCIC), and Ashfaqur ur Rahman, managing director of Novartis (Bangladesh), exchange documents at a dividend payment ceremony in Dhaka. Other senior officials were also present.

DSE seeks restriction on DP-DP share transfer

SARWAR A CHOWDHURY

The Dhaka Stock Exchange (DSE) will request the SEC Consultative Committee to impose restrictions on DP (depository participant) to DP share transfer in order to check financial irregularities.

As DP to DP share transfer sometimes causes financial irregularities in the brokerage houses, the DSE believes the restriction will stop such malpractice.

A stockbroker has to become a depository participant to participate in the electronic trading through

central depository system.

Talking to The Daily Star, DSE Chief Executive Officer (CEO) Salahuddin Ahmed Khan said the restriction on DP to DP share transfer will help stop the malpractice.

Meanwhile, the Securities and Exchange Commission (SEC) in a letter to the DSE said trading suspension of Capital Roots Ltd, a brokerage house, will remain valid until the brokerage house pays its liabilities to the clients.

The DSE on October 19 requested the SEC to withdraw the trade suspension on the brokerage house as

the Capital Roots paid more than 50 percent liabilities to its clients.

Sources said outstanding liabilities of Capital Roots now stand at Tk 49 lakh.

The SEC suspended the trading of Capital Roots from October 4.

However, Capital Roots told the SEC that its authorised representative, who is missing, is responsible for the irregularities, sources said.

SEC sources said Capital Roots will face action for the irregularity. Recently, the SEC fined Ali Hossain and Co Tk 2 lakh due to such irregularity.

China-Japan trade set to flourish: UN trade chief

AFF, Osaka

Trade between China and Japan is set to grow despite diplomatic strains, a UN trade official said Wednesday.

"It is predicted that China's import intake from Japan will become much larger than the share of the European Union," said Supachai Panitchpakdi, secretary general of the UN Conference on Trade and Development.

China was also a growing exporter

to Japan, having replaced the United States as the main supplier of goods to Asia's second-largest economy in 2002, he told a Sino-Japan business conference in the western city of Osaka.

"China's share of Japan's total imports increased to about 20 percent in 2003, while the US share has declined to only 15 percent," said Supachai, a former director general of World Trade Organization.

The UN official said a stronger trade partnership between China,

Japan and the Association of Southeast Asian Nations would balance the world economy.

"ASEAN, China and Japan linking together is good not only for the local economy, it is good also for the global economy," he said.

During the two-day conference organized by the government-related Japan External Trade Organization, business experts expressed optimism that Sino-Japanese economic relations would withstand diplomatic tensions.