

## Production in Karnaphuli Paper Mill suspended

UNB, Rangamati

Production in Karnaphuli Paper Mill was suspended following a fire that damaged valuable machinery of the mill Friday.

Sources said the fire broke out Friday morning and soon damaged the mill's panel board before it was extinguished by its fire service unit.

According to the sources, it will take at least two weeks to restore production in the mill.

Meanwhile, a one-member committee has been formed to investigate the cause of the fire.

The extent of damage is thought to be over Tk one crore, but local UNO Mosharraf Hossain said he had not yet received any information from the mill authorities about the extent of damage.

## US must tackle current account gap: IMF

REUTERS, Washington

International Monetary Fund chief Rodrigo Rato said on Thursday it was increasingly urgent for the United States to tackle its current account deficit to avoid eventually hurting investment and growth.

In remarks prepared for a speech to the Washington-based European Institute, Rato said "bold" action was needed by the United States to reduce its budget deficit.

"The US administration recognizes the need for this, but a major element in their plan is unprecedented cuts in spending," he said.

Uncertainties about costs stemming from spending in Iraq, Afghanistan and on damage from recent hurricanes in the gulf of Mexico, cast further doubt on that plan, he added.

With world savings funding the expanding US current account deficit -- now above 6 percent of gross domestic product -- even a small drop in the dollar or in long-term interest rates could affect the global economy, Rato said in answer to a question from the audience.

# High registration cost of flats retards real estate growth

MONJUR MAHMUD

High registration cost is heavily discouraging buyers from registering their flats, holding back the overall growth of real estate sector.

More than 6,000 apartments in Dhaka now remain unregistered for long because of high registration cost, which is as high as 20 percent of an apartment price, members of Real Estate and Housing Association of Bangladesh (Rehab) say.

"Rehab members sold between 25 and 28 thousand apartments in the last 10 years and around 20 percent of those still remain unregistered mainly due to high registration cost," SM Anwar Hossain, vice-president of Rehab, told The Daily Star.

Registration cost of apartment in Bangladesh is the highest in the region, he noted.

Present amount of the registration

cost discourages people from selling their apartment and buying another one in case they want to change it or need a bigger one, the Rehab leader said. "And that's why a secondary market for apartment did not grow in Bangladesh."

According to Rehab, presently an apartment buyer has to pay five percent duty on stamp of its value, five percent as registration fee, five percent as gain tax and 1.5 percent as value added tax (VAT) to register an apartment.

Besides, a real estate company has to pay Tk 175 per square metre as advance income tax (AIT) for building apartments and 2.5 percent (of the value) for developing lands.

Such exorbitant registration cost of property exists nowhere in the world, Hossain said. Citing examples of some neighbouring countries, he said the cost is around three to four

percent in Sri Lanka, six to seven percent in India and seven to nine percent in Pakistan.

"More than 50 percent of the apartments that were sold in the last couple of years have not been registered yet," said another Rehab leader.

It is very difficult to pay such huge registration cost for the middle class people who buy an apartment mainly with their savings of many years, he said.

Hossain said: "Our experience is that reduced registration cost helps the government increase its revenue income from the real estate sector."

The registration cost was as high as 31 percent three years back and the number of unregistered apartments was much higher then. But the government's revenue earnings from this sector have gone up substantially after reducing the cost to the present level, he went on.

# Asia can survive high fuel prices, say experts

ANN

Asian countries will be able to withstand escalating fuel prices because the region's economies centre on China's hot market and their overall increase in household income, said energy experts.

"If the energy bill hits 5 percent of the consumers' pocket, people will be careful and fuel consumption will go down," said Wim Thomas, head of department of the Energy Team, Global Business Environment at Shell International Ltd, London.

"However, we are also seeing

income growing in general. The market is here and the world can afford it," he told the Asia News Network at the sidelines of an energy seminar in Bangkok Friday.

Dr Cho-Oon Khong, Shell International chief political analyst, said that historically, Asian economies had been coping well from the spikes in oil prices.

"Asian economies are more resilient and things are beginning to centre on the Chinese economy. We are seeing more business cooperation among Asian neighbours in the energy sector. Things are picking up in South-

East Asia," he added.

Viset Choopiban, Thailand's Minister of Energy, said in his opening speech at the seminar that his country is seeking more cooperation to develop natural gas resources from Burma and the Malaysia-Thailand Joint Development Area (JDA).

"And hopefully, we will soon see gas development from the Cambodia-Thailand Overlapping Claim Area.

"We will also pursue the development of new hydropower project jointly with our neighbouring countries Burma and Laos," he said.

## Singapore's Temasek scraps Indian air investment

REUTERS, Singapore

Singapore state investment agency Temasek Holdings Pte Ltd said yesterday it has scrapped its plan to invest in Indian airline company Spicejet Ltd due to a disagreement on terms.

In September, Spicejet said that a Temasek unit, MacRitchie Investments, and UAE private-equity firm Istithmar had agreed to invest \$20 million in it.

"We have decided not to proceed with the investment, as both parties could not come to an agreement on certain terms," Temasek spokeswoman Eva Ho told Reuters, but declined to provide further details.

The agency has accelerated its expansion abroad, making \$513 billion (\$7.6 billion) of new investments in the fiscal year ended March 2005, with more than \$510 billion of this in Asia.

Temasek owns stakes in many of Singapore's biggest businesses, including Singapore Telecommunications Ltd, Asia's fifth-largest phone company, and DBS Group Holdings Ltd, Southeast Asia's biggest lender.

It has bought stakes in companies in China, South Korea, Indonesia, India, and Pakistan to boost its investment returns and diversify its portfolio.

## Pakistan cotton prices firm on high domestic demand

REUTERS, Karachi

Pakistani cotton prices rose over the past week and are likely to remain firm as millers buy aggressively amid slow supplies, dealers said.

"Mills are buying big quantities while supplies from growers are short," said Naseem Usman, a dealer in Karachi.

"The arrival of fresh supplies is much slower than the demand," he said.

Arrivals of the new crop began in the second week of August and started picking up pace last month. Pakistan's cotton crop is planted in April and May and harvested between August and January.

Another dealer said very few exporters were in the market as firm domestic prices were less competitive for them.

Dealers said new-crop supplies were quoted in a range between 2,350 and 2,400 rupees a maund (37.32 kg). Pakistan produced a record 14.8 million bales of cotton in the 2004/05 crop year, against a target of 10.72 million.

Officials said the harvest this season was likely to exceed 15 million bales because of an increase in area and yields.

On Thursday the Karachi Cotton Association fixed the official spot rate, or base price, for Grade 3 cotton at 2,518 rupee per maund.

## US presses China on software purchase pledge

REUTERS, Washington

The United States wants China to prove it is honoring a pledge to only buy legitimate software for government agencies by revealing how much it plans to spend, a top US trade official said Thursday.

"We want to know what their government budget is for software purchases," Deputy US Trade Representative Susan Schwab said following a discussion on US anti-piracy and anti-counterfeiting efforts around the world.

President George W Bush will push China to take stronger action to protect American products against the trade in fake goods when he visits Beijing later this month, Schwab said.

US Trade Representative Rob Portman also is expected to press China on the issue in meetings there next week.

China's failure to reduce widespread piracy and counterfeiting of billions of dollars of US goods ranging from movies and music to auto brakes and shampoo has become a major irritant in bilateral trade relations.

Many US lawmakers blame the knockoff trade for a sizable portion of the US trade deficit with China, which hit a record \$20.1 billion in September and totals \$146.3 billion for the first nine months of the year.



PHOTO: BGMEA

(From left) Fakhru Ahsan, commercial counsellor of Bangladesh Embassy in the USA, Shamsher Mobin Chowdhury, Bangladesh ambassador to the USA, Barkat Ullah Bulu, commerce ministry adviser, Dianne Feinstein, US senator and the first sponsor for the TRADE Bill, Annisul Huq, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), SM Fazlul Huq and Mahmud Hassan Khan, BGMEA directors, pose for photographs in the USA recently. Bulu is leading a BGMEA delegation to the US to drum up support for the passage of TRADE (Tariff Relief Assistance for Developing Economies) Bill that seeks duty-free access of LDC products to the US market.

# US, EU to hold new transatlantic air traffic talks

AFP, Washington

The United States and European Union will renew a dogfight next week in negotiations to throw their skies open to unregulated competition among their airlines.

The last round of the "open skies" talks held in Brussels last month achieved "substantial progress", the two sides said.

But some of the thorniest questions in the lucrative but politically sensitive transatlantic aviation sector are still on the table as US and European Commission negotiators prepare to meet from Monday.

The aim is to do away with the existing patchwork of bilateral agreements between various EU members and the United States and set up one system regulating transatlantic air transport.

There are two major issues to resolve.

One involves scrapping so-called cabotage arrangements so that a European airline could fly from any EU member state to a US airport and then

on to another US destination.

Whereas now British Airways, for example, can fly London to New York, it cannot then proceed to service domestic US routes such as Chicago or Atlanta.

US airlines can fly Washington to Paris, for instance, and then on to Rome. But they cannot then head beyond Europe to points east in Asia.

At last month's Brussels talks, Washington agreed to allow European carriers to fly from anywhere in the EU to any single point in the United States.

In return, the United States is seeking an agreement that would allow its carriers to fly from Europe onto third countries, and vice versa for European carriers.

Another bone of contention are ownership limits that curtail the ability of foreign investors to take stakes in US or EU airlines.

The United States limits foreign investment in its airlines to 25 percent. The EU has a higher ceiling of 49 percent.

## Malaysian Air says financial performance precarious

REUTERS, Kuala Lumpur

National carrier Malaysian Airline System is accelerating a cost-cutting drive, including pay cuts for senior managers, to help its precarious financial performance, the carrier said in a note to its staff this week.

"Our financial performance is precarious and has increasingly become a source for concern," Chairman Munir Majid said.

A spokesman for the state-controlled airline, Malaysia's biggest, said yesterday he had no comment.

Analysts expect the airline to post a net loss of 230 million ringgit for the year to end-March 2006, according to Reuters Estimates. This compares with a net profit of 326 million in the year ended March 2005.

"There is now a need to extend the scope of the cost reduction focus and put in place more aggressive measures," Munir said in the staff memo.

The carrier had put in place several measures to cut costs and boost revenue after it reported a first-quarter loss in August.