

# In France, overflowing bins, strikes greet Euro 2016 visitors

AFP, Paris

Overflowing rubbish bins, transport strikes, violent political protests, and floods -- the image of France as Euro 2016 kicks off on Friday is worrying tourist chiefs.

With the world's eyes on France, tourism officials fear the country's current difficulties could tarnish its reputation for years to come.

As hundreds of thousands of fans began arriving for the tournament, a train strike entered its ninth day and bags of household rubbish piled up in the streets of Paris as union blockades of incineration plants halted collections.

All this on top of massive floods and an ongoing row over labour law reforms that has seen police and protesters clash in the streets.

"It is just catastrophic. The international media are showing Paris in flames and France in permanent social conflict. And the foreigners who see the bins outside the Cafe de Flore will think the whole country's like this!" Jean-Pierre Mas, head of Entreprises du Voyage, the national trade body for travel agents, told AFP.

He said the "summer season is already ruined because we're bang in the period when people book their summer holidays and they won't hesitate to go somewhere else".

Frederic Valletoux, the head of the tourism commission for the Paris region, echoed his pessimism, saying they had "put back any hope

of seeing numbers bounce back before September".

At Les Deux Magots, one of the city's most illustrious Left Bank watering holes, operations manager Serge Bonnin admitted they were "not seeing the same number of people in June as normal in other years".

Environment Minister Segolene Royal has appealed to unions to end their disruption, warning that they are endangering the image of France, while President Francois Hollande said the government was ready to take "all necessary measures" to deal with the strikes.

Near Les Deux Magots, Brazilian tourists Jose Fernando Ogura and Fernanda Andrezza struck a more upbeat note, saying "the situation in Paris isn't as catastrophic as all that -- it's definitely worse in Brazil!"

"We don't feel in any danger, but on the other hand the city is very dirty, especially compared to London," they said.

Denis Juilliere, a guide for tour groups in Paris, said simply keeping tours going has been a challenge -- locating petrol for the buses amid shortages and finding things to do when the floods put a stop to Seine river cruises.

"Overall tourists are quite patient and understanding, but there is inevitably some disappointment, because when you're on holiday you don't want to be confronted with a load of problems," he said.

Aside from tourism, industry figures worry business travel could also be hit, potentially damaging the French economy.

The MEDEF employers' federation laments "the caricatured image" of a country always on strike.

The chief of Business France, the agency in charge of promoting France abroad, Muriel Penicaud, meanwhile, said that "for investors who have not yet invested in France, it's more of a brake, a psychological brake. We need to step up our efforts to inform, explain and put things in perspective."

Mas of the travel agents' association acknowledged that a successful tournament would improve the country's image.

"But imagine what it would look like if some of the teams couldn't get around because of a strike," he said.

While last year France was still the world's top tourist destination, with nearly 85 million foreign visitors, Marc Lhermitte of consulting firm EY warned "the long term damage could be significant because we are in competition with other countries".

Moreover, Paris is battling to host the 2024 Olympics and images of transport chaos and rubbish in the streets will not help its case.

"But France is resilient," Lhermitte said, and if football fans see bins in the street or a cancelled train, "they'll say to themselves, 'That's France!'"

## Intel gets mobile chip contract from Apple

REUTERS

Apple Inc's next iPhone will use modems chips from Intel Corp, replacing those made by Qualcomm Inc in some versions of the new smartphone, Bloomberg reported, citing people familiar with the matter.

Intel's modem chips will be in iPhones used on AT&T Inc's U.S. network and some other versions of the smartphone for overseas markets, Bloomberg reported on Friday.

However, iPhones sold in China will use Qualcomm chips, and iPhones on Verizon Communications Inc's network will also stick with Qualcomm, Bloomberg added.

Qualcomm's shares fell 1.7 percent on Friday, while Intel's stock was up 0.3 percent. Apple shares were down 0.5 percent in morning trading.

## New chairman for Mercantile Bank

STAR BUSINESS DESK

MS Ahsan has recently been elected as the chairman of Mercantile Bank, the bank said in a statement yesterday.

Ahsan is one of the sponsor directors of the bank, according to the statement.

He completed his post graduation in sociology from Dhaka University. He is the owner of Ahsan Group, chairman of Raima Fashion, Friends Traders, RNS Corporation, AG Agro Industries Ltd and Regent Holdings Development Ltd.

He is also a director of Mercantile Bank Securities Ltd and National Credit Ratings Ltd.



## Prime Bank elects vice chairpersons

STAR BUSINESS DESK

Prime Bank has recently elected Md Nader Khan as its new vice chairman and Nasim Anwar Hossain as vice chairperson for the next two years with effect from June 1.

Khan is the chairman of Artisan Ceramics Ltd, New Vision Information Technology Ltd, Pedrollo nk Ltd and PNL Holdings Ltd.

He is also a director of the Consolidated Tea and Lands Company (BD) Ltd, Baraora (Sylhet) Tea Company Ltd, Pedrollo Dairy and Horticulture Ltd, Halda Fisheries Ltd and Consolidated Tea and Plantation Ltd.

Hossain is a sponsor director of Prime Bank. She has a master's degree in political science from Dhaka University.

She started her career as a lecturer in a college in 1974. She is a director of Prime Cement Ltd, Lubricants Asia Ltd and Bengal Tiger Cement Industries Ltd.



Md Nader Khan



Nasim Anwar Hossain



Md Rezaul Haque, chairman of Social Islami Bank, and Shafiqur Rahman, managing director, attend the bank's business review meeting at its corporate head office in Dhaka.

## Six US airlines licensed to start Cuba flights

AFP, Washington

Six US airlines have been licensed to operate up to 90 round-trip flights per day to Cuba, potentially opening up a new era for mass tourism.

The US Department of Transportation announced the licenses on Friday, as the former Cold War foes continue to negotiate a new relationship now that decades of enmity are over. "Last year, President Obama announced that it was time to begin a new journey with the Cuban people," Transportation Secretary Anthony Foxx said.

"Today, we are delivering on his promise by re-launching scheduled air service to Cuba after more than half a century." Cuba and the United States restored diplomatic ties in July 2015 after a long stand-off, and in February this year agreed to resume flights.

On Friday, Foxx awarded licenses to American Airlines, Frontier Airlines, JetBlue, Silver Airways, Southwest and Sun Country Airlines.

## Tarana wants supplementary duty on telecom services to go

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In other words, if any customer refills his mobile number with Tk 100, he will get Tk 81.99 worth of services, which was Tk 83.59 before the new duty was imposed.

"This is a huge burden for the subscribers," Tarana told The Daily Star yesterday.

"What the finance minister placed in parliament was just a proposal. How could the NBR implement a plan which has not yet received approval from parliament?"

A fall in the use of data and call volumes will occur because of the new duty, which will also hurt the government's digitisation efforts, she said.

The telecom sector is already overburdened with tax and the new duty will definitely discourage businesses to invest more in the sector, according to Tarana.

The state minister plans to raise the issue during the next budget discussion in parliament. Tarana wrote a letter to Muhith last week requesting him to scrap all supplementary duties on telecom services.

Of the 13.2 crore active mobile connections, 5.95 crore are connected with the internet.

## Local firms still can't invest abroad

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But still the reserves are not enough to let companies invest abroad, said an official of the finance ministry.

"The finance ministry does not think that Bangladesh is ready to adopt capital account convertibility," he said.

As a result, the permissions the BB gives for investment abroad through legal channels are few and far between.

On the flipside, illicit capital flight from Bangladesh is rising every year.

For instance, Bangladesh citizens' deposits with various Swiss banks rose 36.02 percent year-on-year to Tk 4,283 crore (506 million Swiss francs) in 2014, according to the Swiss central bank.

Illegal capital flight from Bangladesh surged 33.78 percent year-on-year to \$9.66 billion in 2013 through trade misinvoicing and other

channels, according to the Global Financial Integrity, which works to curtail illicit financial flows via research, promoting pragmatic solutions, and advising governments.

The recently leaked Panama Papers also put some well-known political and corporate leaders under the spotlight after their names cropped up in connection to offshore entities bearing roots in Bangladesh.

Some Bangladeshi nationals and entities had names that are identical or similar to those mentioned in the leaks of the International Consortium of Investigative Journalists.

The Panama Papers did not contain any information about how much money they have invested or in what type of industries.

However, the Bangladesh Financial Intelligence Unit of the central bank, which deals with money laundering activities, is investigating the names

that cropped up in the leaked papers.

BFIU officials said if anybody mentioned in the list had dual citizenship they would be treated differently, as they might have transferred their legal income.

But if they are holding only Bangladeshi citizenship and have resorted to offshore investment for tax dodging purpose, their names will be referred to the National Board of Revenue, said officials.

If the issue is related to corruption the names will be sent to the Anti-Corruption Commission.

Last month, the parliamentary standing committee on the finance ministry also asked the central bank to investigate the allegations and submit a detailed report to the committee, Abdur Razzaq, chairman of the standing committee, told The Daily Star.

## Elusive S&P record looms as investors weigh data, Fed

REUTERS, New York

With the S&P 500 again coming close to a record this week before falling back, investors will turn next week to a full slate of economic data and a Federal Reserve meeting in hope of fresh reasons whether to drive stocks to new highs.

The benchmark large-cap index flirted with the current record when a rally to start the week brought it to its highest in about 11 months. But the run fizzled on Thursday and Friday, making it the latest time the index has climbed above 2,100 before falling back from the May 21, 2015 closing record of 2,130.82.

"Equities are having a difficult time finding a rationale to punch through to a new high," said Peter Kenny, senior market strategist at Global Markets Advisory Group in Berkeley Heights, New Jersey.

Next week brings the release of important U.S. economic data, including retail sales and inflation.

"We need to see something consistently good or bad to move the markets in a direction," said Peter Costa, president of Empire Executions. "Right now we haven't got that."

## Income tax looms for farmers

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Discussions at the programme called for increased allocation for overall agricultural development, ensuring fair prices to growers to retain farmers' interest in farming, continuation of subsidy for farm inputs and support for disseminating technologies and equipment.

Some also urged the government to purchase grains directly from farmers by forming producers' organisations.

Muhith, however, said the government tries to buy paddy directly from growers but cannot go through with it as farmers cannot supply grains with the stipulated moisture content.

As a result, the bulk of the rice is bought from millers, who end up getting generous benefits, he added.

"But farmers get the benefit of subsidy for input," said Muhith, citing the subsidy for fertilisers and seeds as examples.

The government also gives duty benefits to encourage local production of farm machinery, he said.

"Bangladesh's agriculture has made significant strides in the past couple of decades. Rice production has more than trebled since independence. Production of other crops such as vegetables also rose over the years."

He, however, went on to call for a

change in the cycle of production, citing sugarcane as an example.

"We should get out of sugarcane. It is the worst possible commodity that we produce."

The crop takes nine months to mature and "destroys" soil, he said, adding that in 1988 he estimated that the annual welfare loss for sugarcane cultivation was Tk 400 crore.

Muhith also stressed the need for an increased focus on livestock farming. "We should pay special attention to livestock. We are still dependent on imports for milk."

Muhammad Abdur Razzaque, chairman of the parliamentary standing committee on the finance ministry, said it is difficult to buy grain directly from farmers. Instead, the government should directly provide input support to growers.

Razzaque, also a former food minister, called for measures to bring down the growers' cost of irrigation, as it accounts for 29 percent of the total cost of production.

He suggested providing farm loans at 4-5 percent interest rates, as the farmers' endeavour helps the country save huge amounts of import bills.

"There is a lot of scope to give support to agriculture."

## India's industrial output shrinks in April

REUTERS

India's industrial output unexpectedly fell in April, its first contraction in three months, dragged down by a sharp plunge in production of capital goods and a contraction in consumer wares.

Production at factories, mines and utilities shrank 0.8 percent from a year earlier, government data showed on Friday. The fall compared with a 0.5 percent annual rise predicted by economists surveyed by Reuters and a revised 0.3 percent year-on-year growth in March.

Capital goods output plunged about 25 percent on year in April. The sector, a proxy for capital investments, has been falling since October.

Consumer goods, meanwhile, were hit by a 9.7 percent annual contraction in production of non-durables items.

## Rewrite VAT rules for retailers, small businesses: FBCCI

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Successful implementation of the projects depends on time-bound planning, collection of soft fund and appointment of skilled project directors, said the Federation in its reactions to the proposed budget for fiscal 2016-17.

The process of investment, industrialisation and employment will also speed up undoubtedly if the proposed projects in the energy and power sectors and other physical infrastructures are properly implemented, said FBCCI President Abdur Matlub Ahmad.

"We are also requesting the government to implement the projects under public private partnership," he said, while calling for state-owned power generating companies to be brought under the public private partnership as well.

The Federation said the proposed re-financing of Tk 2,000 crore for state banks that have already lost their capital in different scams will only encourage the irregularities further in the banking system.

The recent heist of \$81 million from the central bank and other scams in different state banks will put a negative impact on the entire banking system, it said.

"We suggest the government highlight the recent cyber heist from the

central bank and other scandalous incidents of the banking sector in the national parliament," Ahmad said.

No new investment will come in the garment sector if corporate tax is not brought down to 10 percent from the proposed 20 percent, the FBCCI said.

The government proposed to reduce the corporate tax for the garment sector to 20 percent from the existing 35 percent.

Finance Minister AMA Muhith proposed raising tax at source to 1.5 percent from 0.6 percent now.

Source tax is paid by exporters on their receipts on export earnings, and they have called for reinstatement of the 0.6 percent tax in the forthcoming fiscal year.

The FBCCI demanded withdrawal of advanced income tax on import of capital machinery, basic raw materials, intermediary goods and other ingredients used for industrial purposes.

Importers might face unnecessary harassments due to re-organisation of customs duty to six slabs from five. The government proposed a new 15 percent customs duty slab in between the 10 percent and 25 percent rates.

Prices of some imported products will go up in the local market for the introduction of the 15 percent slab.

The FBCCI welcomed the proposal for giving tariff benefit on a good number of raw materials for the growth of local industries.

The introduction of single-digit bank loans will help attract higher investment by private sector entrepreneurs, it said.

Subsequently, achieving 7.2 percent growth in gross domestic product next fiscal year and 8 percent by 2020 will become easier for the government.

The FBCCI asked for full implementation of the VAT law for small and medium enterprises based on their business performance.

It also called for continuation of the VAT-free facility for loaves, buns, slippers, cakes and biscuits.

The FBCCI also suggested the government should be careful in borrowing money from the banking system to meet the budget deficit as the private sector entrepreneurs might face trouble in taking loans from banks.

In the proposed budget for fiscal 2016-17, the amount of deficit has been fixed at Tk 97,853 crore, of which Tk 38,938 crore will be borrowed from the banking system.

"This might put pressure on the availability of loans for private sector investors."