

Dhaka to get \$12.6m EC aid for river survey

Star Economic Report

The European Community (EC) has approved a river survey project in Bangladesh for a total grant of US \$12.6 million (12.6 million ECUs) recently.

An EC source says the project is one of the major projects in the government of Bangladesh's flood action plan.

The main objectives of the project are to collect reliable all season data on the hydrology and morphology of the country's main river system under the flood action plan.

The project plans also to undertake special studies regarding the behaviour of the river system.

Moderate fall in share transactions

Star Economic Report

Transactions at Dhaka Stock Exchange (DSE) on Wednesday witnessed a moderate fall.

Decliners dominated trading. DSE All Share Price Index lost 1.2667 points to 349.3546 from Tuesday's 350.6213.

The index is the broad indicator of price movements of all the listed stocks. In all 4,572 shares and debentures changed hands compared with Tuesday's 5,122. Traded issues valued Taka 2,99,862.00. It was Taka 2,74,945.00 on the previous day.

Transactions involved twenty-two stocks. Of them thirteen, lost ten gained and six remained unchanged at their previous quoted prices.

Among the decliners Monno Jute got the major slash. It lost Taka 50.00 to Taka 350.00.

City Bank declined Taka 8.00 to Taka 265.00.

BGIC Insurance, Peoples Insurance, Aftab Automobiles and Atlas Bangladesh lost Taka 2.00 each to Taka 112.00, Taka 118.00, Taka 208.00 and Taka 118.00 respectively.

Oxygen and Dhaka Vegetable declined Taka 1.83 and Taka 1.73 to Taka 56.67 and Taka 145.27.

Eastern Cables, Quasem Drycells, Zeal Bangla Sugar, Jute Spinners and Beximco Pharma lost within the range between Taka 0.10 and Taka 1.00.

The debentures of Quasem Silk and Apex Tannery moved up Taka 30.00 and Taka 10.00 to Taka 1590.00 and Taka 1035.00 respectively.

N.T.C. in the Food and Allied sector advanced Taka 5.00 to Taka 265.00.

Bengal Food and Chittagong Cement gained Taka 3.00 each to Taka 193.00 and Taka 135.00.

Green Delta Insurance, Ashraf Textile, Saiham Textile, Apex Tannery and Monno Ceramic moved up within the range between Taka 0.17 and Taka 1.57.

Quoted Prices of Traded Stocks

May-8

Banks	*/FV/MIL. Closing	**Changes
City Bank	100/5 265.00	(-8.00)
Insurance		
BGIC	100/10 112.00	(-2.00)
Peoples	100/10 114.73	(-0.73)
Green Delta	100/10 118.00	(-2.00)
United	100/10 120.00	unchanged
Engineering		
Aftab Automobiles	100/5 208.00	(-2.00)
Atlas Bangladesh	100/5 41.00	(-2.00)
Eastern Cables	100/5 76.00	(-1.00)
Monno Jute	100/5 350.00	(-50.00)
Quasem Drycells	100/5 8.50	(-0.10)
Food & Allied		
Bengal Food	100/5 193.00	(+3.00)
Dhaka Vegetable	100/5 145.27	(-1.73)
N.T.C.	100/5 265.00	(+5.00)
Zeal Bangla Sugar	100/5 9.25	(-0.25)
Fuel & Power		
Oxygen	100/5 56.67	(-1.83)
Jute		
Jute Spinners	100/5 97.00	(-1.00)
Pharma & Chem		
Beximco Pharma	100/5 178.04	(+0.29)
Textile		
Ashraf Textile	100/5 32.25	(+0.25)
Dilipon Cotton	100/10 100.00	unchanged
Saiham Textile	100/10 85.50	(+0.50)
Miscellaneous		
Apex Tannery	100/5 143.75	(+1.57)
Beximco	100/10 10.00	unchanged
Chittagong Cement	100/5 135.00	(+3.00)
Monno Ceramic	100/5 144.77	(+0.17)
Umanis Glass	100/5 130.00	unchanged
Debentures		
Apex Tannery	100/1 1035.00	(+10.00)
Bengal Food	120/1 1210.00	unchanged
Beximco Pharma	171/41 1735.00	unchanged
Quasem Silk	200/1 1590.00	(+30.00)

* FV = Face Value, MIL. = Market Lot

** Changes: Plus signs mean gain and (-) signs loss.

Dhaka Stock Exchange Market Profile

May - 8

134 Listed stocks

10 Gains 13 Losers 111 Unchanged

111 Unchanged stocks include six traded on the day at their previous quoted prices.

DSE All Share Price Index = 349.3546

Issued Capital=Taka 10,146,289,601.00

Market Capitalisation = 9,982,896,604

Turnover = Taka 2,99,862.00(Value) 4,572 (Volume).

Heavy insurance claims against damages

By Moazzem Hossain

CHITTAGONG, May 8: The backlash of the devastating cyclone and tidal bore of April 30 will be most trying for the country's insurance and banking sector.

The insurance companies have already received innumerable claims on losses and damages from their clients or parties in and around the Port City and along the coastal belt.

The disaster — the worst recorded in the country both in its intensity and duration — rampaged the industrial units and projects, motor vehicles, ocean-going vessels, coasters and trawlers, machinery and every other installations, stocks of raw materials, finished goods, buildings and other infrastructure in vast coastal tract.

Imported goods valued several hundred crore Takas were also damaged at the sea port. The banks funded in one way or other what were lost in the organised sectors. The insurance companies also extended risk coverage in many cases.

Damages or losses are still a guessing game and quite a substantial area of such damages or losses mostly in organised sectors are insured.

Insurance companies are quite active now with their preliminary exercises on the extent of loss or damage caused to the parties covered under their respective insurance policies. Quite a good number of insurance officials including the high-ups from the head offices in Dhaka have visited the Port City. More are coming to make a first hand assessment about the extent of loss or damages. Even video teams are being organised for the purpose.

The insurance circles here would not like to make any comment at this stage on the amount of money to be involved for settlement of claims. "It is not an easy job because the damage or loss will need to be thoroughly examined and the terms and conditions of individual policy coverage will have to be scrutinised," a senior official of Sadharan Bima Corporation (SBC) told the Daily Star. "Furthermore, the claims will involve detailed inspection, surveys and in many cases, joint surveys with the reinsurers," he pointed out.

The SBC, the public sector insurance authority, has a high stake in claims made by the parties because it is involved

both as a primary issuer of insurance policies and a prime organiser of reinsurance operations for other companies in the private sector.

Insurance officials are now in hectic assessment works, visiting the projects and areas covered under their respective policies.

Responsible insurance sources told the Daily Star that the overall claims might involve an amount anywhere between Taka 700 crore and Taka 1000 crore. But they cautioned about making any conclusive assessment on the basis of this rough reckoning.

One private sector company said that its two dozen clients, big or small, reported damages or losses. Such damages or losses relate to trawlers, deep sea fishing projects, fish processing plants, trawlers, salt crushing units and oil tankers.

Another private company official said, "We have made a very preliminary assessment of damage or loss for the units or property covered under our policies and will follow up this assessment with detailed surveys and inspection. These surveys may take one or two

weeks or even more."

SBC sources reported that the extent of plant or machinery loss and also stock loss for large public sector industrial units like Chittagong Urea Fertiliser Limited (CUFL), Chittagong Dry Dock, Triple Super Phosphate (TSP) plant, Eastern Cables, and GM plant in Patenga and other coastal belt would be properly assessed when their pump houses, generators and other installations were set to order and go-downs were cleared of thick muddy layer. "It is too early for a clear assessment," the sources said.

The CUFL, to mention, has an insurance coverage for its plant, stocks and other property and assets for an amount of Taka 1022 crores.

Local insurance circles told the Daily Star that many industrial or other units, projects or assets in the cyclone-hit areas were not covered against natural disasters under their insurance policies. Coverage in some other cases is undervalued, they noted.

Claims will be settled only after taking several factors into account: The nature of policy coverage, the sum insured,

depreciation or wear and tear factor, actual extent of loss or damage etc. the sources said. They added, reinsurance operations vary from case to case and year to year as well as the nature of risks involved. As such, it is not possible to assess at this stage the extent of reinsurance coverage for the related units, they observed.

Whatever the picture emerging out of the final and complete assessment and surveys, the hurricane of April 30 will cause a severe jolt to the country's overall insurance industry. A large number of claims have come following the hurricane. Reinsurance coverage, depending on terms and conditions on a case-by-case basis, will of course provide a cushion for the individual companies to absorb the shock effects. As a result, the retained amount of risks within the country by whatever proportions, after reinsurance coverage abroad, will involve a large sum in one-go shot.

The insurance sector apart, the banks and financial institutions have also been exposed to new adversities in the wake of the hurricane. A large amount of bank funds in different ways are involved in projects, units, enterprises or businesses in the affected areas. The sum will run into a

few hundred crore Takas, including investments and working capital support. Recycling of funds will be difficult by the affected units or projects under the prevailing circumstances while fresh credits or funds will be involved to cycle the same back to gear.

Senior officials of different banks are making trips from Dhaka to the Port City to assess the situation in the wake of the hurricane. The Deputy Managing Director of a private sector bank who was here on a visit to Dhaka told the Daily Star that investments worth Taka three crore by his bank in salt projects in Chakoria under Cox's Bazar, and also shrimp culture in the area were washed away.

Besides, there are other economic activities supported by the bank which were severely disrupted by the tornado, he said. "We will have to consider credit rescheduling and provide also some fresh funds to reschedule the related units," he added.

Similar rescheduling or funding operations will also be involved for other banks including the large nationalised (DNIs), the local banking circles observed.

Snippets

Canadian dollar unchanged

TORONTO, May 8: The Canadian dollar was unchanged in thin listless trading, continuing to hold to a tight 15 basis point range, dealers said, reports Reuters.

Traders described dealings as apathetic and directionless. Volumes were thin but Canadian Eurobonds continued to give solid support. "It seems everyone and their dog is in the Eurobond market," one dealer said.

The Canadian dollar was at 1.1508/13 US dollars after opening at 1.1495/00 and closing Monday at 1.1510/15. Traders said the market was not yet looking at Friday's Canada April jobless data, expected to rise 10.6 pct from 10.5 pct.

Accord on 300-bed village in Vanuatu

PARIS, May 8: The world's leader in holiday villages, Club Med, is to set up a 300-bed village in Vanuatu under a contract signed Tuesday with Compagnie Des Chargeurs Caledoniens (Caledonian Shipping Company), reports AFP.

The holiday village is to be built at Eruti, about 20 minutes from Port Vila International Airport, and is scheduled to open at the end of next year, drawing clients from Japan, Australia and New Zealand. The investment cost of the French project was not immediately known.

China's imports, exports value rises

HONG KONG, May 8: The value of both China's imports and exports rose in March when compared with a year earlier, the Beijing-funded China News Service (CNS) said, reports Reuters.

CNS quoted the China State Statistical Bureau as saying the value of imports in March rose 27 pct to 4.9 billion US dollars from a year earlier. The value of exports was up 14.1 pct to 5.4 billion dollars in March.

Combined exports to Hong Kong and Macau amounted to 2.3 billion dollars, up 26 pct from the previous year. Imports from the two colonies rose 21 pct to 1.2 billion dollars, CNS said.

Influx of Vietnamese frightens Hong Kong

HONG KONG, May 8: Hong Kong on Tuesday recorded the highest daily arrival of Vietnamese in almost two years, triggering fears the British colony may soon be unable to cope with the influx, reports Reuters.

A total of 378 Vietnamese had docked in Hong Kong in eight boats by Tuesday afternoon, the largest group in one day since August 1989, a Government spokesman said.

"Urgent arrangements need to be put in place to return non-refugees as soon as possible if the increasing burden on Hong Kong is to be kept to a manageable size," said Refugee Coordinator Clinton Leeks.

Indian firm awarded Kuwaiti contract

PARIS, May 8: A five million-dollar-worth contract was given by Kuwait to an Indian company for communications on setting up a telephone network, a daily reported here, reports MENA.

"Liberation" newspaper reported yesterday that the same company won another contract of three million dollars worth before the outbreak of the Gulf War.

Indian Minister of Commerce Subramaniam Swamy visited Kuwait last week to offer the country's help in the reconstruction of Kuwait after the Gulf War, the paper added.

Israeli settlements condemned

HARARE, May 8: A group of Third World countries on Tuesday presented a resolution condemning Israeli settlement since occupied territories to a United Nations Housing Conference, reports Reuters.

Algeria, China, Egypt, Indonesia, Iraq, Jordan, Libya, Sri Lanka, Tunisia and the United Arab Emirates proposed that the World Conference on Human Settlements — attended by 76 states — should urge UN Secretary-General Javier Perez de Cuellar to address the housing needs of Palestinians.

Coca Cola for lifting of Arab boycott

ATLANTA, May 8: Coca-Cola Co which has gradually worked its products back into much of the Arab world despite an Arab League boycott, said on Sunday it would be very pleased if the declared boycott had been lifted, reports Reuters.

Carlton Curtis, Coca-Cola's Vice-president for Public Relations, told Reuters the world's largest soft drink company had received no official notice it was dropped from the Arab League's boycott list.

It's an 'act of God', says Ctg Port

CCC&I claims compensation for damage to imported goods

Star Economic Report

CHITTAGONG, May 8: The announcement by Chittagong Port Authority (CPA) about their "no responsibility" for any loss and damage to the imported goods and raw materials during the hurricane and afterwards has caused strong resentment in local trade and industry circles.

Chittagong Chamber of Commerce and Industry (CCC&I) sent a representation to the CPA protesting the announcement. Logic of the Port Authorities, absolving themselves of all responsibilities for loss or damage to imported goods on grounds of "act of God" is not acceptable.

The CCC&I said under provisions of international law, the "act of God" can be invoked only in cases of natural disasters without any forewarning. It noted while pointing out that the hurricane lashed the port on April 30 with forewarning much beforehand.

Local trade and industry circles including the CCC&I observed that the CPA must not try to pass the buck of its failures to project the imported cargo or consignments at its jetties onto others. The port authorities failed to arrange adequate safety and security for the goods even after the hurricane was over, the CCC&I noted in its representation while stating that the port authorities are alone the custodian of goods of the consigners, importers, shippers and exporters before

Romanian envoy meets FBCCI President

Star Economic Report

The Romanian Ambassador in Bangladesh, Dumitru Mocoiu on Wednesday discussed the possibilities of trade between the two countries with Md Akram Hussain, President of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

He said the Romanian Chambers of Commerce and Industries invited a delegation of the FBCCI to visit Romania for finalising a joint chamber agreement.

The FBCCI chief noted there are immense possibilities for further expansion of bilateral trade between the two countries.

their deliveries and must compensate for any loss, damage or pilferage of the same under the given circumstances.

The Chittagong Chamber also demanded that the CPA should exempt wharfrent and other port charges for the damaged goods at the port following the hurricane. They should furthermore suspend the system, relating to "no claim against the port authorities" undertaking from the importers or consigners at the time of deliveries of the "damaged goods" through joint surveys, it stressed.

In another representation sent to the Minister for Finance, the CCC&I called for

customs rebate on the damaged goods for each consignments. It suggested for setting up a task force to help expedite the delivery of damaged imported goods.

The value of imported goods and consignments at Chittagong Port at the time hurricane struck the port is estimated anywhere between 100 US million and 125 million dollars. Bank financing is involved for all such imports. Damage, loss, theft or pilferage of related imported goods or consignments will have a bearing on the capacity of the importers to make repayments of funds to the banks, the trade and industry sources said.

Y'slav crisis frightens foreign investors

VIENNA, May 8: Yugoslavia's political crisis, which has escalated into civil war according to its army, could frighten foreign investors away from the rest of Eastern Europe, western economists said, reports Reuters.

"It makes the whole of Eastern Europe look riskier," said David Roche, head of Research at Morgan Stanley International.

While violence has been limited so far, Defence Minister Veljko Kadijevic said Yugoslavia is already in a civil-war.

The direct economic impact of the crisis may be limited, but could cause serious damage to the nation's tourist industry.

Apart from the economic disruption caused by the spreading ethnic disputes, Yugoslavia, whose Adriatic Coast is a popular summer resort for West European holidaymakers, is facing a collapse in its tourist industry.

That could cost the economy, burdened by a 20.58 billion dir gross foreign debt, over a billion dir in net tourism revenues, said Werner Varga at Creditanstalt-Bankverein.

The tourists will go elsewhere, but are unlikely to set off to admire baroque architecture in Eastern Europe instead of lying on a sunny beach, said Roche. As a result countries, such as Spain, Portugal,

Greece and Turkey could benefit.

Yugoslav workers abroad, who remit around two billion dollars a year home, may also lose confidence in their country and keep their money outside. They may even try to withdraw savings they have already repatriated, Varga said.

Reforms introduced by Prime Minister Ante Markovic in December 1989 were initially successful in stabilising

the national currency, the dinar, and slowing inflation.

But differences between Yugoslavia's Constituent Republics fuelled by ethnic disputes, have undermined the reforms and already started to break up Yugoslavia as a single market.

Yugoslavia is not a full member of the disintegrating East European trade bloc COMECON and as such was not a significant trading partner for the other East Europeans.

Yugoslav trade with the East has already been forecast to fall by up to 30 pct this year, said Hermine Vidovic, Yugoslavia expert at the Vienna Institute for Comparative Economic Studies.

"I cannot imagine that (the crisis) will have a massive impact on the other East European countries," she said.

Eastern Europe, including the Soviet Union but excluding former East Germany, accounted for only 27 pct of Yugoslav exports and 22 pct of its imports last year, Vidovic said.

The country's exports to the East were worth 43.17 billion dinars, of which 70 pct went to the Soviet Union. Moscow also accounted for 60 pct of the 46.45 billion dinars Yugoslavia imported from the region. Yugoslavia's next biggest trading partners there were Czechoslovakia and Hungary.

Creditanstalt's Varga said the break-up of the single Yugoslav market of six republics and two provinces could even create opportunities for other East Europeans. If Serbia stops importing from Croatia, other countries could move in.

There is also the chance that the Yugoslav crisis could spill over into other East European countries.

Soviet oil export earnings slump

PARIS, May 8: Soviet oil export earnings plummeted 10.4 pct in 1990, to some 26.7 billion dir from 29.8 billion in 1989, the weekly energy newsletter Petrostrategies said, reports Reuters.

It said crude export earnings slumped 18.4 pct to 10.67 billion roubles from 13.08 billion in 1989, while export revenues from oil products dropped 8.3 pct to 5.10 billion roubles from 5.56 billion in 1989.

The newsletter, published in Paris, said the rouble figures came from the Soviet External Trade Bank and were reprinted in the latest issue of Ekonomika Zhizni. It did its own conversion into dollars.

If oil prices had not risen in 1990, the decline would have reached 4.2 billion dir rather than 3.1 billion, Petrostrategies said.

By volume, crude oil exports fell 14.7 pct to 108.6 mln tonnes from 127.3 mln in 1989, while product exports fell 12.9 pct to 50.0 mln tonnes from 57.4 mln.

Natural gas earnings partly compensated, rising 5.9 pct to 6.49 billion roubles from 6.13 billion in 1989, providing 26 pct of Soviet export revenues against 21 pct a year earlier. Export volumes increased by 7.9 pct to 109.9 billion cubic metres from 101.0 billion in 1989.

So far 8,000 tonnes of grain have been provided for the survivors of the Bangladesh cyclone and 13,000 tonnes will soon follow.

This has raised fears that resources will soon be exhausted at a time when the situation in the Horn of Africa, particularly in Sudan, is worsening. At a meeting of UN aid bodies in Nairobi last month, it was estimated that Sudan needed emergency food aid of at least 706 million dollars.

Officials said that "only a small portion of this aid has been received so far." They stressed that this "lack of response comes as eight million people, or one quarter of the population of the country, are affected, of whom three million are at great danger."

FAO needs help

ROME, May 8: A major world effort is urgently required to help the Food and Agriculture Organisation (FAO) provide famine relief in the face of a wave of human disasters, the organisation said here Tuesday, reports AFP.

The United Nations Organisation said that aid was needed particularly for the victims of the cyclone in Bangladesh, for Kurdish refugees and for drought victims in Africa.

Ten days ago FAO Director General Edouard Saouma gave approval for the provision of 60 million dollars of emergency aid to be distributed by the UN World Food Programme (WFP).

This made the FAO and the WFP the biggest providers of aid to the populations of Iraq. FAO officials said.

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Gold & Silver

May-8

	(Taka for 11.66 grams)
Gold	6,000.00
Tejahi	6,000.00
Guinea	200.00
Silver	

Source: Department of Agricultural Marketing

Hides & Skin

(Wet/Salted)

May-8

(Taka per 100 pieces)

Cow		
Calf	13,000.00	— 15,000.00
Light	30,000.00	— 32,000.00
Medium	35,000.00	— 40,000.00
Heavy	50,000.00	— 55,000.00
Very heavy	60,000.00	— 65,000.00