

Saifur's statement on bank loans a "calculated move": DCCI

Star Economic Report

Dhaka Chamber of Commerce and Industry (DCCI) has termed the Finance Minister's statement on July 22 in the Jatiya Sangsad on outstanding bank loan liabilities of some directors of private sector banks as "a calculated move" to malign the trade and industry as a whole.

In his statement to the press on Thursday, the DCCI chief, Mahbubur Rahman, said that bank loans were always sanctioned for specific business operations. "As such, we find no reason whatsoever to believe that the public sector banks have funded individual sponsors to float private banks", he added.

He demanded stern actions against any one involved in diversion of bank funds or credits to areas other than those stipulated under specific

terms and conditions for such credits. Otherwise, he suggested, the government should clarify the issue to dispel any misgiving in public minds. "Such misgivings have adverse repercussions on the banking system as a whole," he noted.

The DCCI President stated that genuine business operators with exceptions of private bank directors "have to take recourse to bank borrowings when there are otherwise no legal restrictions".

He observed that the reason why directors were forced to borrow from public sector banks and development financing institutions (DFIs) was not difficult to comprehend. Such borrowings by themselves can not be malign as delinquent operations if "we are not to redefine banks as mere deposit collectors while sitting

idle without making any investments of funds available with them", he observed.

The DCCI chief said that the operators in trade and industry would expect that the concerned authorities would keep in mind the mutual trust and confidence between the banks and their clients. "Unless otherwise warranted by specific circumstances, this aspect of bank-client relations must not be allowed to erode", he noted.

He pointed out that the confusion about industrial overdue credits was being fanned further by conflicting statistics about the same.

Elaborating on this point, he said: "We have heard the Acting President disclosing in the Jatiya Sangsad that the amount of stuck-up industrial credits in the private sector

was Taka ten thousand crore. Then we have heard the Governor of Bangladesh Bank disclosing the amount of overdue industrial loans in the private sector at Taka 1200 crore. And of late, the Finance Minister has stated that the total amount of overdue industrial loans is over Taka 5000 crore in both public and private sectors".

The DCCI President called for an urgent and priority attention to the situation in trade and industry. "Private sector would like the government to stop maligning it and restore confidence in trade and industry," he said. He observed that mere publication of defaulters list and so-called disclosures about borrowings of individual directors of private sector banks will serve no purpose whatsoever, other than publicity gimmicks. "Hard actions should be taken on clearly identified grounds of delinquency if real business is meant", he suggested.

Mahbubur Rahman pleaded for effective moves by the government to enforce real controls to minimise its unnecessary regulations to allow some breathing space for genuine business operations. "Hard actions should not be delayed further to reduce system and other operating losses in the overall government sector, the burden of which has fallen too heavily on the private sector and the common people", he noted.



TOKYO: Former executive of trading giant Marubeni Corp Tadashi Tsutsumibayashi (R), is driven in a police car, after his arrest July 22 for allegedly helping to arrange 3.6 billion Yen (26 million US Dollar) in fraudulent transactions. The former general manager for steel projects is suspected of defrauding two medium-sized trading companies, by placing fictitious steel orders under Marubeni's name. —AFP photo

Snippets

\$8m for a Kuwaiti family

KUWAIT, July 25: The Central Bank says it will cost about eight billion Dollars to reward every Kuwaiti family for their suffering during the Iraqi occupation, report Reuter.

The National Council, which has no legislative power, urged the government last week to come up with the money as soon as possible.

It will be in the region of 2.5 billion Dinars and the subject requires study and wise thinking, the bank's governor, Sheikh Salem Abdul-Aziz al-Saud al-Sabah, said in a statement published on Wednesday.

New rubber tapping technique unveiled

KUALA LUMPUR, July 25: Malaysia's Rubber Research Institute (RRI) has developed a novel "once-a-week" tapping technique which it says can reduce production costs and ease labour shortages on plantations, reports AFP.

The approach involves single punctures of two millimetres (about 5/64ths of an inch) in diameter once a week into a rubber tree, said S Sivakumaran, a senior research scientist at the institute.

These punctures, done once a week, are then coupled with applicators about 300-450 square centimeters (45 to 70 square inches) to stimulate the flow of latex, he said.

Japan's oil imports jump 21.4 pc

TOKYO, July 25: Japan's crude oil imports jumped 21.4 per cent from a year earlier to 17.42 million kiloliters (109 million barrels) in June, the International Trade and Industry Ministry (MITI) said Wednesday, reports AFP.

Saudi Arabia was the largest crude oil exporter to Japan in June, with shipments soaring 35.3 per cent to 4.09 million kiloliters (26 million barrels), the ministry said.

That country was followed by United Arab Emirates which exported 40.7 per cent more to 4.06 million kiloliters (25 million barrels).

US steel output declines

WASHINGTON, July 25: The US steel production of raw steel declined by 13.5 per cent to 42.65 million net tons in the first half of 1991 as compared with 49.28 million net tons in the same 1990 period, the American Iron and Steel Institute (AISI) reported yesterday.

The first-half 1991 figure represented 72.1 per cent of production capability, compared with 84.9 per cent in the 1990 period.

It is estimated that the downturn of steel production resulted in the weak demand for raw materials such as steel due to the current economic recession in this country.

Soviet economy outlook not so bleak

MOSCOW, July 25: The Soviet's collapsing economy may not lead to a national disaster, but only a state of imbalance by the end of the year, reports Xinhua.

The optimistic prediction is contained in a report carried in the newspaper 'Izvestia'.

According to the report by a forecasting institute of the Soviet Academy of Sciences, the present situation is mainly caused by sharp decrease of imports, financial retrenchment for the reform of prices, workers' strikes and the 'combat for autonomy' among republics.

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Economic growth disparities to continue in poor states

Developing countries expected to continue a sharp divergence in economic performance in the 1990s, and the chance of reducing these disparities in the region this year and next, but a 0.5 per cent-per-year average rise for the 1990s as a whole.

Latin American growth is projected to accelerate in the 1990s to an average overall annual rate of 3.8 per cent up from 1.7 per cent during the past decade. If the larger economies of the region — Argentina, Brazil and Mexico — are able to sustain fundamental reforms, the growth total for the region will get a strong boost, the report points out.

The Europe, Middle East and North Africa region includes the frontline states in the Gulf crisis. Of these, the report notes, Egypt, Jordan and Turkey already faced major adjustment problems and high levels of external debt before the Gulf crisis. They now also face the costs of settling returning migrant workers from Iraq and Kuwait, a drastic decline in tourism earnings, and (in Turkey) reduced oil pipelines earnings. These countries will require further financial assistance to ease their debt burden, the report comments.

The report projects brightening growth prospects in Eastern Europe in the second half of the decade, with external aid from industrial countries expected to play a part. Private capital flows will be modest at first, it says, but private flows could be large in the second half of the decade.

East Asian countries enjoyed strong growth during the 1980s and they are expected to continue growing at rates substantially above those of other developing countries. But the high rate of progress will be more difficult to maintain as these countries approach the level of other industrial nations, the Bank says. In the case of China, the rapid rates of growth of the 1980s are unlikely to be repeated in the 1990s, but should remain well above the LDC average.

South Asian economies face greater risks than in decades past, the report says. India's large fiscal and external imbalances indicate the need for structural reform and improved macroeconomic policy, but implementing change is more difficult it warns. The report forecasts overall South Asian growth for the decade somewhat below that of the 1980s.

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Reuter profit rises by 5.5 pc

LONDON, July 25: Reuters Holdings PLC, the news agency and information services group, said Tuesday its net profit rose 5.5 per cent in the first half of the year, reports AP.

The company said its growth was constrained by continuing problems in the financial services industry and the strong pound.

The company said its net profit for the six months ended June 30 came rose to 113.9 million pounds (dhs 184.5 million) from 108 million pounds (dhs 175 million) in the same period a year ago.

Per-share earnings rose to 27.2 pence (44 cents) from 25.9 pence (42 cents).

Reuters said its pre-tax profit rose 1.8 per cent to 170.1 million pounds (dhs 275.5 million) from 167 million pounds (dhs 271 million).

Revenue rose 2.5 per cent to 705.3 million pounds (dhs 1.14 billion) from 688.3 million pounds (dhs 1.12 billion).

Reuters' managing director and chief executive, Peter Job, said net new orders continue to be much lower than in 1990, and "given continuing problems and reorganization in the financial sector, we do not see double-digit revenue growth this year or next."

Job said cost reduction remained a major priority and further progress in that area would determine the extent of profit growth in 1992.

"Reuters is determined to increase efficiency and enhance its market position despite difficult market conditions," Job said.

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Good demand for well made varieties of tea and buyers for the Soviet Union and Iran lent strong support at this week's auction in Chittagong held on Wednesday.

According to a Unity Brokers market report, overall, there was good demand for the clean well made varieties of tea. The buyers for Russia and Iran lent strong support for the best broken and the best fannings also were well received by the buyers for Iran.

All other teas on offer met with selective demand. Internal buyers were also selective resulting in substantial late withdrawals specially in the dust category, the market report said.

A total of 22,244 packages were offered at Sale No. 12. The next sale - No. 13 - will be held on July 30 with total offerings comprising at about 23,000 packages of leaf and another 4,000 packages of dust.

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GATT talks won't enter political phase before Sept

GENEVA, July 25: Discussions on the key issues of agriculture and services in the Uruguay Round of Multilateral Trade talks will not enter their political phase before September, a source close to GATT said here Tuesday, reports AFP.

Arthur Dunkel, Chairman of the Agriculture Negotiating Group, will outline the results of talks on technical points in recent weeks when the trade negotiating committee meets for the last time before the summer break on Tuesday next week.

But he will not present negotiators with political choices they are not mandated to deal with, a source close to the General Agreement on Tariffs and Trade (GATT) said.

The trade negotiating committee meeting is scheduled to last only a day — seen here as a sign that the political impetus the leaders of the Group of Seven (G-7) major industrialised nations tried to give to the round at their summit in London last week has yet to have any tangible effect in Geneva.

But the key issue of the size of the reductions in agricultural subsidies, which caused the failure of a ministerial conference in December to complete the Uruguay Round as scheduled, will not be tackled before the Autumn.

On services, there had been progress on the timing of implementing agreements on services within GATT. The annex to the GATT agreement covering services is currently planned to have three sections: Financial services, professional mobility and telecommunications.

Dunkel did indicate on Tuesday however that there was a "convergence" of opinions on the definition of agricultural export subsidies, and that there had been progress on drawing up a list of subsidies that would be reduced.

He said there was also been progress on defining the "Green Box" of internal support measures which will be allowed in further, which will include such items as government services for research and development and marketing.

Loan default allegation denied

Star Economic Report

ERBA Limited on Thursday expressed its surprise at a news item where 39 Bank Directors were shown as defaulters with a large amount of loan from nationalised Banks.

A press statement said that the above list showed the name of company Chairman A M Agha Yusuf as a borrower of Taka 12.50 crore from Sonali Bank. The statement unequivocally said that its Chairman A M Agha Yusuf nor his family had ever borrowed any money in their personal capacities from Sonali Bank. Dhaka. The allegation of borrowing of Taka 12.50 crore by him is untrue and was completely denied.

Lankan private bank asked to run BCCI branches

COLOMBO, July 25: The Central Bank of Sri Lanka on Wednesday asked a private bank to run the local branches of the scandal-hit branches of Bank of Credit and Commerce International (BCCI), officials here said, reports AFP.

They said Central Bank gave the Greenlight for the Sri Lankan-owned Seylan Bank to take over operations of the local BCCI branches following the expiry of a 24-hour deadline set by central bank to the BCCI head offices abroad.

"We are pleased to announce that the Central Bank of Sri Lanka has appointed Seylan Bank to manage the four BCCI branches in Sri Lanka," Seylan Bank Chairman Lalith Kotelawala told reporters here.

Kotelawala said normal domestic banking operations of the BCCI in Sri Lanka would resume from July 29 under the Seylan Bank umbrella.

He said Seylan Bank would guarantee all Sri Lanka Rupee deposits but it had no way of securing foreign currency deposits because they had all

been transferred to BCCI's head offices in the Cayman islands and Luxembourg.

The landmark move by the central bank followed repeated queries it had sent to the BCCI main offices on the fate of BCCI depositors in Sri Lanka.

Finance Ministry Secretary R Paskaralingam had earlier said the Central Bank had set a 24-hour deadline for the BCCI head offices to respond.

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Edward Baradgej, Ambassador of Poland in Bangladesh called on Mahbubur Rahman, President, Dhaka Chamber of Commerce and Industry (DCCI) at the Chamber Office recently to discuss various matters for strengthening bilateral trade and economic cooperation between the two countries specially in the context of privatisation in Poland and other East-European countries.

Week ends with moderate rise in share trading

Star Economic Report

The week ended at Dhaka bourse on Thursday with a moderate rise in share trading. In volume terms transactions moved up to 3,261 from Wednesday's 2,211. Traded issues valued Taka 2,84,240.00 compared with the previous day's Taka 2,55,353.50.

Advancers and decliners were equal in number, but decliners involved more transaction in value terms. As a result the Composite Index of Dhaka Stock Exchange (DSE) declined to 300.2847 points from Wednesday's 320.0853. Index is the broad indicator of price movements of all the listed stocks.

Transactions involved 11 stocks. Of them five lost, five gained and one remained unchanged at their previous quoted prices.

Eastern Cables, Kohinoor Chemical, Desh Garments, Modern Dying and Beximco went down within the range between Taka 0.04 and Taka 1.13.

Beximco Pharma, the lone traded debenture, advanced Taka 5.00 to Taka 1560.00.

Islami Bank gained Taka 10.00 to Taka 1345.00.

BGIC Insurance, Apex Tannery and Chittagong Cement moved up within the range between Taka 0.05 and Taka 1.00.

Quoted Prices of Traded Stocks July-25

Stock	Qty/ML	Closing (Taka)	Change (Taka)
Beximco	1000/1	1560.00	+10.00
BCCI	100/10	1130.00	+0.80
Green Delta	100/10	111.50	unchg
Beximco Pharma	100/5	76.00	+1.31
BGIC Insurance	100/5	65.94	+0.04
Apex Tannery	100/5	67.00	+1.00
Chittagong Cement	100/5	145.00	+0.40
Eastern Cables	100/5	34.00	-1.13
Kohinoor Chemical	100/5	145.00	+0.01
Modern Dying	100/5	8.50	-0.45
Desh Garments	100/5	185.00	-0.01
Beximco Pharma	1571/1	1560.00	+10.00

* FV = Face Value, ML = Market Lot
** Changes: Plus signs mean gain and (-) signs losses.

Dhaka Stock Exchange Market Profile July - 25

134 Listed Stocks

5 Gains 5 Losers 124 Unchanged

124 Unchanged stocks include one traded on the day at its previous quoted prices.

DSE All Share Price Index = 300.2847
Issued Capital = Taka 5,439,680,590
Market Capitalisation = Not Available
Turnover = Taka 2,84,240.00 (Value) 3,261 (Volume).

FBCCI's plea to resume BCCI operations

Star Economic Report

The Federation of Chambers of Commerce and Industry (FBCCI) has urged the government to arrange immediate resumption of operations of the Bank of Credit and Commerce International (BCCI) in Bangladesh to remove the crisis in international trade and to safeguard depositors' interest.

A meeting of the executive committee of FBCCI on Thursday expressed the hope that the government would come forward for resolving the crisis of the bank which affected business sector, FBCCI President Alijha Akram Hossain chaired the meeting.

US Senate okays China as most favoured nation

WASHINGTON, July 25: The US Senate Tuesday approved a bill attaching conditions to China's favourable trade status with the United States, reports Reuter.

However, the 55-44 vote was well short of the two-thirds needed to override a certain Presidential veto.

The bill would require President George Bush to certify that China has met a series of conditions on human rights, trade missile exports and other issues before he could renege Most Favoured Nation trade status next year.

Passage of the bill and approval by the House of Representatives of a similar measure this month laid bare a deep split on China policy between Congress and Bush a former US Envoy to Beijing.

The House passed its version of a bill setting conditions of MFN renewal in 1992 by a

majority in excess of the two-thirds needed to override a veto, but the Senate vote fell short. Both the House and Senate must act to override.

Senate Democratic leader George Mitchell of Maine the bill's prime sponsor, said failure to win enough Senate votes was due to the loyalty of most Republicans to Bush and Democratic defections due to business interests.

Many farm state Senators feared the bill would cause China to stop buying US grain.

Both bills would allow MFN to remain in effect for the next 12 months as proposed by Bush.

But MFN renewal in 1992 would depend on China's meeting condition that in addition to those on human rights include ceasing military aid to Cambodia's Khmer Rouge guerrillas. Adhering to international standards to curb

weapons proliferation and giving American exporters fair access to Chinese markets.

Shortly before the final vote the Senate significantly softened a provision that would have cut off MFN immediately if China transferred intermediate-range missiles to Syria, Iran and Pakistan.

The revised provision made no mention of Pakistan but said transfer of Iran or Syria of such missiles or material or technology that would help manufacture of a nuclear explosive would be cause for cut off of MFN in 1992.

The Senate also added several provisions to strengthen the bill.

One required Bush to certify China does not support any programme of coercive abortion or involuntary sterilisation.

The condition, proposed by Senator Barbara Mikulski a

Maryland Democrat, was seen as a political jab at Bush who has opposed congressional efforts to support the United Nations population fund because it aids programmes in China.

Another provision, proposed by Senator Jesse Helms a North Carolina Republican would allow penalties to be imposed on a US import of goods made by slave labour. It would allow a firm union or human rights group to petition the Commerce Department to investigate whether such goods have been imported.

The Senate also added a requirement that China reduce trade assistance and other aid to Cuba and called on Bush to try to get other trading nations to deny MFN to China if the United States does.

Another report adds: Washington will fine China 14 million Dollars for evading US

textile quotas, the State Department announced Tuesday.

The US Customs Service and Commerce Department officials reported that last year China shipped as much as two billion Dollars in low-cost garments in violation of US quotas.

They said falsely-labeled Chinese-made garments shipped through Macau and Hong Kong or other nations which had not used up their US quotas or which had unrestricted trade, such as Lebanon, Honduras and Panama.

Last December, the US government charged China's textile and apparel quotas for false out-of-country declarations 85 million Dollars.

"The US government has prepared more charges against China's quota, valued at about 14 million Dollars," said State

Department spokesman Richard Boucher, who added that the fines would be imposed in the next few weeks following the consultations with Beijing.

He said that after last year's fines, China had adopted new measures regulating labeling and fraudulent export practices and even allowed US Customs officials to inspect textile factories suspected of illegal activity.

Despite the measures and discussions with Chinese authorities, Boucher said US Customs officials continue to find evidence of fraudulent exports.

The recent findings have attracted the attention of Congress which is debating the renewal of China's Most Favoured Nation (MFN) trading status for next year. MFN guarantees the lowest tariffs on US imports.

Exchange Rates July - 25

SELLING AND BUYING RATES, offered by Commercial Banks, for Bank Cheques, (BCs) and Overseas Drafts (ODs)
One Unit of Foreign Currency (FCU) for Taka

FCU	Selling	Buying
US Dollar	36.0220	36.1390
UK Pound Sterling	61.4588	60.7334
German Deutsche	20.8177	20.5370
Mark		
French Franc	6.1324	6.0484
Saudi Riyal	9.7974	9.6980
Dutch Guilder	18.4776	18.2244
Pakistan Rupee	1.4836	1.4805
(AMU*)		
Singapore Dollar	20.8523	20.6757
UAE Dirham	10.0053	9.8732
Kuwait Dinar		Not available
Indian Rupee		
AMU	1.4206	1.4073
S. Korea	8.7537	8.6733
*AMU - Asian Monetary Unit		

SECONDARY EXCHANGE MARKET
Wage Earners Fund/Export Performance Benefit (XPB) Fund

US Dollar	Buying	Selling
UK Pound	27.19	27.24
Sterling	62.44	62.49
Saudi Riyal	9.95	10.00
UAE Dirham	10.16	10.21

* The rates of Pound Sterling are decided every day, based on the estimates of New York market.
Source: Sonali Bank