

DHAKA MONDAY, DECEMBER 13, 1993

## WB suggests reforms for streamlining rice market

The World Bank has suggested a package of reforms for streamlining the country's rice market through developing efficient rice-tendering mechanism.

The bank has recommended the government arrange sufficient bank credit, repeal the anti-hoarding laws, introduce appropriate grading system and upgrade bid evaluation for a better rice tendering.

The government suspended mill-gate procurement during the 1992 aman season, and this method of procurement should be completely abolished from the 1993 boro season. "Unless this is done, millers will have little incentive to offer tenders at market price," the WB said.

A highly placed source, quoting a World Bank report, told UNB that efficient, tendering required four obstacles to be overcome. These are: insufficient bank credit, anti-hoarding regulations, lack of an

appropriate grading system, and slow bid evaluation.

Regulations prohibiting bank financing of foodgrain trade were abolished in October 1992, but bankers are yet to start lending in large quantities to grain traders.

Traders and millers are reluctant to hold large stocks of rice because they face the threat of confiscation under anti-hoarding laws, which, while in suspension since 1988, have not been formally abolished.

The government uses a single grade for rice, fair average quality, and a more discriminating and clear system of grading is needed to make government procurement and overall rice marketing more efficient.

Slow bid evaluation is partly a result of government audit codes which require procurement at a single price in each station, in the absence of

"compelling justification" to do otherwise, making it difficult to procure a pre-determined amount of rice at a given station.

The World Bank report said the open market sales (OMS) system should continue as a mechanism for managing government stocks as well as a mechanism for targeting distressed regions during the second lean season.

But OMS sales should occur during the lean season and in distressed areas, in order to try to reach vulnerable groups that are not served by targeted programmes. Moreover, access to OMS grain within the distressed areas should be universal, rather than limited to authorised dealers.

A new direction needed in food management. Since FY 90, the government has engaged in large-scale domestic procurement of rice, ranging from 0.7 million metric tons to 1 million

tons a year, or double or tripled the quantities procured in 1980s.

Government interventions in the food market are especially expensive when as in some past years, the government sets the procurement price well above the market prices, resulting in massive and expensive procurement and stock buildup, the bank observed.

A policy decision need to be made on whether the objective of domestic procurement is only to provide food for targeted programmes and for a food security stock, or whether it is also designed to stabilise rice price, it suggested.

Recently, the government has introduced some significant reforms. Specially, it has started procuring rice through open tender, begun to allow private sector to import wheat and abolished the inefficient Pali Rationing channel.

## 'Europe still on track for single currency by '99'

LONDON, Dec 12: Europe is still on track for a single currency by 1999 provided European Community states show flexibility over economic rules set out in the Maastricht Treaty, the chief economist of Germany's Deutsche bank said, reports Reuter.

The economist Norbert Walter, said it was now looking unlikely that Economic and Monetary Union (EMU) could be achieved by an early target date of 1997 set by EC leaders.

But Walter, writing in a collection of studies on EMU to be published on Monday by European Policy Forum, said there was no reason why the community's fall-back position of moving to a single currency two years later than that could not be met.

The second deadline, 1999, is still in reach as things stand today, he said. "If the disadvantages of flexible exchange rates in the single market are to be avoided EMU is the only viable longer-term alternative."

EC governments agreed to work towards EMU, whose ultimate goal is a single currency throughout the community, under the Maastricht Treaty of December 1991.

## One pc reduction in interest rate

### Saifur instructs HBFC to disburse Tk 500 cr in '93-94

Finance Minister M Saifur Rahman yesterday instructed the House Building Finance Corporation (HBFC) to disburse Taka 500 crore during the fiscal 1993-94 to help gear-up house construction in the country, reports BSS.

Rahman also instructed the HBFC to reduce the rate of interest on loans by one per cent for encouraging the repayments of the outstanding loans.

The Finance Minister was addressing the regional managers and senior officers' conference as the chief guest at the NEC Room in the city. Finance Secretary Nasimuddin Ahmed, HBFC Chairman Amrul Mulik and HBFC Managing Director Sohail Ahmed also spoke.

Terminology as one of the most vital basic needs, Rahman said the volume of investment in house construction had to be increased for meeting the pressing demands of the growing

population.

He asked the HBFC to provide at least Taka 400 crore loans in Dhaka City during the current fiscal and help infuse dynamism in the housing sector.

Rahman pointed out that the HBFC had resumed sanctioning of fresh loans after the present government came into power and sanctioned a total of Taka 266 crore during the last 16 months. But he regretted that the rate of recovery was very unsatisfactory.

The Finance Minister urged the borrowers to repay the outstanding loans and help HBFC sanction more and more new loans.

"If you the affluent borrowers do not repay Taka ten lakh each, then how the HBFC can provide new loans to others, how the Falu Mias will get loans of Taka ten thousand only for building a tin shed shelter? He

posed the question to the non-repaying affluent borrowers.

Rahman, however, asked the HBFC to gear up the loan recovery drive and sanction fresh loans in those areas where the recovery rate was higher. "Do not sanction any fresh loans where the recovery rate is less than 10 per cent," he instructed the HBFC officials.

"We do not want *Lootpat Savriti*. Free economy does not mean free-style economy. If you borrow money you have to repay it for the healthy development of the country," Rahman said.

"Bangladesh today has the best of everything. Macroeconomic indicators are excellent. Rate of inflation is the lowest in the entire Asia Pacific region. Rates of income tax and other duties are also lowest. We have created new job opportunities. Everything we have done," he said.

## China's state-owned firms earn 60 pc pre-tax profits till Oct

BEIJING, Dec 12: State-owned enterprises will remain the mainstay of China's national economy despite business losses and high inventory amid an austerity programme to cool the overheated economy, Beijing's official China Daily said yesterday, reports AFP.

According to the English-language daily newspaper, an official report said state-owned concerns would constitute the backbone of China's economy because they generate more than half of the pre-tax profits in the industrial sector.

For the first 10 months of this year, China's industrial enterprises at and above the township level earned 299.5 billion yuan (51.6 billion US dollar) in pre-tax profits, China Daily said, adding 60 per cent of the profits were made by state-owned large- and medium-sized firms.

The joint report released by the State Statistical Bureau, the State Planning Commission and the State Economic and Trade Commission showed that during the 10-month period, sales of the country's industrial products hit 2,679.2 billion yuan (462 billion dollar).

Of these, 53 per cent were garnered by state-owned enterprises.

However, the report said industrial economic performance had declined since July, when the government

tightened money supply and strengthened its macroeconomic control.

In the 10 months up to October, official statistics showed 19.7 per cent of the country's 364,500 industrial firms were running in the red.

An EC official accused the United States of making "poor" offers to lower its high tariffs on textiles and clothing.

As a result, the Europeans have increased their own demands for US concessions in textiles, adding to the negotiating tension, the official

added.

Kantor said in a statement late Saturday that negotiations were stalemated over financial services, where Washington is maintaining its right to take unilateral action to force open markets in Japan and other Asian nations.

The United States has adopted a controversial two-tier approach in the financial services sector, offering free market access to countries that open their markets to US banks, insurance companies and similar industries.

## Britain plans to free frozen Iraqi funds

LONDON, Dec 12: Britain plans to release 287,000 dollar in frozen Iraqi funds after three Britons were freed from a Baghdad jail, the Treasury confirmed Saturday, reports AP.

But a Treasury spokesman said the timing was coincidental.

The money — a fraction of the 816 million dollar in Iraqi funds frozen in British banks — would be transferred to a United Nations fund for humanitarian relief and to cover the costs of scrapping Iraq's weapons of mass destruction, the spokesman said in customary anonymity.

Michael Wainwright, Paul

Ride and Simon Dunn left Iraq

Friday after a face-to-face appeal from Sir Edward Heath, a former British Prime Minister, to Iraqi leader Saddam Hussein. All three men had received sentences of up to 10 years for allegedly trespassing in Iraq.

Their release comes as Iraq tries to improve its international image and end an international oil embargo imposed by the United Nations after Saddam invaded Kuwait on August 2, 1990.

Heath said when he returned to Britain that he hadn't struck any deal with Saddam, but stressed Iraq's urgent needs.



(From L to R) M Haider Chowdhury, Chairman Principal Wazhiullah Bhuiyan, Director and Fariduddin Ahmed, Managing Director of National Credit and Commerce Bank Ltd delivered their speeches at the inaugural ceremony of the bank's 17th branch at Trunk Road, Feni on Saturday.

## NCCBL opens new branch in Feni

National Credit and Commerce Bank Limited (NCCBL) opened a new branch in Feni yesterday which brings the total number of branches so far opened in the country to 17, says a press release.

Addressing a gathering on the occasion M. Haider Chowdhury, Chairman of the bank said the branch will, extend its best services to its customers.

Later, a milad mahfil was held which was attended by a large number of people including industrialists, businessmen, high government officials and elite of the district.

## Malaysian economy expands

KUALA LUMPUR, Dec 12: Malaysia's economic growth eased in the third quarter of 1993, but is on course to register strong growth this year and 1994, Deputy Prime Minister Anwar Ibrahim said, reports Reuter.

The economy expanded 8.1 per cent in the third quarter against 10.3 percent in the second and 7.6 per cent in the first.

The Kuala Lumpur stock exchange has been hitting new highs in the last few weeks as the market continues to attract local and foreign funds.

## CPA planning to improve security system

CHITTAGONG, Dec 12: The Chittagong Port Authority (CPA) is planning to adopt a 'hire and fire' policy in its bid to improve the existing security system for containing rampant pilferage of goods from Port area.

The entire security system of this major port of the country is expected to be reorganised soon to give it a new shape. A security force like the Railway Nirapata Bahini (RNB) is likely to be formed. The port authority plans to build up a strong contingent of security force with a clear provision of drastic actions like 'hire and fire' in case of their lapses.

Talking to The Daily Star, the Chairman of the Chittagong Port Authority, Amanul Islam Chowdhury said, "We are planning to bring about a complete change in the port security system through amendments to the service rules to make the security personnel more responsible and powerful in ensuring protection of the goods inside the port area."

"We are also planning to keep the port security personnel aloof from any trade union activities with a ban on the interference of trade union bodies in case security personnel lose jobs for their lapses," the Chairman added.

He informed that under the existing service rules of the port

From Nurul Alam

security personnel it was almost difficult to take any drastic action against them after the detection of their lapses.

Earlier, in the backdrop of increasing pilferage the Chittagong Port authority planned a switch-over to the private security arrangement.

But the plan was later abandoned after the Port Authority had taken a fresh move to create a full-fledged port security force by updating the service

## CNOOC signs oil exploration deal with 2 foreign companies

BEIJING, Dec 12: The international oil giant, Royal Dutch/Shell Group, has entered into cooperation with China to explore for oil and natural gas in the East China Sea, reports Xinhua.

Two Shell subsidiary companies yesterday signed a contract with China National Offshore Oil Corp (CNOOC) on exploration in the black identified as 26/19.

This was the 10th contract signed by CNOOC and foreign oil producers since the East China Sea was opened for international bidding for exploration rights in June last year.

rules, the port officials said.

The Chittagong Port has at present a strength of around 700 security personnel. The Authority now hires some 60 ansars to help maintain security in the port jetties. The authority will get rid of these ansars after a new port security force is formed.

Goods worth about four crore taka on an average are pilfered from this port a year despite the presence of the port security personnel. As a result, the authority has to settle a large number of claims made both by importers and exporters every year against the pilferage of goods.

According to reliable sources, some importers were often found engaging their own people inside the port jetties to watch overimported goods. Fearing pilferage as they could not rely on the port security system.

A senior port official on condition of anonymity said, the cases of rampant pilferage from inside the port's protected areas had not only caused financial losses and embarrassment to the Port Authority but were also tarnishing the image of the country's major port.

The Chittagong port handles around eight million metric tons of cargo yearly carried by over 1200 vessels, it is learnt.

## Int'l seminar on Islamic Common Market begins

An international seminar on "Islamic Common Market" begins here on December 18 to discuss and work out strategies for enhanced economic cooperation among Muslim states, reports BSS.

Some 200 delegates from home and abroad are expected to take part in the three day seminar being jointly organised by the Islamic Economic Research Bureau, Islamic Bank Bangladesh Ltd, and Al Baraka Bank Bangladesh Ltd.

Finance Minister M Saifur Rahman will inaugurate the seminar at the International Conference Centre while Information Minister Nazmul Huda and Commerce Minister Shamsul Islam are expected to attend the inaugural session as special guests.

Researchers of international repute, thinkers and philosophers, economists, bankers, senior officials and representatives of Chambers of Commerce and Industry from various Islamic countries will take part in the seminar, chairman of the seminar committee Commodore (Retd) Ataur Rahman told, a press briefing here yesterday.

The basic theme of the seminar will be "economic cooperation and solidarity among the Islamic countries."

## Falling oil prices restrain US inflation

WASHINGTON, Dec 12: A sharp decline in international oil prices restrained US inflation to a modest 0.2 per cent in November, and analysts predicted even better price news ahead despite improving economic growth, reports AP.

Energy prices fell 1.3 per cent last month, the biggest decline since March 1991. That helped offset a 0.4 per cent rise in food costs and a 0.2 per cent increase in all other goods and services.

And the consensus forecast of 51 top economists surveyed by Blue Chip Economic Indicators of Sedona, Ariz, is for a 2.9 per cent rate next year.

## Prices of oil lose more ground, precious metals hit a record high over week

LONDON, Dec 12: North Sea Brent crude oil price lost more ground this week, weakened by increasing prospects for a resumption of Iraqi oil exports, while precious metals prices reached their highest point since August, reports AFP.

The release late in the week of three British hostages by Baghdad confirmed Iraq's intention to meet United Nations demands in order to get the UN embargo on Iraqi oil exports lifted in the near future.

Oil prices, which reached a five-year low this week, were also affected by OPEC's failure to cut production, warmer temperatures in Europe, and world overproduction as a whole.

The precious metals rose to their highest level since August, encouraged by optimistic figures on the US economy and new interest in silver.

On the London Metal Exchange (LME), metal prices benefited from prospects of higher US industrial activity,

hopes for output cuts, and strike threats.

Nickel jumped six per cent on the week and aluminium five per cent, while tin tacked on two per cent.

**GOLD:** Markedly higher. After a quiet start, gold zipped above the 380-dollar-an-ounce level for the first time since August, boosted by a wave of buying by US investment funds after good US figures confirming America's economic recovery.

**SILVER:** Higher. Silver broke up through the five-dollar-an-ounce mark this week for the first time in four months, making a jump of almost 25 per cent since September.

**PLATINUM:** Up. Like other precious metals, platinum reached its highest level since August, at 360 dollar an ounce, but the rise was held down by worries about difficulties on the auto market, especially in Japan and Europe.

**COPPER:** Higher. After a strong start on fears of wage

conflicts at one facility of Chilean giant Codelco, copper prices lost some of their gains when the fears were not borne out. Copper initially rose to a two-month high, breaking up through the level of 1,700 dollar a tonne — but it ended the week slightly below that level.

**LEAD:** Also higher. Lead prices trended up to their highest level since the listing of dollar contracts on the LME, last July, boosted by announcement of the closing by Australia's Mim Holdings of its mount Isa Foundry, in Queensland. It has a capacity of 60,000 tonnes a year and will be shut for an indefinite period because of low prices.

**ZINC:** Sharply higher. Prices rose by five per cent, breaking the barrier of 1,000 dollar a tonne for the first time since May. The market was optimistic about an agreement among European producers to cut production at a meeting in Brussels late in the week.

**ALUMINUM:** Stronger. Prices rose by more than five per cent on the week, stimulated by rises for other metals and a report Friday that Russian producers had decided to cut aluminum output by 10 per cent.

The market, which benefited during the week from rumours of closings of some Russian foundries, reacted favourably to confirmation by the Novokuznetsk Refinery that Russian producers had decided on some output cuts.

**NICKEL:** Sharply higher. Nickel prices bounded six per cent to their highest since July, pushed up by fears that strikes in the Russian coal sector might spread to other industrial sectors and disturb exports. The Russian refinery in Norisk, biggest in the world, produced 240,000 tonnes last year, 40 per cent of western supply.

**TIN:** Quiet. After a hesitant start, tin shared in the other metals' uptrend, gaining almost two per cent from the previous week, despite the absence of new fundamentals on the market. LME stocks increased by 1,140 tonnes to 18,940 tonnes.

**COFFEE:** Lower. Coffee prices weakened on profit-taking and due to statistics issued by the International Coffee Organization showing a decline in income from coffee exports in 1992-93. But the market rallied a bit late in the week, with a new Brazilian auction and prospects for a lower Brazilian output in 1994-95.

**COCOA:** Nervous. Cocoa prices fluctuated within a narrow range in nervous trading due to uncertainties about supplies from Ivory Coast, the leading world producer, in the wake of the death of President Felix Houphouet Boigny on Tuesday.

**SUGAR:** Quiet. After having risen to their highest level since

June last week, sugar prices were quiet this week, fluctuating within a very narrow range of 282 to 284 dollar per tonne.

The market was cautious pending new estimates for the 1993-94 season (October-September), which should point to the second straight shortfall of world production by comparison with consumption.

**VEGETABLE OILS:** Irregular. After a jump early in the week on fears of damage to coconut plantations in the Philippines, copra oil prices shed some of their gains pending precise estimates.

The Philippines and Indonesia together account for almost 60 per cent of world supply.

**OIL:** Weak. North Sea Brent crude oil continued to decline this week, falling to a new five-year low of 13.27 dollar a barrel. Prices were depressed by increasing prospects of a resumption of Iraqi exports, higher American crude oil stocks, and the absence of any ap-

parent OPEC wish to cut output.

**RUBBER:** Quiet. Rubber prices, which rose last week to their highest level since March, experienced a quiet phase this week because of lower business as the year-end holidays approach.

But prices remained supported by the continuation of buffer stock purchases by the International Natural Rubber Organisation, said to have acquired 25,000 tonnes on American, Asian and the London markets, one analyst said.

**CEREALS:** Slightly higher. Cereal prices benefited from the latest report from the US Department of Agriculture on world harvests, though the market was nervous on uncertainty about the outcome of world trade talks under the General Agreement on Tariffs and Trade (GATT).

**COTTON:** Higher. The cotton price indicator continued to firm, reaching its highest level

in five months on the Liverpool market, while speculation about a drop in the Pakistani harvest continued to push operators into covering themselves.

The Pakistan Cotton Ginners Association said that the output of the country, the world's fifth-ranking producer, should exceed 10 million bales (of 375 pounds each), against nine million expected by analysts. The government set a goal of 12 million bales before the start of the harvest.

**TEA:** Up. Tea prices continue to benefit from strong consumption due to the weather. At the London weekly auctions, the average price rose to 210 pence a kilo against 205 for superior grades, to 110 pence against 109 for medium, and to 98 pence against 97 for lower grades.

**WOOL:** Weak. Combed wool prices remained weak on the Bradford markets, depressed by low textile demand, over production, and high world stocks.



Muhammad Taheruddin, Managing Director of the Janata Bank, inaugurating a ten-week training course on COBOL computer programming language at the bank's head office in the city on Saturday.